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SAFETY

DIARY

Annual Report 2009



Baloise key figures

	2008	2009	Change in %
in CHF million			
Business volume			
Gross premiums written nonlife	3,214.8	3,136.4	-2.4
Gross premiums written life	3,739.1	3,723.4	-0.4
Subtotal of IFRS gross premiums written¹	6,953.9	6,859.8	-1.4
Investment-type premiums	904.4	2,905.6	221.3
Total business volume	7,858.3	9,765.4	24.3
Business result			
Profit / loss for the period before borrowing costs and taxes			
Nonlife	423.2	382.6	-9.6
Life ⁵	89.2	151.0	69.3
Banking	52.9	61.0	15.3
Other activities	14.6	-32.5	
Profit for the period	386.7	421.0	8.9
Balance sheet			
Investments ²	56,332.2	62,356.4	10.7
Technical reserves	44,068.6	45,344.2	2.9
Equity	3,895.6	4,510.0	15.8
Ratios in percent			
Return on equity (RoE)	9.0	10.3	
Combined ratio nonlife (gross)	88.1	91.2	
Combined ratio nonlife (net)	90.9	94.4	
New business margin life	7.9	10.1	
Investment performance	-0.4	4.9	
Embedded value life insurance			
Embedded value	2,446.2	2,826.9	
APE (annual premium equivalent)	244.1	253.1	
Value of new business	19.4	25.5	
Key share figures			
Shares issued in units	50,000,000	50,000,000	0.0
Consolidated profit per share basic in CHF	7.33	8.64	17.9
Consolidated profit per share diluted in CHF	7.32	8.57	17.1
Equity per share ³ in CHF	75.6	90.1	19.2
Closing price in CHF	78.50	86.05	9.6
Market capitalisation in CHF million	3,925.0	4,302.5	9.6
Dividend per share ⁴ in CHF	4.50	4.50	0.0

1 Premiums written and policy fees gross.

2 Including assets for the account and at the risk of life insurance policyholders.

3 Calculation based on equity before minority interests.

4 2009 based on the proposal to the Annual General Meeting.

5 Of which latency calculation effects from other business segments: 31 December 2008 CHF -19.4 million / 31 December 2009 CHF 6.9 million.

At a glance

WHO WE ARE:

Headquartered in Basel, Switzerland, the Baloise Group is a European provider of insurance and pension solutions. In Switzerland Baloise operates as a focused financial services provider, combining insurance and banking. Further markets are Germany, Austria, Belgium, Luxembourg, Croatia and Serbia. The sales network comprises the company's own sales organisation, brokers and further partners. Baloise operates its business in innovative pension products for private customers all over Europe and has competence centres in Luxembourg and Liechtenstein. Baloise Holding Ltd shares are listed in the main segment on the SIX Swiss Exchange. The Baloise Group employs approximately 9,400 people.

WHAT WE STAND FOR:

We want people to feel safer. To play our part in this respect, we created the "Safety World." Everything we do is geared towards safety, meaning that we consciously go further than other insurance companies: We combine insurance with smart prevention. Thus we help to make sure that damage does not occur in the first place. And should something nevertheless happen, we are there. Fast and capable as always.

WHAT WE ACHIEVED IN 2009:

- Profit of CHF 421.0 million (previous year: CHF 386.7 million), a plus of 8.9 %.
- Return on equity of 10.3 % (previous year 9.0 %), a plus of 14.4 %.
- Excellent Solvency of 230 % (previous year 196 %), a plus of 17.3 %.
- Equity of CHF 4,510.0 million, a plus of 15.8 %.
- Business volume growth of 27.0 % in local currencies to CHF 9,765.4 million.
- Unchanged dividend per share of CHF 4.50; this equates to a dividend yield of 5.2 % on the price at year-end of CHF 86.05.
- Combined ratio (net) of 94.4 % (previous year: 90.9 %), due to natural phenomena, major claims and recession effects.
- Embedded value of CHF 2,826.9 million (previous year: CHF 2,446.2 million); new business margin of 10.1 % (previous year 7.9 %).
- Baloise Bank SoBa: volume of business increase of CHF 1 billion (loan assets, customer funds, deposit accounts) and over 12,500 new customers.

WHAT WE WANT TO ACHIEVE BY 2012:

Building on our highly productive and profitable core business, we want to continue to achieve a return on equity of 15 % over the insurance cycle and steadily increase earnings per share. In the nonlife business, we aim to continue to keep the combined ratio appreciably below 100 %. We want to sustainably increase earning power by CHF 200 million by 2012 by means of the strategic programme "Baloise 2012."

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Safety is a basic need that is different for each individual. It's a matter of personal perception but also a question of preparation, of knowledge and dealing with this knowledge.

Last year, we familiarised you with our safety promise. We pointed out what effect safety has on people. This year we are going to introduce you to ~~30~~ ³⁰ employees in our "Safety Diary". They relate personal experiences where safety has played a special role. These situations have left a lasting impression on their lives and made them experts on safety.



Suddenly alone
12 July 2009

It's every father's nightmare. You don't pay attention for a moment and your whole life is turned upside down. And I just wanted Lia to have a good time. My daughter is four and growing up in the city. She's hardly exposed to the great outdoors. That's why we drove to the Agricultural Fair in Tammstedt. Tractor pitchforks to combine harvesters - everything farmers need these days was on sale at the huge fair grounds. Lia was amazed and asked 1000 questions. « Look over there, Lia, » I said, « animals! » No reaction. I looked around. No sign of Lia! I got a fright. Where could she be? Okay, at the entrance she had received an identity card with her name and my mobile number. But would she remember that now? I fought my way ~~through~~ through the crowds of visitors and looked left and right, whilst my worst fears plagued me. Suddenly, I saw her in the charge of helpers. Lia grinned at me and held up her identity card. I was so relieved. Now I always give her this identity card when the two of us are in large crowds. For safety.





SAMUEL SCHAROWSKI, Apprentice, Basel, Switzerland

Keeping calm
21 October 2005

I thought: that's it - we're done for. The next harbour in the Aegean was all of 30 nautical miles away, and strong winds were dangerously buffeting our sailing boat. Then the sky darkened, thunderclouds closed in and the first bolt of lightning flashed through the night sky. I started to feel scared. Sailing through a thunderstorm was dangerous. I knew that. But we had no choice. My father immediately took command. He handed my younger brother the rudder and instructed me to set up a lightning rod in the bow. I staggered to the front and fixed a long piece of wire to the shrouds with cold, wet fingers. Although the wind whistled around my ears and the spray splashed in my face, I felt strangely safe. Perhaps because I had hooked my lifejacket to the railing. But above all, because my father exuded an air of incredible calm, until we berthed in the shelter of the harbour walls. That gave me the strength to overcome my fear.





Phew - made it! The storm is behind us.



The Vida heads toward a safe harbour.

CE • GRE E • GRIECH
0.67€

"Whenever I find myself in a critical situation I try to remain calm. That way I feel confident - and so do the people around me."





YVES-LAURENT GRIZE, Head of Actuarial Pricing Services Nonlife, Basel, Switzerland

Making the right decision
25 March 1979

Twelve pairs of eyes were on me. Yes or no? The day before, we had already tackled the tough path up to the Swiss Alpine Club hut on climbing skins and spent the night there, so we could start at the crack of dawn today. And now we stood there, after a further strenuous climb, and saw our goal in front of us: the Ringelspitz in the canton of Saint Gall, 3,247 metres above sea level. Just two more hours and we would all be standing on the summit. But the weather worried me. There was a storm brewing and this

could become a death trap. Should we risk the climb nevertheless? Or all turn back, so close to reaching our goal? I looked around. Here and there I saw the spirit of adventure



flicker in the eyes of my companions. But I bore the responsibility. And I decided we would go down. That earned me some sceptical looks. Coward! But nobody said a word. Not even down in the valley, as the sun suddenly came out from behind the clouds. Was my decision wrong? No. Rather leave once too early, than once too late.





ANN VAN MOL, Assistant to the Managing Directors, Antwerp, Belgium

Well-equipped
December 1991

I could have slapped myself. Why had I said I would?
A sixday hike in the north of Chile was not exactly
what I would call a relaxing holiday with
friends. When I walk, it's usually from my home
to the car and from my car to my workplace.
And vice versa. But hiking? Me? With a PE teacher,
a marathon runner and a former champion rower?
If I wanted to survive this trip, I told myself,
I'd have to be well prepared. And so I bought
myself professional gear and off I went. Round
the block. My neighbours looked at me as if I
came from the moon. Many painful blisters later
I felt ready for the big adventure. But what finally
made me feel safe enough to scale steep cliffs,
scramble over loose rocks and climb rotten ladders,
was not my preparation. But rather the team spirit
that prevailed in our group. The feeling of being
able to rely 100 percent on someone else. Lucky
for me I had agreed to go along!





"Hiking in Chile taught me one thing: nothing makes you feel safer than having the right companions."

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SERVICIO INCREMENTO, CONSERVACIÓN, MANEJO Y APROVECHAMIENTO DE RECURSOS NATURALES.

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TOTAL

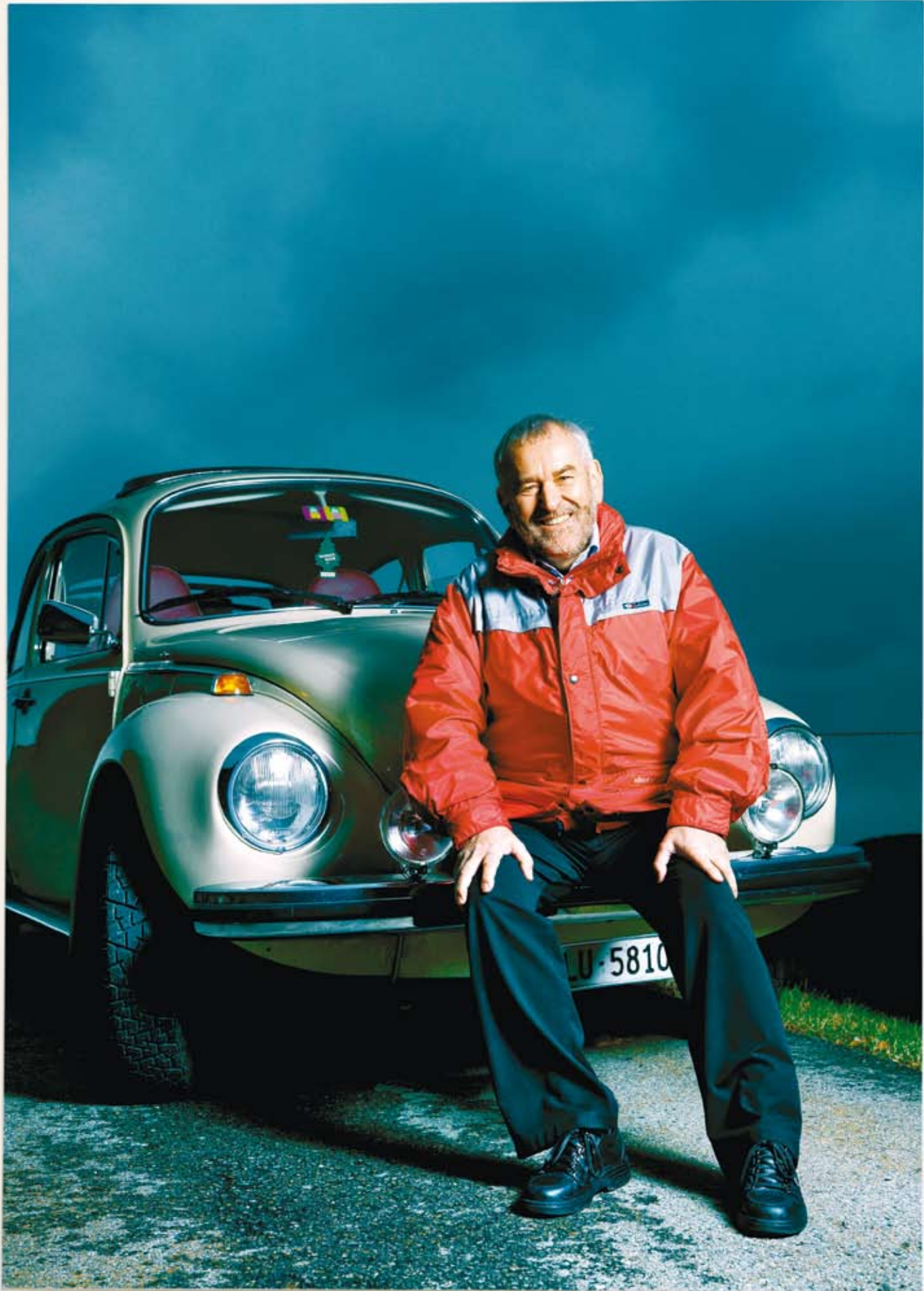
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Luckily, the hike had been very well planned from beginning to end.





ROLF GEIGER, Sales Manager, General Agency Wil / Toggenburg, Lichtensteig, Switzerland

ON THE ROAD AT FULL SPEED

21 SEPTEMBER 1970

I NEARLY MADE THE BIGGEST MISTAKE OF MY LIFE 42 YEARS AGO. MY FIRST CAR COST ME A FORTUNE. AND NOW THE SELLER WANTED 80 SWISS FRANCS MORE TO INSTALL A SEAT BELT. I THOUGHT HARD. COULD I REALLY AFFORD THAT? YES, I FINALLY DECIDED. AFTER ALL, I DROVE ACROSS THE WHOLE OF SWITZERLAND EVERY WEEKEND, BECAUSE MY SWEET-HEART LIVED NEAR LAKE CONSTANCE AND I WORKED IN ZERMATT. SO A LITTLE SAFETY COULDN'T GO AMISS. ON A MONDAY MORNING IN SEPTEMBER, I LEFT AS USUAL AT THREE IN THE MORNING. IT BEGAN TO SNOW ON THE FURKA PASS AND I SENSIBLY REDUCED SPEED BECAUSE I WAS STILL DRIVING WITH SUMMER TYRES. AS THE ROAD STARTED TO GO DOWNHILL AGAIN, I STEPPED ON IT TO MAKE UP FOR LOST TIME. SUDDENLY, MY CAR STARTED TO FISHTAIL. I IMMEDIATELY COUNTERSTEERED. BUT THERE WAS NO REACTION. BLACK ICE! AND - BANG - I CRASHED FULL SPEED INTO A CONCRETE POST.



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ONALBANK
17RAATIONALBANK
SVIZRA

THE CAR WAS A TOTAL WRITE-OFF — AND I HAD JUST A BRUISE. BECAUSE I HAD BEEN WEARING A SEAT BELT. SINCE THEN I DON'T MIND INVESTING IN MY SAFETY. NOT LEAST IN WINTER TYRES.



DESTINATION ZERMATT: APPROVAL OF THE SHELL WITH THE MASTER BUILDER.





OVER THE FURKA PASS IN THE FIRST SNOW OF THE SEASON:
I DROVE ACROSS THE WHOLE OF SWITZERLAND EVERY WEEKEND.



"SINCE THAT ACCIDENT I HAVE REALISED
THAT PREVENTION STARTS IN THE MIND!
THINKING AHEAD MEANS AVOIDING
RISKS - AND INCREASING SAFETY."



Shareholder information

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“Year-on-year we are keen to satisfy the high expectations of our customers and shareholders. The gratifying growth, the improved financial targets and the positive share price validate our success.”

“Successful strategy in turbulent times”



Dr Rolf Schäuble, Chairman of the Board of Directors (right),
and Dr Martin Strobel, CEO of Baloise Group (left)

DEAR SHAREHOLDERS

We can present a good result for Baloise's 2009 fiscal year to you. The profit for the period increased by 8.9% to CHF 421.0 million compared to 2008. This means that we are on target to become one of Europe's most profitable and fastest-growing insurers by 2012.

The crisis made for a very challenging insurance sector environment in 2009. It is all the more encouraging to be able to report that Baloise achieved good growth and the balance sheet remains strong and flexible. Solid results were generated by our healthy core business and prudent asset management.

Year after year, the Board of Directors and the Corporate Executive Committee of Baloise strive to meet shareholders' high expectations as regards financial management. We are therefore pleased that we could improve important financial targets in 2009. Return on equity increased to 10.3%, whilst earnings per share rose by 17.9% to CHF 8.64. The positive Baloise share price trend shows us that the stock market acknowledges our performance. Thanks to the good result and our strength, we can propose a high cash dividend of CHF 4.50 to the Annual General Meeting 2010.

We thank our employees for their special dedication, their loyalty and their sense of responsibility. Our sincere thanks also go to you, the owners of Baloise, and to our customers for their trust and loyalty.

The general economic environment and also the financial sector are undergoing a process of palpable change. In order to deal with this successfully, companies are needed that are flexible and can adapt to these new circumstances. However, adaptation is only of value if it is linked to a clear strategy; a clear strategy provides safety. This is what customers, employees and investors expect from a forward-looking company, especially in times of uncertainty.

Our clear strategy provides safety in times of uncertainty.

Baloise has a clear strategy: By 2012 we want to be one of Europe's most profitable and fastest-growing insurers. There are three ways to reach this goal.

First: We optimise our existing organisation. We thus lay the foundations for further growth in income and in business volume. So by dovetailing our companies in Germany even more, we create the efficient platform we need in order to grow significantly in this important market. The "Baloise 2012" programme is our answer to these changes. We have launched close to 100 action packages Group-wide, geared to focusing even more consistently on customers and cutting costs. This includes the centralisation of IT and purchasing as well as reducing staff to add more value. Already in its first year (2009), "Baloise 2012" had an enumerable profit impact.

Second: We want even more organic growth. We have realised that this is only possible if we differentiate ourselves from the competition by clearly adding value. Our solution is "Safety World." We want people to feel safe; we play our role by systematically combining smart prevention with insurance. Our promise: "Making you safer." The results and reactions of the customers are excellent. Increasingly they choose us as their partner for comprehensive solutions and recommend us more and more often. Nothing is more motivating than that!

Third: We develop new areas of growth. Innovation is the decisive strength here; we specifically encourage it. Baloise Life in Liechtenstein develops and sells innovative life insurance products – successfully. Its "variable annuities" are increasingly in demand in Switzerland, we were one of the first to offer these products in 2009 in Germany. Our Belgian subsidiary, Mercator, has generated above-average growth with innovative combined products for private and commercial customers. Our Baloise Luxembourg subsidiary strengthened its market position by buying Fortis Luxembourg IARD S.A.

In the coming years as well, we anticipate volatile financial markets and uncertain economic trends. Therefore our forecasts are conservative.

Building on our highly productive and profitable core business, we want to continue to achieve a return on equity of 15 % over the insurance cycle and steadily increase earnings per share. In the nonlife business, we aim to continue to keep the combined ratio appreciably below 100 %. By 2012 we want to increase earning power sustainably by CHF 200 million with the aid of our strategic programme "Baloise 2012."

Basel, March 2010



Dr Rolf Schäuble

Chairman of the Board
of Directors



Dr Martin Strobel

Chief Executive Officer

Baloise shares outperform the Swiss Insurance Industry Index

In 2009 Baloise shares* performed well, increasing by 9.6 %, and ended the stock exchange year in positive territory at a closing price of CHF 86.05, thus outperforming the Swiss Insurance Industry Index.

Following the sharp fall in prices on the global financial markets in 2008, investors were pleased to see a recovery in 2009. After the overall market had once again recorded considerable losses in the first quarter of 2009, prices increased in the second quarter. This positive trend enabled Baloise shares to gain 2.7 % in the first half of 2009. During the same period the SMI lost 2.4 % and the Swiss Insurance Industry Index (SWX SP Insurance Price Index) fell 16.2 %.

In the second half of the year Baloise shares increased by 6.7 %, whilst the SMI at 21.1 % and the Swiss Insurance Industry Index at 23.5 % were firmer.

In the course of the stock market recovery, Baloise shares increased by a total of 9.6 % in comparison with the previous year and ended a positive stock exchange year at a year-end price of CHF 86.05. Whilst the Swiss blue chip index, SMI, increased by 18.3 % in the year just ended, the Swiss Insurance Industry Index only gained 3.5 %. Baloise shares therefore outperformed the domestic sector index.

The Baloise share has not been included in the SMI since 21 September 2009. Changes to the index basket, due to market capitalisation and trading volumes, played a crucial role here. Baloise shares continue to be included in the SLI (Swiss Leader Index), which incorporates the 30 most liquid and most important Swiss stocks.

DIVIDENDS PAID OUT TO SHAREHOLDERS

For the 2009 fiscal year the Board of Directors will propose a cash dividend of CHF 4.50 to the Annual General Meeting on 23 April 2010. Measured against the year-end price, that represents a cash dividend yield of 5.2 %.

The current share buy-back programme, which kicked off in September 2008, was continued in 2009 and prolonged to 30 April 2010. A maximum of 2,000,000 registered shares

will be bought back, which corresponds to a percentage of maximum 4 % of outstanding shares. A total of 1,181,875 shares had been acquired by the end of December 2009; this equates to 59.1 % of the share buy-back programme. The average buy-back price was CHF 75.43.

Year	Buy-back volume (in units)	Buy-back volume (in CHF million)	Average price (in CHF)
2008 ¹	274,217	17.7	64.42
2009	907,678	71.5	78.75
Total	1,181,895	89.2	75.43

¹ Comprises exclusively the share buy-back programme in place since September 2008. An additional 1,173,715 treasury shares were repurchased at an average price of CHF 95.99 in 2008, as part of the previous share buy-back programme (2006 – 2008).

The current status of this ongoing share buy-back programme can be viewed at:

➔ www.baloise.com ➔ Investor relations
➔ Baloise share ➔ Share buy-back programme

SHAREHOLDER STRUCTURE

Baloise Holding has a broad shareholder base. The free float continues to be 100 %. During the 2009 fiscal year the shareholder base changed as follows: on 26 March 2009 the Signal Iduna Group exceeded the 5 % threshold at 5.18 %. On 3 December 2009, the Barclays Group also announced that it had fallen below the 3 % threshold, due to changes in its own group structure. The BlackRock Group, with a 4.21 % stake in Baloise, exceeded the reportable 3 % threshold on 14 December 2009. Information about the largest registered shareholders as of 31 December 2009 is detailed in the table on page 100.

*Baloise share = share of Baloise Holding Ltd

SHARE STATISTICS

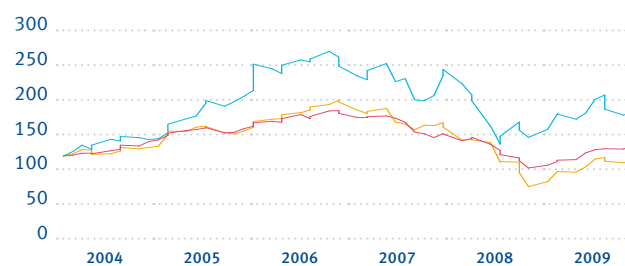
	30.12.2005	30.12.2006	30.12.2007	30.12.2008	30.12.2009
Price at year-end in CHF	76.75	121.80	111.50	78.50	86.05
High in CHF	77.00	126.70	135.00	119.80	102.60
Low in CHF	52.70	76.40	104.90	44.80	52.60
Market capitalisation in CHF million	4,244.8	6,736.4	6,021.0	3,925.0	4,302.5
Consolidated profit per share basic in CHF	7.30	12.90	15.15	7.33	8.64
Consolidated profit per share diluted in CHF	7.30	12.90	15.15	7.32	8.57
Price / earnings ratio (P / E)	10.51	9.40	7.36	10.71	9.96
Price / carrying value ratio (P / B)	0.97	1.34	1.20	1.00	0.95
Number of shares issued in units	55,307,150	55,307,150	54,000,000	50,000,000	50,000,000
./ Number of treasury shares in units	887,879	1,849,548	3,997,308	1,566,985	2,282,790
Number of shares in circulation in units	54,419,271	53,457,602	50,002,692	48,433,015	47,717,210
Average number of shares outstanding ¹	54,280,154	54,086,516	51,887,469	48,852,533	47,905,512
Dividends per share ² in CHF	2.20	3.80	4.50	4.50	4.50
Dividend pay-out ratio ²	30.7	30.1	29.7	61.4	52.1
Dividend yield ²	2.9	3.1	4.0	5.7	5.2

¹ Relevant for the earnings per share calculation (see Financial Report page 120).

² 2009 based on proposal to Annual General Meeting.

BALOISE SHARE

Security symbol	BALN
Nominal value	CHF 0.10
Security number	1.241.051
ISIN	CH0012410517
Exchange	SIX Swiss Exchange
Security type	100 % registered shares

INDEXED SHARE PRICE DEVELOPMENT¹ BÂLOISE HOLDING REGISTERED SHARE 2004 – 2009

¹ 31 December 2003 = 100

- Baloise Holding registered share (BLAN)
- SWX SP Insurance Price Index (SMINNX)
- Swiss Market Index (SMI)

Our markets

Baloise focuses on markets, customers, sales channels and products with a high degree of added value. We target private individuals, small and medium-sized enterprises with a positive risk and earnings profile as well as selected industrial companies as customers.

SWITZERLAND

In its home market, Switzerland, Baloise operates under the brand names “Basler Versicherungen” and “Baloise Bank SoBa.” Basler Switzerland is the largest business unit within the Group. As a financial services provider it focuses on comprehensive insurance and pension solutions. Its clients are private individuals, small and medium-sized enterprises as well as selected industrial companies. The company’s own sales force constitutes the core of its sales strategy. This is augmented by a network of selected sales partners for specific product and customer segments as well as by brokers and the Internet. Baloise Bank SoBa specifically complements the range of pension solutions with banking products that are sold by the insurance sales force and by the Bank itself. In north-west Switzerland its market positioning is also that of a full-service bank.



KEY FIGURES SWITZERLAND

	2008	2009
Employees	3,875	3,908
Business volume in CHF million	3,867.2	3,930.0
Combined ratio (gross)	81.4	84.7
Basler Versicherungen in percent		

GERMANY

In Germany Baloise is represented by the units “Basler Versicherungen”, “Deutscher Ring Sach” and “Deutscher Ring Leben.” Bad Homburg-based Basler Germany focuses on nonlife insurance; its portfolio includes hedging and pension solutions for private individuals, small and medium-sized enterprises as well as selected industrial customers. As

far as sales are concerned, Basler concentrates on using its own insurance sales force and brokers. Hamburg-based Deutscher Ring Lebensversicherung and Deutscher Ring Sachversicherung specialise in providing private pension solutions for private individuals. Sales are generated by its own insurance sales force, via its sales partners, OVB and ZEUS, and via brokers.



KEY FIGURES GERMANY

	2008	2009
Employees	3,234	3,294
Business volume in CHF million	2,325.4	2,169.9
Combined ratio (gross) in percent	93.4	94.3

BELGIUM

In the Belgian market Baloise is represented by the “Mercator” brand in Flanders. Mercator regards itself as a partner for local professional brokers. The company provides a broad range of life and nonlife insurance products for private individuals and small and medium-sized enterprises.



KEY FIGURES BELGIUM

	2008	2009
Employees	818	825
Business volume in CHF million	796.2	820.5
Combined ratio (gross)	94.5	98.1
Mercator Verzekeringen in percent		



LUXEMBOURG

“Baloise Assurances” provides a broad range of insurance, pension and asset formation products to private and corporate customers in the Grand Duchy. Outside of its home market, Baloise Luxembourg also sells pension and asset formation solutions in various EU countries in partnership with banking partners that have strong market positioning.



KEY FIGURES LUXEMBOURG

	2008	2009
Employees	187	198
Business volume in CHF million	572.4	962.0
Combined ratio (gross)	88.4	91.6
Baloise Assurances in percent		

AUSTRIA

In Austria “Basler Versicherungen” provides insurance and pension solutions to private customers as well as to small and medium-sized enterprises. As far as sales channels are concerned, the business unit focuses on its own insurance sales force, which has been expanded considerably, as in previous years.



KEY FIGURES AUSTRIA

	2008	2009
Employees	260	264
Business volume in CHF million	158.5	162.5
Combined ratio (gross)	99.8	106.6
Basler Versicherungen in percent		

CROATIA AND SERBIA

In Croatia Baloise operates as “Basler osiguranje Zagreb”. It offers a comprehensive range of insurance solutions for private and corporate customers, using its own insurance sales force and via agencies and banks. Since the end of 2007 Baloise has also been represented in Serbia, where it concentrates on selected target customer segments.



KEY FIGURES CROATIA AND SERBIA

	2008	2009
Employees	842	876
Business volume in CHF million	107.0	92.6
Combined ratio (gross)	105.2	110.9
Croatia and Serbia in percent		

LIECHTENSTEIN

“Baloise Life” in Balzers, Principality of Liechtenstein, and founded in 2007, is the most recent addition to the Baloise Group. Baloise Life develops innovative pension solutions and tailor-made life insurance products for private customers across Europe and sells these via Baloise companies in each country and third party partners.



KEY FIGURES LIECHTENSTEIN

	2008	2009
in CHF million		
Employees	17	26
Business volume in CHF million	0.8	1,600.0

Brand and strategy

Our brand promise is “Making you safer”. Everything we do is geared towards safety. We combine insurance with smart prevention solutions and thus help to ensure that damage does not occur in the first place.

OUR STRATEGIC GOAL

We will be one of Europe’s most profitable and fastest growing insurers by 2012.



BRAND DELIVERABLES

Safety

Safety is our core achievement. Safety is behind every achievement, every service and every product. As a force which liberates energy, inspires and fosters.

Strength

Baloise is a strong partner. Strong in terms of growth, returns and results. We can be relied on when it really counts, because our strength means we are a partner people can depend on.

Professionalism

Baloise stands for professionalism. This allows us to produce top-quality performance. We are professional in our approach to our core business, our customers and our marketing. Because we know that professionalism brings inner peace.

BRAND VALUES

Swiss

Baloise is proud of its Swiss origins. Since 1863. This means we combine reliability, humanism, solidity, tradition, financial strength and independence.

Innovative

Our innovative drive gives us the necessary competitive edge. This is evident from our systematic, comprehensive focus on safety as well as our customer management. We create an environment that fosters innovation in every area.

Partnership

Commitment to partnership is one of our biggest emotional strengths. It is based on recognising and creating added value. We work to nurture and deepen our relationships with all our stakeholders. So that we are always able to generate enthusiasm.

Baloise performs well

Baloise achieved a profit of CHF 421.0 million in the 2009 fiscal year; this is an increase of 8.9% compared to the previous year. Stand-out features include considerable business growth, invigorated life insurance products and the very strong and flexible balance sheet.

OVERVIEW

All business divisions performed well in the recessionary environment and made substantial contributions to the result. Thus they substantiate Baloise's steady performance capability, even in very challenging times. In the light of recovering markets, investment performance was gratifying and this had a very positive impact on the life insurance result in particular and on the further improved balance sheet. The very gratifying growth in business volume can be attributed to the huge amount of confidence that customers have in Baloise's stability and reliability and the services it provides; the increase was significant above all in the investment-type life insurance and occupational pension sectors. Baloise performed in an environment influenced by crisis. Subsequent impairments of investments, low interest rates and the generally higher claims tendency in recessionary phases dampened business performance.

Baloise achieved strong growth in the 2009 fiscal year. Business volume, which includes investment-type life insurance products, amounted to CHF 9,765.4 million (previous year: CHF 7,858.3 million). This striking growth of 27.0% in local currency terms stems mainly from investment-type life insurance products sold by Baloise Life in Liechtenstein, whose products are popular mainly in Italy. Remarkable growth momentum came from occupational pension solutions in Switzerland as well as Belgium, Luxembourg and Austria. Adverse exchange rates led to a lower growth rate in Swiss franc terms. Business volume remains well diversified across the whole Group.

BUSINESS VOLUME 2009 (GROSS) BY STRATEGIC BUSINESS UNITS

in percent

→ Switzerland	40.2
→ Germany	22.2
→ Belgium	8.4
→ Luxembourg	9.9
→ Other units and Group business	19.3



DISTRIBUTION INCOME

	2008	2009	+/- %
in CHF million			
Total business volume	7,858.3	9,765.4	24.3
Life	3,739.1	3,723.4	-0.4
Nonlife	3,214.8	3,136.4	-2.4
Investment-type insurance premiums	904.4	2,905.6	221.3
Income from services rendered	558.2	427.3	-23.5

Baloise launched its new Group-wide brand positioning strategy, "Baloise Safety World," at the beginning of 2009, in order to achieve above-average growth in relation to target customers, by clearly differentiating itself from the competition. The Safety World combines classic insurance with smart, systematic prevention; a new strategic approach in the insurance sector. This brand positioning was successfully introduced in all business units and is already showing initial positive effects on growth and earnings. The number of insurance policies per customer increased noticeably amongst those customers that benefit from Safety World

products. Sales productivity increased and customer loyalty improved. Several independent customer surveys, especially in Switzerland, Germany and in Luxembourg showed that the Safety World has already had a material impact on brand appeal, image and customer loyalty. Our Safety World turns customers into brand ambassadors; market research in Switzerland, Germany and Luxembourg documents this in the form of significantly higher recommendation rates.

The efficiency-enhancing and growth programme “Baloise 2012,” launched in the 2009 fiscal year, comprises close to 100 activities across the Group. The aim of this programme is to increase Baloise’s earning power by CHF 200 million sustainably by 2012. An effect of CHF 33.6 million in the net result was recorded in 2009.

In 2009 Baloise made substantial investments above all in efficient electronic systems to automate business processes, in the expansion of its sales coverage and in its new brand positioning strategy, “Baloise Safety World.”

There were no significant changes in the scope of consolidation of the Baloise Group in 2009.

NONLIFE DIVISION:

STABLE PERFORMANCE IN CHALLENGING ENVIRONMENT

Thanks to the high quality of the insurance portfolio, the performance of the nonlife division (indemnity and personal loss insurance) was solid and could cope well with the recession-related increase in claims. It generated a profit before borrowing costs and taxes of CHF 382.6 million (previous year: CHF 423.2 million). The technical result was diluted by lower currency-adjusted premiums and higher insurance benefits due to major claims and natural phenomena; lower costs and a significantly positive settlement result led to a higher result. The investment result of the division did increase by 30.8%, however, it could not fully compensate for the lower technical result. The combined ratio amounted to a gross 91.2% (previous year: 88.1%). The net value (after deducting reinsurance) was 94.4% (previous year: 90.9%). This development can be attributed to various influences: the increase in claims compared to 2008, cyclical subdued growth and the delay effect of cost reductions.

Business volume (identical to IFRS premium income in this division) amounted to CHF 3,136.4 million (previous year: CHF 3,214.8 million), a plus in local currency terms of 0.5% and a currency-related minus in CHF of 2.4% respectively. The business units in Luxembourg, Austria and Belgium achieved strong growth in local currency terms.

COMBINED RATIO NET PERFORMANCE

in percent



LIFE DIVISION:

STRONG GROWTH AND CLEAR PROFIT INCREASE

The life division was able to increase its profit before borrowing costs and taxes by 69.3% to CHF 151.0 million (previous year CHF 89.2 million) thanks to numerous optimisation activities and the good investment income achieved. The largest impact on this good result was due to the improved investment result of approximately CHF 1.2 billion.

Business volume, which includes investment-type life insurance products, reached a record CHF 6,629.0 million (previous year: CHF 4,643.5 million). The increase of 45.4% in local currency terms stems mainly from investment-type insurance products sold by Baloise Life in Liechtenstein. The increase of classic life insurance policies (IFRS premium volume) amounted to 1.1% in local currency terms, reflecting low cyclical demand; performance in CHF terms at 0.4% declined slightly. The volume of new business was moderately higher than in the previous year at CHF 253.1 million. In the reporting period, life business embedded value increased from CHF 2,446.2 million to CHF 2,826.9 million, which corresponds to a return on embedded value of +13.1%. Future forecasts of economic conditions and surpluses

contributed CHF 102.1 million to embedded value. The value of new business amounted to CHF 25.5 million. The new business margin is 10.1 % (previous year 7.9 %).

EMBEDDED VALUE PERFORMANCE

in CHF million

2009		2,826.9
2008		2,446.2
2007		3,230.6
2006		2,627.8
2005		2,359.7

BANKING DIVISION: STRONG INFLOW OF NEW ASSETS

The banking division generated a profit before borrowing costs and taxes of CHF 61.0 million (previous year: CHF 52.9 million) The increase by 15.3 % stems mainly from higher fee income at Baloise Asset Management. The Swiss Baloise Bank SoBa AG posted a strong increase of CHF 1 billion in total in the core market Solothurn and from the business model of the focussed financial service provider. The profit of the bank fell slightly by CHF 23.7 million (previous year: CHF 24.9 million) in accordance with local accounting standards, due to market conditions.

OWN INVESTMENTS BY CATEGORIES¹

	2008	2009	+/- %
in CHF million			
Investment properties	5,055.5	5,071.7	0.3
Shares	2,600.2	2,090.5	-19.6
Alternative financial investments	1,666.5	1,394.6	-16.3
Fixed-income securities	23,065.2	25,772.8	11.7
Mortgage assets	10,388.6	10,584.9	1.9
Policy and other loans	8,603.9	8,058.6	-6.3
Derivatives	311.3	123.7	-60.3
Cash and cash equivalents	1,300.9	2,488.8	91.3
Total	52,992.1	55,585.6	4.9

¹ Excluding assets for the account and at the risk of life insurance policyholders.

EQUITY: VERY STRONG AND FLEXIBLE BASIS

Consolidated equity (after minority interests) of the Baloise Group amounted to a total of CHF 4,510.0 million (previous year: CHF 3,895.6 million) on 31 December 2009. The increase of 15.8 % resulted mainly from higher unrealised profits, an increase of CHF 964.8 million, and the profit for the period. The share buy-backs from the share buy-back programme reduced equity by CHF 71.5 million. Return on equity increased to 10.3 % from 9.0 % in the previous year. Group solvency increased to an excellent 230 % (previous year: 196 %).

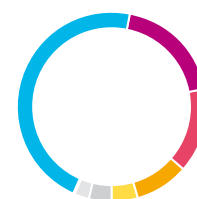
INVESTMENTS: CONVINCING CONTRIBUTION TO RESULT

The good investment result reflects improved conditions on the financial markets, after the lows in this year's first quarter. Net income of CHF 1,697.1 million (previous year: CHF 1,406.7 million) equates to a net return of 3.1 %. Recurrent income amounted to CHF 1,921.2 million and so was below the previous year's value, above all due to lower dividend income. The recovery on the capital markets led to significantly lower adjustments, which had a positive effect on income. IFRS performance (including net adjustments of investments not recognised in profit and loss) amounted to 4.9 %, a distinct improvement compared to the previous year's value of -0.4 %.

INVESTMENT COMPONENTS 2009

in percent

	Fixed-income securities	46.4
	Mortgage assets	19.0
	Policy and other loans	14.5
	Investment properties	9.1
	Cash and cash equivalents	4.5
	Shares	3.8
	Alternative financial investments	2.5
	Derivatives	0.2



BALOISE ASSETS AS OF 31.12.2008				
	Nonlife	Life	Banking	Total Group
in CHF million				
Own investments	8,646.7	38,238.7	6,078.8	52,992.1
Investment-type life insurances ¹		3,340.1		3,340.1
Total recognised assets	8,646.7	41,578.8	6,078.8	56,332.2
Asset management for third parties				8,426.4
Total managed assets				64,758.6

BALOISE ASSETS AS OF 31.12.2009				
	Nonlife	Life	Banking	Total Group
in CHF million				
Own investments	9,140.5	39,431.1	6,555.1	55,585.6
Investment-type life insurances ¹		6,818.1		6,818.1
Total recognised assets	9,140.5	46,249.2	6,555.1	62,403.7
Asset management for third parties				5,500.7
Total managed assets				67,904.4

¹ Incl. CHF 47.2 million (previous year: CHF 0) other assets (gold holdings from investment-type life insurance policies)

At the end of the year, shares and similar financial assets constituted 5.9% (previous year: 5.1%) of investments. The hedge funds reverted to positive returns, while investments in private equities mirrored the negative performance of the stock markets with a time lag.

Impairments of financial instruments of an equity nature grossed CHF 235.4 million and thus were over 70% lower than the previous year. They also include impairments of alternative investments and indirect property investments.

A marked feature of the properties directly held was their strong value and income stability. Very slight impairments had to be applied to mortgage-backed bonds.

The same is true for fixed-interest securities. Given excellent debtor quality, impairments were extremely low at CHF 11.3 million gross (previous year: CHF 97.9 million). Baloise benefited from the systematic purchase of corporate bonds, above all in the first half-year.

Currency gains due to the slight increase of the euro, could not fully compensate for the costs of foreign currency hedges and the negative effect of the US dollar. The hedging ratio was raised to 80% at the beginning of the year and remained at that level. The euro ratio was lowered from 90% to 70% after intervention by the Swiss National Bank.

Switzerland

Excellent earning power

The Switzerland segment confirmed its excellent earning power in the challenging market environment. The intensity of growth and the high degree of customer confidence manifested themselves above all in the occupational pension business and in the convincing inflow of new assets to Baloise Bank SoBa.

BASLER VERSICHERUNGEN: EFFICIENT CORE BUSINESS

The core business of Basler Switzerland and the friendlier financial markets were resilient income mainstays, despite the rather high level of claims in 2009 and lower interest rates. Profit before borrowing costs and taxes amounted to CHF 308.0 million (previous year CHF 276.3 million). This is an increase of 11.5%. Business volume amounted to CHF 3,930.0 million (previous year: CHF 3,867.2 million). The plus of 1.6% is above the market average, above all thanks to convincing growth in group life insurance policies. Growth accelerated in the target segments. Here “Baloise Safety World” generated a strong increase in the number of insurance policies per customer. In addition, Baloise “Safety Club” customers readily recommend us. Basler Switzerland expects growth impetus from its realignment, which is designed to sharpen the organisation’s customer focus.

The nonlife division achieved a business volume of CHF 1,280.2 million (previous year: CHF 1,299.5 million). The decrease of 1.5% is mainly due to poor demand and intensive price competition as well as the performance underwriting policy. General liability and accident insurance recorded an increase. The negative growth in motor, marine, property and health insurance reflects recessionary economic conditions. Despite high storm claims, the division achieved an excellent combined ratio of gross 84.7%, which, however, could not match the record-low claims figure of the previous year.

Contrary to the market trend, the life division benefited from a business volume increase of 3.2% to CHF 2,649.8 million (previous year: 2,567.7 million). The new business margin performance was also convincing. The Group life business (occupational pensions) grew exceptionally strongly by 8.7%. Here, the Swiss market was in negative territory.

The individual life business at 9.9% declined due to non-recurrent deposits.

BALOISE BANK SOBA: STRIKING GROWTH

Baloise Bank SoBa outperformed the market in this challenging environment. On the whole, it increased its volume of business (credit assets, customer funds money, deposits) by over CHF 1 billion and gained over 12,500 new customers. Commission and service income declined due to the weaker economy. Sales of banking services via the Basler Switzerland sales force, i. e. “Mobile Banking” were impressive. The volume of new business increased by CHF 667.7 million and over 5,400 new customers were added. The volume generated to date by this very successful sales channel amounts to more than CHF 3 billion and incorporates more than 32,000 customers.

KEY FIGURES SWITZERLAND

	2008	2009	+/- %
in CHF million			
Business volume	3,867.2	3,930.0	1.6
Of which: life	2,567.7	2,649.8	3.2
Of which: nonlife	1,299.5	1,280.2	-1.5
Combined ratio (gross)	81.4	84.7	
Basler Versicherungen			
in percent			
Profit before borrowing costs and taxes	276.3	308.0	11.5

Germany

Stable operational performance

The German business unit, made up of Basler and Deutscher Ring Leben und Sach put in a stable operational performance with significant cost reductions.

Baloise's German business generated a profit before borrowing costs and taxes of CHF 91.2 million in the reporting year (previous year: CHF 133.9 million). The result was weakened by the profit contraction of the sales organisation OVB, subsequent reservations for industrial and commercial claims and declining income from and impairments of private equity and property funds as a result of the economic and financial crisis. The business unit was able to cut the administration costs of all divisions by 3 %.

Business volume amounted to a total of CHF 2,169.9 million (previous year: CHF 2,325.4 million). This equates to a minus of 1.9 % in local currency terms. The property insurance division achieved premium growth in local currency terms of 0.7 % to CHF 1,028.8 million, despite the fraught overall economic situation. This value is above the market average. The main growth pillar was the commercial and industry business, while the volume motor, accident and marine insurance business declined due to the economic situation. The life division achieved a business volume of CHF 1,141.1 million (previous year: CHF 1,251.4 million), which equates to a decrease of 4.2 % in local currency terms. The aftereffects of the financial crisis were especially noticeable in this business division. Mainly, the annual premiums for conventional life insurance were lower. There was stronger demand for investment-type life insurance products; their volume in local currency terms increased by 1.3 %. New life insurance business with regular premiums outperformed the market; there is noticeable demand mainly for state-subsidised unit-linked pension insurance.

The property insurance combined ratio at gross 94.3 % was only slightly above the previous year's value of 93.4 %. The negative effects of major claims could be offset by means

of the very low claims rate in the accident business and cost reductions.

All companies in the German business unit were able to embed Safety World in their offerings in 2009. The feedback from target customers was positive throughout. The cross-selling ratio and the net annual premiums of these customers are significantly higher and the churn rate is lower than average. Brand recognition and appeal values amongst target customers have improved greatly since the launch of Safety World.

With the aim of growing significantly in the German market and, to this end, increase efficiency, Baloise has continued to intensify dovetailing of Basler and Deutscher Ring Leben und Sach.

KEY FIGURES GERMANY			
	2008	2009	+/- %
in CHF million			
Business volume	2,325.4	2,169.9	-6.7
Of which: life	1,251.4	1,141.1	-8.8
Of which: nonlife	1,074.0	1,028.8	-4.2
Combined ratio (gross)	93.4	94.3	
in percent			
Profit before borrowing costs and taxes	133.9	91.2	-31.9

Belgium and Luxembourg Above market growth

The Mercator unit in Belgium und Baloise Luxembourg grew above the market average and contributed substantially to consolidated profits

BELGIUM: STRONG GROWTH AND BEST NONLIFE INSURER

Mercator generated a profit before borrowing costs and taxes of CHF 54.4 million (previous year: CHF 93.4 million). The decline stems mainly from hailstorms and major claims and a high claims frequency. Growth was convincing: business volume increased above the market in local currency terms by 8.3 % to CHF 820.5 million (previous year: CHF 796.2 million), whereby new business performance was very positive. The nonlife business grew by 3.5%; here the innovative combined products were very helpful. Life insurance business volume increased significantly by 21.9%, above all because the volume of investment-type products increased by 51.7%. The high level of growth can be explained, amongst other things, by acceptance in the market: According to a representative broker survey, Mercator is the best nonlife insurer and the third best life insurer. Mercator will continue to strengthen this position in the market with its new electronic administration system and further optimised workflow processes. Due to hailstorms, the combined ratio of the nonlife business increased to gross 98.1 % (previous year: 94.5 %).

KEY FIGURES BELGIUM

	2008	2009	+/- %
in CHF million			
Business volume	796.2	820.5	3.1
Of which: life	208.0	241.2	16.0
Of which: nonlife	588.2	579.3	-1.5
Combined ratio (gross)	94.5	98.1	
Mercator Verzekeringen			
in percent			
Profit before borrowing costs and taxes	93.4	54.4	-41.8

LUXEMBOURG: ACQUISITION OF FORTIS BOOSTS MARKETS POSITION

Baloise Luxembourg achieved an excellent result with a profit before borrowing costs and taxes of CHF 6.0 million (previous year: CHF 1.6 million). The unit continues its growth course: Business volume amounted to a total of CHF 962.0 million (previous year: CHF 572.4 million), a plus of 76.7 % in local currency terms. The strong growth results from the leap in growth of investment-type life insurance products in other EU countries. The premium volume in the local nonlife business increased in local currency terms by 4.0%. The volume of investment-type products nearly doubled in the life insurance business; and also the development of classic life insurance products in Luxembourg's domestic market was very encouraging with an increase in local currency terms of 20.0%. With the acquisition of Fortis Luxembourg IARD S.A., Baloise Luxembourg will continue to consolidate its market position. The transaction was successfully concluded in January 2010.

KEY FIGURES LUXEMBOURG

	2008	2009	+/- %
in CHF million			
Business volume	572.4	962.0	68.1
Of which: life	516.6	906.9	75.6
Of which: nonlife	55.8	55.1	-1.3
Combined ratio (gross)	88.4	91.6	
Baloise Assurances in percent			
Profit before borrowing costs and taxes	1.6	6.0	275.0

Other units and Group business

Strong dynamic growth

Basler Austria continued its dynamic growth of past years and expanded sales. Basler osiguranje Zagreb in Croatia laid the foundations for growth and profitability with its new marketing strategy and integrated sales.

AUSTRIA: ABOVE MARKET GROWTH

Basler Austria continued the remarkable growth of previous years. This success is mainly due to the expansion of the sales network and applying Safety World principles to target customers. Business volume increased in local currency terms by 7.8% and reached CHF 162.5 million (previous year: CHF 158.5 million). Growth was strongest in investment-type insurance products. The nonlife division achieved a premium volume of CHF 120.0 million (previous year: CHF 117.3 million), a plus of 7.5%. Life insurance business volume increased in local currency terms by 8.6% to CHF 42.5 million (previous year: CHF 41.2 million). The nonlife business combined ratio increased to 106.6% (previous year: 99.8%) due to hail damage.

CROATIA AND SERBIA:

NEW MARKET PRESENCE IN CROATIA

The former three companies of Baloise completed their integration successfully at the end of 2009 with the new appearance as “Basler osiguranje Zagreb” and the integrated sales network. The combined business volume of the Croatian and Serbian units amounted to CHF 92.6 million (previous year: CHF 107.0 million), a minus in local currency terms of 7.5%. The reasons for this are the weak market, the loss of sales partners and the restructuring of the portfolio. The proprietary sales force in Croatia is growing at about 12% in a stagnant market. The combined ratio of the Croatian and Serbian units amounted to gross 110.9% (previous year: 105.2%), due to lower premiums. The restructuring effected an improved claims experience. The Serbian unit had its first successes with travel and legal protection insurance products in its second fiscal year.

BALOISE LIFE, LIECHTENSTEIN: RAPID BUSINESS GROWTH

In the first full operative fiscal year, Baloise Life achieved an excellent business volume of CHF 1,600.0 million (previous year: CHF 0.8 million), mainly via sales of investment-type life insurance products to Italian customers, who took advantage of the offer of the Italian authorities to make subsequent declarations as part of a tax amnesty. The “variable annuities” also contributed to the result.

KEY FIGURES OTHER UNITS	2008	2009	+/- %
in CHF million			
Business volume	266.3	1,855.1	596.6
Of which: life	99.8	1,690.0	1,593.4
Of which: nonlife	166.5	165.1	-0.8
Combined ratio (gross)	99.8	106.6	
Basler Austria in percent			
Combined ratio (gross)	105.2	110.9	
Croatia and Serbia in percent			
Profit before borrowing costs and taxes	-25.3	-20.8	-17.8

GROUP BUSINESS

The profit before borrowing costs and taxes for the intra-Group reinsurance and financing of the units and the Holding companies amounted to CHF 123.3 million (previous year: CHF 100.0 million). This was due to the very good technical result of the reinsurance units and Run Off.

Sustainable Business Management

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“In line with our ‘Making you safer’ promise, we think particularly long-term, since our smart prevention solutions help ensure that damage does not occur in the first place.”

- ➔ Every day we make an invaluable contribution to the economy and to society, for example by providing occupational pension solutions.
 - ➔ We create and maintain jobs that add value and thereby accept our social responsibility.
 - ➔ We generate earnings to invest in the future of Baloise and to help fund the public sector by paying taxes.
 - ➔ We apply capital resources efficiently, in the interests of shareholders and of the wider economy.
 - ➔ We go easy on natural resources.
-

Baloise invests in its employees

Performance, innovation and partnership are the core values of our corporate culture. We recruit, foster and remunerate our employees on this basis.

KEY FIGURES

- ➔ As of 31 December 2009, the Baloise Group had 9,391 (2008: 9,233) employees (FTE in 2009: 8,199).
 - ➔ 45.7% (2008: 46.5%) of all employees are women.
 - ➔ Baloise employed 248 (2008: 323) apprentices, trainees and interns throughout the Group.
 - ➔ Staff turnover as of 31 December 2009 was 7.8% (2008: 9.3%).
 - ➔ 50.0% (2008: 58.1%) of those, who left the company, did so of their own accord.
 - ➔ In our main market, Switzerland, 61.9% (2008: 53.0%) of employees participated in our Employee Share Ownership Programmes.
 - ➔ Baloise invested CHF 15.3 million (2008: 18.1 Mio. CHF) in employee training in 2009.
 - ➔ Employees' average length of service within Baloise is 12 years.
-

THE EMPLOYEES – OUR MOST VALUABLE RESOURCE

“Making you safer” is our promise to our clients, shareholders and employees. As part of the Baloise Safety World, we aim to avoid risk by taking preventative action in good time. This also applies to Baloise as an employer. On the one hand, we want to foster the success of our business by investing in our employees at an early stage, and on the other nurture, the skills and therefore the contribution of every individual. Baloise's corporate strategy is to become one of Europe's most profitable and fastest growing insurers. All our HR policies are geared towards achieving this strategic objective. In this respect we are guided by our corporate values of being “Partnership”, “Innovative” and “Swiss”.

As an employer, Baloise is guided by the following principles:

- ➔ We are an attractive and forward-looking employer.
- ➔ By retaining and recruiting outstanding employees we contribute to the company's long-term success.
- ➔ We invest long-term in the skills and career development of our employees.
- ➔ Performance-driven, highly motivated and well-trained employees enable us to gain competitive advantage.

Our Human Resources strategy lays the foundations to enable us to implement these principles. It consists of the following elements:

- ➔ To be the preferred employer in our sector
- ➔ To be performance- and results-driven
- ➔ To be a highly qualified, learning organisation
- ➔ To have excellent leadership and management skills
- ➔ To be highly adaptable and flexible
- ➔ To have an employee-focused corporate culture

PREFERRED EMPLOYER

We want to be the preferred employer in our sector. In 2008 we launched a system across the Group to make employee recruitment more efficient, and it has proved to be successful. This Web-based talent management system has enabled us to recruit a number of quality applicants. With the aid of this new concept, we were able to create a talent pipeline for the first time, with more than 3,500 potential candidates. This corporate talent pool has already enabled us to fill around 10% of new job vacancies efficiently and inexpensively. As far as recruitment is concerned, we are also increasingly relying on innovative Web 2.0 technologies and have cut down on expensive and inefficient search processes via job advertisements in newspapers and via recruitment consultants.

On the strength of our “Making you safer” promise, Baloise was able to appeal to employees and job applicants as a preferred employer. A large number of Baloise employees from all business units took an active part in Safety Day on Friday the 13th and made their fellow human beings safer. Many applicants have made positive statements about our new brand positioning and were attracted by the idea of working for a company that not only provides professional insurance and financial services, but that is also on hand to give support and advice to people on how to prevent damage.

PERFORMANCE AND RESULTS ARE WHAT COUNT

We are performance- and results-driven and we remunerate our employees accordingly on this basis. As far as incentive and bonus systems are concerned, the focus, particularly with regard to executives, is on long-term, share-based remuneration. This way we also want to safeguard the interests of our shareholders.

More than 60% of employees throughout the Group are subject to annual target agreements and performance reviews. The amount of variable remuneration for executives (function levels 1 – 5) is directly linked to individual performance. In 2009 we revised our short-term remuneration programmes

and increased the emphasis on the company’s economic value added. In 2010 we will launch a new performance management system in all business units.

INVESTMENT IN STRATEGY-ENHANCING ADVANCED TRAINING

In 2009 Baloise devised an innovative development programme for the top 70 executives and 80 talented employees – the Strategic Leadership Programme (SLP). This is based on the essential skills required to implement our strategy successfully. The SLP consists of 30 separate learning and activity modules and features the following phases:

1. Acquiring knowledge: within each of the 30 learning and activity modules, any given group will visit the leading business schools in relation to this topic and will acquire up-to-date knowledge.
2. Studying “best practice”: “best practice” companies within and outside our sector are analysed as part of each activity module.
3. Derivation of action plans for Baloise.
4. Implementation: the 150 participants communicate and implement this knowledge and these action plans within their organisations.

This sharing of knowledge and the network of 150 participants is backed up by an annual meeting and by a Web 2.0 platform, to facilitate knowledge transfer within the company.

Our Belgian subsidiary, Mercator, created a structured management development programme in 2009 in its Mercator Academy. This nurtures the coaching skills of executives and functions as an information-sharing and knowledge platform within Mercator.

EXCELLENT LEADERSHIP AND MANAGEMENT SKILLS

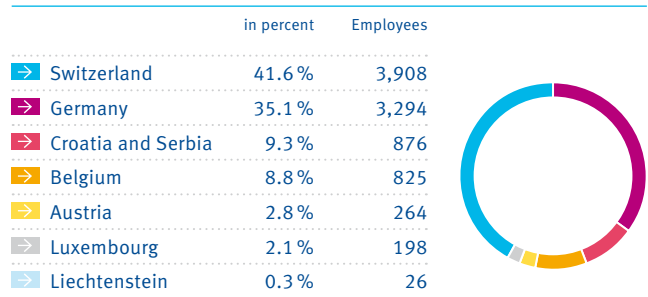
Baloise systematically identifies and develops talented executives. Baloise has had a succession planning and talent identification system in place since 2008. In a three-stage process, “roundtable” meetings, involving local management, the Corporate Executive Committee and the Chairman of the Board of Directors, were held in 2009 to discuss the strengths and skill enhancement needs of 215 (2008: 177) incumbents in key positions, 240 (2008: 154) succession candidates and 56 (2008: 70) talented individuals from the Group. As part of these discussions, 16 (2008: 10) internal succession decisions were made relating to 2010/2011, some of which have already been implemented. Overall, significantly more internal employees (70 %) than external candidates were promoted to key positions than external candidates were hired for these posts in 2009. Individual skill enhancement plans with specific action to be taken will be agreed with all those people identified.

In 2009 Baloise Germany continued to differentiate and develop career perspectives within its organisation. In addition to specific action, employees can choose to head in one of three directions: a management career, a project management qualification or a specialist / technical career. Last year the specialist / technical career programme was launched for specialists with a broad range of professional experience. As part of this, dedicated experts are able to complete specific qualification programmes and take part in an annual strategy meeting with the management of the company. As part of a management career, junior employees with management potential are groomed to take up a management position during an 18-month “Personal Enhancement Programme (PEP)”. These junior employees apply their understanding of management issues to a range of modules and familiarise themselves with proven management tools.

From 2001 to 2008 Baloise Austria doubled both its insurance business and the number of its employees and sales partners. This led it to offer its executives a management curriculum last year. Given the company’s strategic objectives, the course was tailor-made and consists of eight modules. Upon completion of each module the participants

are given structured feedback – from the other participants, the coaches and their managers. This feedback forms the basis for a written final paper.

BALOISE’S 9,391 EMPLOYEES IN 2009 BY COUNTRY



HIGH DEGREE OF ADAPTABILITY AND FLEXIBILITY

In 2009 major and minor changes affected many parts of the Group. The two most important changes are currently having an impact on Croatia – with the merger of three companies – and on the Switzerland corporate division, where the “Leader” initiative is grabbing the headlines. This initiative, launched in summer 2009, is designed to reinforce a “sales” mindset by introducing “end-to-end” product management and embed this thinking throughout the organisation. This brings with it a new culture. Putting this into practice means being credible, honest, motivated and competent. Every employee needs to become a leader within their own environment and act like an entrepreneur, as far as their freedom of action permits. Tangible enhancement action is on the agenda: Leader events with key people, CEO and sales calls, Leader Trophy, Leader Breakfast, new management training, On-the-Road Campaign (back-office employees join the sales force for a couple of days), regular employee surveys and the CEO Talk.

As part of the takeover of Fortis Luxembourg IARD, 20 new employees will be integrated into Baloise Luxembourg. In 2010 Baloise Luxembourg’s HR activities will focus on integrating these employees in the most optimum way possible.

BALOISE ENCOURAGES INTERNAL MOBILITY

In 2008 we launched the new Group Talent Management System, thereby laying the process and system-related foundations to enable us to efficiently facilitate mobility within the Group. In 2009 Baloise increased the number of postings, compared with 2008.

At Baloise Luxembourg more than 5 % of employees made an internal job switch. Internal mobility aids employees' career development and also enables us to share knowledge across national frontiers.

DIVERSITY AND PARTNERSHIP WITH EMPLOYEES

To enable us to understand and maintain our relationships with all reference groups, we also need to reflect the diversity of our client base in our employee structure.

Baloise employs people from more than 40 countries. 45.7 % (2008: 46.5 %) of employees and 17 % (2008: 22.0 %) of executives are women. Baloise does not tolerate any form of discrimination. Management and those responsible for HR issues in our business units ensure that this is the case; they are supported by the Compliance Officer and by Group Compliance.

Baloise promotes its employees solely on the basis of their performance, their potential and their identification with corporate values.

For many years Baloise has also actively promoted health issues. In 2009 Deutscher Ring Leben and Sach launched two new programmes. Employees wanting to give up smoking were given the opportunity of participating in stop-smoking workshops, based on the Allen Carr method. The "Talking Eyes" method ascertains the risk of heart attacks and strokes. The examination is based on a photo of the retina. All employees aged 40 and older were invited to be examined by the company doctor. More than 200 employees took part in this initiative.

BALOISE IN TOUCH WITH EMPLOYEE REPRESENTATIVES

Baloise respects the right of every employee to be or become a member of an employee representation body. We maintain a direct, transparent and constructive dialogue with all employee representatives and committees.

All employees from every international subsidiary are represented in Baloise's European Forum. This way we provide employee representatives with direct access to the Corporate Executive Committee, in addition to encouraging local dialogue. In May 2009 a two-day meeting of the European Forum and employee representatives was held in Bruges.

100 % of Baloise employees are represented by employee committees, staff associations, trade unions or other employee organisations.

TOP LINKS

www.baloise.com/careers

- [→ Facts and figures](#)
 - [→ Management training](#)
 - [→ Job openings](#)
 - [→ Trainee programme](#)
 - [→ Events](#)
-

Long-term protection of the environment

In 1995 Baloise signed the UNEP* Insurance Industry Declaration. In our environmental mission statement we commit ourselves, amongst other things, to continuously reduce our direct impact on the environment by planning, building and managing corporate real estate, in order to save resources. The same principles and criteria apply to the procurement of equipment and materials.

USING LESS ELECTRICITY IN THE WORKPLACE

Computers, flat screens, table lamps and electrically height-adjustable desks consume electricity, even when nobody is actually working. Every workstation consumes around 95 kWh of electricity per annum outside of office hours. At the Group head office in Basel with its 1800 workstations, this equates to the electricity consumption of forty 4-person households. In 2009, Baloise started to fit workstations with switch-off devices that ensure that only those, who are actually working, consume electricity.

CONTINUOUS IMPROVEMENT

Baloise Germany wants to encourage sparing use of finite resources and increase employee awareness of environmental issues. With the aid of a project to foster environmental protection at work, opportunities to optimise the handling of resources are being sought throughout the company. The focus of the analysis, which kicked off in the autumn of 2009, is on energy consumption, the use of raw materials, avoidance of waste and reasonable CO₂ emissions during business trips. These measures will be integrated into everyday corporate life once the project has been completed.

ECOLOGY, ECONOMICS AND WORKPLACE SATISFACTION IN STEP WITH EACH OTHER

At the Group head office in Basel the open-plan offices with 700 workstations were completely refurbished and space planning plus workstations were adapted to the needs of the modern world of work. In the autumn of 2009 we began refurbishing the cubicle offices: new open-space offices are being created, whilst only a small number of single-occupant offices will be provided. More efficient use of existing space has enabled the head office to accommodate 290 additional

workstations at an almost unchanged rate of energy consumption. Energy consumption per workstation has therefore been reduced by almost one-third at the head office.

SUSTAINABILITY IN RELATION TO REAL ESTATE

Sustainable handling of real estate is described in the strategic guidelines for new buildings and refurbishments. All new buildings are checked by experts for sustainability and built solely in accordance with Minergie standards. Refurbishments aim to comply with the Minergie standard, without losing sight of cost-effectiveness. Actual energy consumption of residential buildings is stated in the Building Energy ID.

BALOISE SAFETY WORLD – SAFE AND SUSTAINABLE

Baloise wants people to feel safe. Smart prevention solutions enable us to protect people's lives and reduce damage that negatively impacts the environment. Our Quality Management Manual specifies what we require of our suppliers and products. We pay attention to the observance of social standards along global supply chains, monitor local working conditions and advocate ethically and technically zero-defect products. We deliberately refrain from using the very cheapest products, whose origin we are unfamiliar with and cannot monitor.

ECO EFFICIENCY IN OPERATION

The material and energy flows figures compiled relate to large office buildings used for commercial purposes. Just under 60 % of the staff work here. The energy consumption per employee rose slightly in 2009, for the first time since 2004. The reason being the increase in heating or cooling days, amongst other things. However, we continue to be fully

*UNEP = United Nations Environment Programme

ENVIRONMENTAL AUDIT	2007 absolute	2008 absolute	2009 absolute	Relative	Unit	+/- %
Employees*	4,673	5 413	5,427		headcount	0.3
Energy reference area	147,546	164,598	164,927		ERA m ²	0.2
Locations	13	13	13		number of buildings	0.0
Electricity consumption	24,643,300 kWh	27,187,936 kWh	27,591,295 kWh	5,084	kWh / employee	1.5
Heating consumption	13,167,808 kWh	14,813,880 kWh	14,991,052 kWh	91	kWh / m ²	1.2
Water consumption	72,779 m ³	81,827 m ³	77,737 m ³	57	l / employee / day	-5.0
Paper consumption	747 t	846 t	832 t	153	kg / employee	-1.7
Paper types				6.00%	recycled	
				75.00%	chlorine-free	
				19.00%	chlorine-bleached	
Copy paper consumption	83.3 million A4 sheets	93.6 million A4 sheets	90.7 million A4 sheets	16,713	A4 sheets / employee	-3.1
Amount of refuse	1,115 t	928 t	1184 t	218	kg / employee	27.6
Types of refuse				54.00%	paper / cardboard	
				5.00%	other materials	
				1.00%	special waste	
				39.00%	misc. waste / refuse	
Business travel	15.81 million km	18.36 million km	23.46 million km	4,323	km / employee	27.8
Mode of transport				16.80%	km by air	
				55.20%	km by road	
				28.00%	km by public transport	
CO ₂ emissions	17,498 t	19,463 t	20,687 t	3,812	kg / employee	6.3

* The consumption figures for our Luxembourg subsidiary and Baloise Germany's office in Bremen were recorded for the first time in 2008.

committed to achieving our aim of reducing energy consumption by 2–3 % by 2013. As a company aware of its responsibilities, environmental changes and rising energy prices / costs oblige and motivate us to make our contribution by using resources efficiently.

TOP LINKS

www.baloise.com/sustainability

➔ Ecology → Environmental mission statement

➔ Ecology → Ecological audit

➔ Risk Management

➔ Interview with Rolf Schäuble

We apply advanced Risk Management to make our customers safer

As an integral component of Baloise's strategic management, Risk Management makes a major contribution to the Group's new positioning. As a European insurance company with Swiss roots, we boast a strong balance sheet and a high degree of operational earning power, which have been optimised in relation to risks taken on the one hand, and earnings opportunities on the other.

Risk Management at Baloise is risk and value management. Our risk model is based on innovative standards, meaning that we can always keep our "Making you safer" promise.

In 2009 Baloise's Enterprise Risk Management System was upgraded to an excellent "Strong" by Standard & Poor's; thus we are in the top 15% of all European insurers.

We regard Risk Management as a uniform strategic and operational system that applies throughout the Group and that has the following subsections:

- Risk map: it forms the backbone of risk considerations and defines basic risk issues, such as underwriting and market risks as well as operational business risks.
- Risk governance and risk culture: fostering and firmly embedding risk awareness, handling and perception throughout the entire organisation.
- Risk measurement: identifies, quantifies and models the risks in all business and financial processes.
- Risk processes: risk organisation and the standards that apply to it are important aspects of Risk Management, together with management, reporting and evaluation processes.
- Strategic Risk Management: simultaneously optimises the risks taken by the Group and its earnings opportunities.

THE RISK MAP

The risk map distinguishes between the different categories of risk to which Baloise is exposed:

- Underwriting risks
- Market risks
- Financial structure risks
- Business environment risks
- Operational risks
- Strategic/Information risks

A detailed description can be found on page 31 of the Financial Report.

The risk map is embedded in the organisation and the responsibilities of the entire Group. Each risk is assigned to a risk owner (with overall responsibility) and a separate risk controller (risk monitoring and control).

RISK GOVERNANCE AND RISK CULTURE

Enhancement of risk governance and risk culture has a long tradition at Baloise. We continuously work to improve this culture throughout the entire organisation. The appointment of risk owners and risk controllers of specific risk issues is as much a part of this culture as membership of committees that meet regularly to deal with risk issues. This development is accompanied by continuous enhancement of risk models and risk processes. 2009 saw the completion of a project to upgrade the internal control system (ICS).

Baloise's risk organisation includes the Group Risk Committee and local Risk Committees in all business units. These committees consist of members of the Corporate Executive Committee or members of the local management. They are responsible for making risk strategy decisions.

Special panels also prepare decision documents relating to specific risk areas, such as asset/liability management,

compliance, IT risks and allocation, for these committees. This is rounded off by close cooperation between the Group's Risk Management team and local risk experts. This comprehensive risk organisation is our platform for sharing and continuously enhancing "best practices".

The Group Risk Management team's responsibilities include:

- the development of consistent, mandatory risk models across the Group,
- the monitoring of standards across the Group,
- reporting,
- compliance with risk processes,
- communication with external partners, such as auditors, corporate supervisory bodies and rating agencies.

The business units are responsible for implementing Group specifications locally. Overall responsibility lies with the Group's Chief Financial Officer, followed by the Head of Financial Management. Ultimate responsibility in respect of risk tolerance, business objectives, Risk Management strategy and standards is in the hands of the Board of Directors of Baloise Holding.

RISK MEASUREMENT

Our risk model standardises quantification of all business and financial market risks in all strategic business units. It is in line with the principles and calculation methods of the Swiss Solvency Test and the European Union's Solvency II guidelines. As a pioneering Risk Management tool, it provides a firm foundation to enable management to make strategic and operational decisions.

Baloise's models are based on the concept of economic risk capital – currently the most advanced market standard. Here a target capital figure is derived, solely on the basis of risk calculation considerations – irrespective of financial accounting treatment or capital adequacy regulations as per Solvency I – to enable the company to remain solvent, even in adverse circumstances, and to meet its obligations to policyholders at any time. We always compare this target capital figure with existing capital, i. e. actual capital.

In addition to this integrated risk model, we use the risk map to identify, describe and assess specific risks in relation to their likely impact on business results. Our corporate database of specific risks, which includes detailed descriptions of risks, their incorporation in the risk map and early warning indicators, is generated from this standard process. On the quantitative side, this description is complemented by the measurement of risks in respect of their likely financial impact on the company's balance sheet. Each risk is recorded together with a description of risk-minimising action to be taken. The database is updated twice a year.

This combination of the overall risk model on the one hand and the specific risk approach on the other ensures that Baloise has an appropriate risk overview at all times.

RISK PROCESSES

"Group-wide Risk Management Standards" lay mandatory foundations for risk processes. This set of rules specifies mandatory methods, rules and caps / floors across the Group. These standards determine how different risk issues are assessed, managed and reported. A system of risk limits, which function as early warning indicators, limits the risks taken.

In order to comprehensively limit risk at an aggregated level, the Group uses a system of limits based on economic risk capital. This system tracks the Group's and individual business units' risk capital in real time. We also monitor individual, issue-specific risks, using limits, as illustrated in the following examples:

- Actuarial risks are based on underwriting guidelines, upon which local underwriters base their decisions. Risk calculation-related deductible analyses go hand in hand with key reinsurance policies.
- We monitor market and financial structure risks in all investment units, using a wide range of reporting processes. There are, for example (in addition to maximum limits for equities exposure), clear mandatory guidelines for bond ratings. Credit risks are assessed using not only the "Basel II" approach, but also advanced statistical methods.

→ Business environment risks as well as operational and strategic risks are recorded individually using standard procedures; we assess their impact on capital. Comprehensive risk reports are published twice a year and discussed with decision-makers and the action to be taken is derived from these discussions. We use our monthly risk analysis to review our overall solvency position, focusing on capital investment risks. Reports to regulatory authorities complete the picture.

STRATEGIC RISK MANAGEMENT

Our internal risk model, which quantifies all business and financial market risks in a standard manner, also forms the basis of strategic discussions about Baloise's willingness to take risks. The capital requirements derived from this model represent minimum actual capital requirements in this respect.

There is a clear view of primary strategic risks and how to manage them. Strategic Risk Management incorporates a clear perspective on developing new areas of business and optimising the risk-return ratio of our existing business.

Profit targets for individual business units, which take their specific risk situation into account, are a key element of this control system. These specifications are included in the target agreements with local management.

IN 2009 OUR PROFESSIONAL RISK MANAGEMENT SYSTEM PROVED ITS WORTH

The effectiveness and usefulness of Baloise's risk strategy principles were demonstrated in 2009. Group solvency at 230 % is an excellent indicator of the Group's financial strength.

- The Baloise Group's investment strategy focuses on diversification and the principle of only investing in instruments that can be fully assessed.
- All hedging positions with protective puts were liquidated, largely entailing the simultaneous sale of the corresponding shares as well. Therefore the increase of the net share ratio to 5.9 % as of 31 December 2009, is primarily attributable to the positive trend in fair value.
- Baloise has invested in blue-chip fixed-interest securities. In 2009 impairment was at less than 0.1 % of the portfolio in this investment category.
- Our stable property portfolio with its high-quality recurring revenues from capital employed proved to be an important earnings stream.
- Currency risks on fixed-interest and alternative financial investments were hedged to a considerable degree.
- Our excellent actuarial practice positioning is proven in the nonlife sector, e.g. by the Group's net combined ratio of 94.4 %.

Risk Management will continue to make rapid advances in the next few years and make Baloise a company with a superior risk strategy and positioning.

You can find more information on the subject of Risk Management in section 5 (pages 30 to 65) of the 2009 Financial report, "Management of insurance and financial risks".

Corporate Governance

PAGES 46 – 77

“We stand for transparency and efficiency, as well as for the balance between management and control.”

Transparent Corporate Governance

As a value-focused business Baloise has always attached great importance to responsible Corporate Governance and continues to uphold this tradition.

Operating in line with the Swiss Code of Best Practice and the SIX Corporate Governance Guidelines, Baloise aspires in particular to foster a corporate culture with high ethical standards, which emphasises the integrity of the company and its employees. Baloise is convinced that high-quality corporate governance has a positive impact on the long-term performance of the company.

This chapter mirrors the structure of the SIX Corporate Governance Guidelines (1 January 2007 version), in order to provide more transparency and thus better comparability with previous years, as well as with other companies. The Swiss Code of Best Practice has also been taken into account, in particular Appendix 1 published in 2007, with its recommendations on compensation. Baloise publishes a separate Compensation Report as paragraph 10 of the Corporate Governance Report.

In addition to his post as Chairman of the Board of Directors, Dr Rolf Schäuble held a dual mandate as Chief Executive Officer of Baloise Group as of 6 December 2007. The dual mandate ended on 31 December 2008. With effect from 1 January 2009, Dr Schäuble only holds the post of Chairman of the Board of Directors. Also with effect from 1 January 2009, Dr Martin Strobel took over the position as Chief Executive Officer. He temporarily continued in his previous function as CEO Switzerland until 1 March 2009. At this juncture, Dr Olav Noack, to date Managing Director and Head of Investment Structuring at Barclays Wealth in London, took over as CEO Switzerland and joined the Corporate Executive Committee. The International Corporate Division, headed by the Chief Executive Officer up to then, has been headed by new member of the Corporate Executive Committee Jan de Meulder, former CEO of Mercator in Belgium, since 1 January 2009.

1. GROUP AND SHAREHOLDER STRUCTURE

Group structure

Headquartered in Basel, Switzerland, Baloise Holding is organised as a joint-stock holding company, incorporated under Swiss law, and listed on the SIX Swiss Exchange. As of 31 December 2009, the Baloise Group had a market capitalisation of CHF 4,302.5 million.

- Information on the Baloise share can be found in the Annual Report from page 22 onwards.
- Major subsidiaries and participations as of 31 December 2009 can be found in the notes to the Consolidated Annual Financial Statements in the Financial Report from page 10 onwards.
- Segment reporting by region and business segments are contained in the notes to the Consolidated Annual Financial Statements in the Financial Report from page 66 onwards.
- The operational Group management structure is illustrated on page 56 of the Annual Report.

Shareholders

As a public company with a broad shareholder base, Baloise Holding is part of the Swiss Market Index SMIM (SMI Mid) and the Swiss Leader Index (SLI).

Shareholder structure

As of 31 December 2009, a total of 16,934 shareholders were registered in the Baloise Holding share register. Compared to the previous year, the number of registered shareholders decreased by 1.3%. The horizontally organised group, Signal Iduna and Deutscher Ring Kranken, holds 5.18% of the outstanding shares directly and through their subsidiaries, according to the disclosure report dated 27 March 2009. The "Significant shareholders" section on page 100 of the Annual

Report provides further information on the structure of the shareholder base as of 31 December 2009.

Treasury shares

As of 31 December 2009, Bâloise Holding held 1,677,772 treasury shares (3.36%).

Cross holdings

Cross holdings involving capital ownership or voting rights do not exist.

2. CAPITAL STRUCTURE

Dividend policy

Bâloise Holding pursues a policy of paying steady, profit-based dividends. Conventional cash dividends are supplemented with other distribution instruments, such as share buy-backs and options. Essentially, around one third of annual profits are paid out, whilst taking the Group's internal financing requirements into account.

Share buy-back programme

After the successful completion of the share buy-back programme in 2008, which started in May 2006, Bâloise Holding announced a further share buy-back programme at the media conference on 26 March 2008. A maximum of 2,000,000 registered shares will be bought back. This equates to a maximum of 4% of the shares issued. The buy-back of shares commenced in September 2008. The shares are acquired via the primary trading line on the SIX Swiss Exchange. By 31 December 2009, 1,181,895 shares had been acquired via the primary trading line, equating to 2.36% of the outstanding shares. Buy-back volumes and prices are published weekly on the Internet.

➔ www.baloise.com ➔ Investor relations
 ➔ Baloise share ➔ Share buy-back programme

Dividends paid to shareholders

Due to our shareholder-friendly dividend policy, CHF 1,567.2 million have been passed onto shareholders as cash dividends and share buy-backs over the past five years.

	Cash dividends	Share buy-backs	Total
Year in CHF million			
2005	60.8	-/-	60.8
2006	121.7	113.8	235.5
2007	210.2	390.9	601.1
2008	243.0	130.3	373.3
2009	225.0	71.5	296.5
Total	860.7	706.5	1,567.2

In each case on 31 December.

Equity of Bâloise Holding

The following table shows how equity has changed during the last three reporting periods.

CHANGES IN BÂLOISE HOLDING EQUITY (BEFORE APPROPRIATION OF PROFIT)

	2007	2008	2009
in CHF million			
Share capital	5.4	5.0	5.0
General reserves	11.7	11.7	11.7
Reserves for treasury shares	367.7	46.6	118.3
Unappropriated reserves	153.2	115.7	298.6
Retained earnings	314.1	480.4	230.2
Bâloise Holding equity	852.1	659.4	663.8

In each case on 31 December.

The share capital of Bâloise Holding amounts to CHF 5.0 million since 29 April 2008. It is divided into 50,000,000 registered shares with a face value of CHF 0.10, bearing an entitlement to a dividend.

Authorised and contingent capital, other financing instruments

Authorised capital

A resolution passed at the Annual General Meeting on 30 April 2009 authorised the Board of Directors to increase share capital until 30 April 2011 by CHF 500,000 at most, by issuing a maximum of 5,000,000 registered shares with a face value of CHF 0.10, which are to be subscribed and paid in full. Accordingly, § 3 section 4 of the Articles of Incorporation was rewritten.

➔ www.baloise.com → Responsibility
→ Corporate Governance → Rules and regulations

Contingent capital

The Annual General Meeting 2004 (§ 3 of the Articles of Incorporation) created contingent capital. This capital enables share capital to be increased by a maximum of 5,530,715 registered shares each with a face value of CHF 0.10. This equates to a maximum nominal share capital increase of CHF 553,072.

Contingent capital serves to hedge possible option or conversion rights, which are granted in conjunction with bonds or similar debentures. Shareholders do not have subscription rights. The respective holders of option and conversion rights are entitled to subscribe for the new registered shares. The Board of Directors can restrict or exclude shareholders' pre-emptive subscription rights when issuing optional and convertible bonds. More detailed information about the structure of contingent capital can be found in § 3 of the Baloise Holding Articles of Incorporation.

➔ www.baloise.com → Responsibility
→ Corporate Governance → Rules and regulations

Other financing instruments

No participation or bonus certificates exist.

Consolidated equity of the Baloise Group

On 31 December 2009, consolidated equity of the Baloise Group amounted to CHF 4,510.0 million. Details about trends in 2008 and 2009 can be found on pages 8 and 9 of the

Financial Report in the consolidated statement of changes in equity. Full 2007 details can be found in the consolidated statement of changes in equity on page 8 of the Financial Report 2008.

Outstanding bonds

Baloise Holding and other Group companies have issued bonds on the open market. At the end of 2009, a total of 5 bonds issued by Baloise Holding and other Group companies were outstanding on the open market. Details on these outstanding bonds can be found on page 98 and on the Internet. In 2009, Baloise Holding issued a CHF 242,520,000 convertible bond that first reaches maturity in 2016. The bond is convertible into 2.0 million Baloise shares, which equates to 4.0 % of outstanding shares.

➔ www.baloise.com → Investor relations → Bonds

Rating

Standard & Poor's Ratings Services rated the financial strength of Baloise Insurance Ltd unchanged at an "A-" rating with a stable outlook. This reflects the strong capitalisation, a high degree of financial flexibility, the strong competitive positioning, as well as the excellent earning power of the Baloise Group's business model. Group-wide risk management is now rated as "strong" instead of "adequate."

➔ www.baloise.com → Investor relations → Rating

3. BOARD OF DIRECTORS

Only the Chairman of the Board of Directors, Dr Rolf Schäuble, holds an executive post. All other members of the Board of Directors are independent and non-executive. In the three fiscal years preceding the reporting period, they were not appointed to an executive post within any Group company and do not maintain any substantial business relationships with the Baloise Group.

In the reporting period, the following members were reappointed for a three-year term:

- Dr Andreas Burckhardt
- Dr Klaus Jenny

In the reporting period, the following members retired from office at the Annual General Meeting 2009 as a result of having reached the regulatory age limit:

- Dr Christoph J. C. Albrecht
- Dr Arend Oetker

Secretary: Dr Thomas Sieber, Rheinfelden

Internal audit: Rolf-Christian Andersen, Meilen

A proposal to appoint the renowned financial expert Dr Michael Becker as a new member of the Board of Directors

will be made at the Annual General Meeting 2010. Dr Becker was born in 1948 and studied Law in Hamburg and Tübingen. In 1998 he took over as Head of Accounting and Controlling at Merck KGaA, Darmstadt. Since 2000, he has been a member of the management board and personally liable partner of Merck KGaA and, since 2002, a member of the board of directors and personally liable partner of E. Merck KG, Darmstadt.

MEMBERS

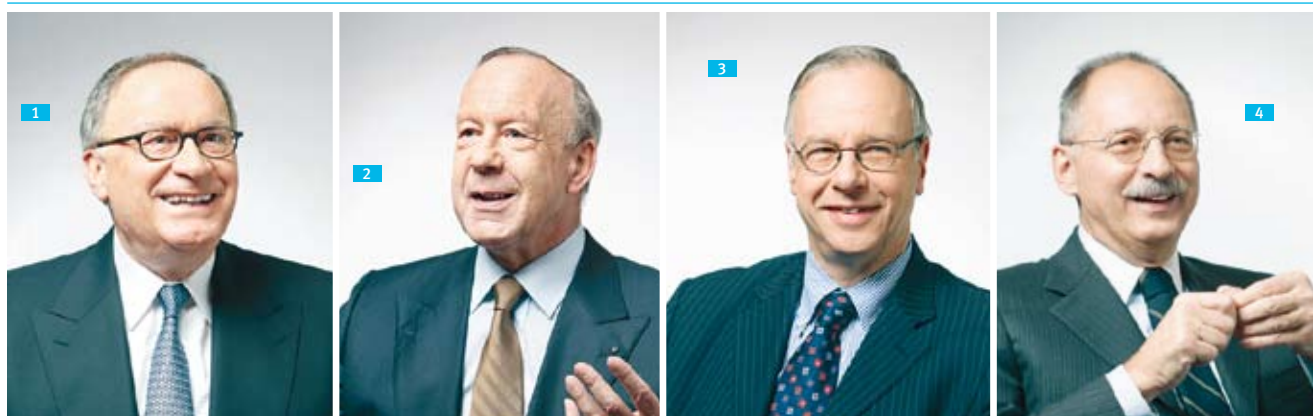
	Chairman's Committee	Audit Committee	Compensation Committee	Investment Committee	Nationality	Born in	Appointed in	End of mandate
Dr Rolf Schäuble, Chairman, Lenzburg	CM			C	CH	1944	1993	2011
Dr Georg F. Kraye, Vice-Chairman, Basel	VC		C	DC	CH	1943	1995	2010
Dr Christoph J. C. Albrecht, Basel (until 30.4.2009)		DC			CH	1938	1985	2009
Dr Andreas Burckhardt, Basel		M			CH	1951	1999	2012
Dr Hansjörg Frei, Mönchaltorf	M	M		M	CH	1941	2004	2010
Prof Dr Gertrud Höhler, Berlin			M		D	1941	1998	2010
Dr Klaus Jenny, Zürich	M		DC	M	CH	1942	2003	2012
Werner Kummer, Küsnacht		C			CH	1947	2000	2010
Dr Arend Oetker, Berlin (until 30.4.2009)					D	1939	1996	2009
Dr Eveline Saupper, Pfäffikon			M		CH	1958	1999	2011

CM: Chairman, VC: Vice-Chairman, C: Chair, DC: Deputy Chair M: Member

BOARD ATTENDANCE 2009: ORDINARY MEETINGS OF THE FULL BOARD OF DIRECTORS

	13.3.2009	30.4.2009	24.8.2009	8.12.2009	9.12.2009
Dr Rolf Schäuble, Chairman	x	x	x	x	x
Dr Georg F. Kraye, Vice-Chairman	x	x	x	x	x
Dr Christoph J. C. Albrecht (until 30.4.2009)	x	x	n/a	n/a	n/a
Dr Andreas Burckhardt	x	x	x	x	x
Dr Hansjörg Frei	x	x	x	x	x
Prof. Dr Gertrud Höhler	x	x	x	x	x
Dr Klaus Jenny	x	x	x	x	x
Werner Kummer	x	x	x	x	x
Dr Arend Oetker (until 30.4.2009)	o	x	n/a	n/a	n/a
Dr Eveline Saupper	x	x	x	x	x

x = present, o = absent, n/a = not applicable



1 Rolf Schäuble (1944, CH, Dr. oec. HSG) obtained his doctorate (Dr. oec. HSG) after reading economics at the University of St. Gallen. Between 1975 and 1993, he held various posts in the Zurich Insurance Group in Zurich, as of 1986 as a member of the management board. In 1993 Dr Rolf Schäuble joined the Board of Directors of Baloise Holding and was appointed Chairman in 1994. From 1996 until 2002, he was also a delegate of the Board of Directors and Chief Executive Officer of the Baloise Group. Between 2002 and December 2007, he served only as Chairman of the Board of Directors. From 6 December 2007 until 31 December 2008 he again served simultaneously as Chief Executive Officer. This dual mandate ended on 31 December 2008.

2 Georg F. Kraye (1943, CH, Dr. iur.) has been a member of the Board of Directors since 1995 and its Vice-Chairman since 2004. From 6 December 2007 until 31 December 2008 he also fulfilled the role of Lead Director. He studied law, obtaining a doctorate (Dr. iur.). Dr Georg F. Kraye is Honorary Chairman of the Board of Directors at Bank Sarasin & Cie AG, Basel and was the Chairman of the Swiss Bankers Association until 2003. He is an independent, non-executive director.

3 Andreas Burckhardt (1951, CH, Dr. iur.) has been a member of the Board of Directors since 1999. He studied law at the Universities of Basel and Geneva and obtained his doctorate (Dr. iur.). He worked for Fides Treuhandgesellschaft from 1982 until 1987 and served as General Secretary of

the Baloise Group from 1988 until 1994. Since 1994 he has been Director of the Basel Area Chamber of Commerce. Dr Andreas Burckhardt is Vice-President of the Swiss Association of Chambers of Commerce and has been a member of the Great Council of the Canton of Basel City since 1997 (President in 2006 / 2007). He is an independent, non-executive director.

4 Hansjörg Frei (1941, CH, Dr. iur.) has been a member of the Board of Directors since 2004. He studied law at the University of Zurich and obtained his doctorate (Dr. iur.). Dr Hansjörg Frei joined Winterthur in 1982 and was most recently a member of the Group Executive Board, with responsibility for operations in Switzerland. From 2000 until his retirement in mid-2003, he was a member of the Executive Board (Head of International Country Management) at Credit Suisse Financial Services. He was Chairman of the Swiss Insurance Association (SIA) from 2000 to 2003. Dr Hansjörg Frei is a member of the Board of Directors of Ems-Chemie Holding AG and Chairman of the Pension Fund at the Ems Group. From February 2006 until August 2008 he was President of the SVP (Swiss People's Party) in the canton of Zurich. He is an independent, non-executive director.

5 Gertrud Höhler (1941, D, Prof. Dr. phil.) joined the Board of Directors in 1998. She is a business and political consultant and was Professor of Literature and German at the University of Paderborn from 1976 to 1993. She studied literature and art history in Bonn, Berlin, Zurich and Mannheim.



From 1987 to 1990 Prof. Dr Gertrud Höhler was PR consultant to the Chairman of Deutsche Bank AG, Alfred Herrhausen, and between 1992 and 1995 was a non-executive director at Grand Metropolitan PLC, London. She is a member of the Board of Directors of Georg Fischer AG, Schaffhausen, and was a member of the Board of Directors of Ciba AG, Basel, from 1998 until 2009. Prof. Dr Gertrud Höhler is an independent and non-executive director.

6 Klaus Jenny (1942, CH, Dr. oec. HSG) has been a member of the Board of Directors since 2003. He studied economics at the University of St. Gallen, obtaining his doctorate (Dr. oec.). In 1987 Dr Klaus Jenny became a member of the General Directorate of the Schweizerische Kreditanstalt and a member of the Executive Board of Credit Suisse Group and his last post was CEO of the “Credit Suisse Private Banking” business unit. He has been an independent financial advisor to businesses and private individuals since 1999. He is a member of the Board of Directors of Clariant AG, of Maus Frères S.A., of Edmond de Rothschild Holding S.A. and of various other non-listed companies. Dr Klaus Jenny is an independent, non-executive director.

7 Werner Kummer (1947, CH, Dipl.-Ing. ETH, MBA Insead) has been a member of the Board of Directors since 2000. From 1990 to 1994, he was Chairman of the Executive Board of Schindler Aufzüge AG and subsequently was a member of the Schindler Group Management Committee, with responsibility for the Asia Pacific region, until 1998. He was CEO

of Forbo Holding AG from 1998 until March 2004. Werner Kummer is an independent business consultant, a member of the Board of Directors of Walter Meier AG, Chairman of the Board of Directors of Gebrüder Meier AG, a member of the Supervisory Board of Schindler Deutschland Holding GmbH and a member of the Board of the Zurich Chamber of Commerce. He is an independent, non-executive director.

8 Eveline Saupper (1958, CH, Dr. iur.) has been a member of the Board of Directors since 1999. She studied law at the University of St. Gallen and obtained her doctorate (Dr. iur.). Today, she is an attorney-at-law and a certified tax expert. From 1983 to 1985, she was with Peat Marwick Mitchell (now KPMG Fides) in Zurich and from 1985 to 1992 with Baker & McKenzie in Zurich and Chicago. She joined Homburger AG, Zurich, in 1992, where she is a partner. Dr Eveline Saupper is a member of the Board of Directors of Intershop Holding AG, Winterthur, and of Homburger AG, Zurich. She is an independent, non-executive director.

More information about the members of the Board of Directors can be found on the Internet.

→ www.baloise.com → About us → Organisation
 → Board of Directors

Cross-ownerships

No cross-ownerships exist.

Election and terms of office

At the end of 2009, the Board of Directors consisted of eight members. Each member is elected by the Annual General Meeting for a term of three years. Around one third of the members step down annually, unless they are re-elected (staggered replacement). Due to age restrictions, a Board of Directors mandate ends no later than the Annual General Meeting following a member's 70th birthday. Currently the average age is about 64. Each member of the Board of Directors is elected individually, and if requested by the shareholders, also granted an individual discharge.

Internal organisation

Duties of the Board of Directors

Subject to the decision-making powers of the shareholders at the Annual General Meeting, the Board of Directors is the company's supreme decision-making body. Essentially, decisions are made by the Board of Directors, unless authority has been delegated to the Chairman of the Board of Directors, to the Committees, the Corporate Executive Committee or to the CEO on grounds of organisational regulations.

As per Article 716a of the Swiss Code of Obligations and Section 1 II of the organisational regulations, the principal duties of the Board of Directors are general management, overall and financial supervision of the company and specifying the organisational structure.

The Articles of Incorporation were adapted accordingly in 2009. According to the resolution of the Annual General Meeting on 30 April 2009,

- in § 3 section 4 authorised capital was created as of 30 April 2009;
- in § 28 the regulations in respect of the statutory auditors were amended as of 30 April 2009;
- in § 1 a decision to change the name (in German) of the company from Baloise-Holding to Baloise Holding AG as of 31 December 2009 was taken. Likewise the French and English company names Baloise Holding SA and

Baloise Holding Ltd were included in the Articles of Incorporation.

- www.baloise.com → Responsibility
- Corporate Governance → Rules and regulations

Committees of the Board of Directors

The Board of Directors is supported by four committees. These committees report to the Board of Directors and submit proposals for their areas of responsibility. The Investment and Compensation Committees in particular have their own decision-making authority.

As a rule, committees appointed by the Board of Directors consist of four members, who are elected annually by the Board. The Chairman and the Vice-Chairman of the Board of Directors are ex-officio members of the Chairman's Committee. The Chairman of the Board of Directors may not be a member of the Audit Committee. The key duties of these committees are governed by the organisational regulations and by the written regulations applying to each committee.

- www.baloise.com → Responsibility
- Corporate Governance → Rules and regulations

Duties of the committees

The **Chairman's Committee** provides advice on key business transactions, in particular on important strategic and personnel decisions. In this respect the Chairman's Committee also acts as the Nomination Committee. Furthermore, it acts as the Investment Committee, approving the Group's investment policy and property investments for the Group's own use at Head Office.

The **Compensation Committee** specifies the structure and the amount of compensation paid to members of the Board of Directors and of the salaries of the members of the Corporate Executive Committee. As part of the incentive plan it specifies higher-ranking corporate objectives and their attainment. It approves compensation policies for Corporate Executive Committee members and monitors their correct application. The Chairman of the Board of Directors is not a member of this committee.

The **Audit Committee** supports the Board of Directors in those supervisory and financial duties that cannot be delegated (Article 716a Swiss Code of Obligations), by evaluating the organisational structure and the functioning of international and external auditing systems and the annual and consolidated financial statements. The Audit Committee also evaluates the effectiveness of internal control systems, including risk management and the status of compliance. The Audit Committee has discussed the consolidated financial statement for the 2009 fiscal year both with management and with the external auditors. Based on these discussions, the Audit Committee has recommended that the audited Annual Financial Statement be incorporated in the Group's Annual Report for the fiscal year ended on 31 December 2009 and submitted to the Annual General Meeting. The Board of Directors has endorsed this proposal.

Board of Directors and committee meetings

The full Board of Directors meets as often as business requires, but no less than four times a year, in compliance with organisational regulations.

➔ www.baloise.com → Responsibility
 → Corporate Governance → Rules and regulations

In 2009, the full Board of Directors of Baloise Holding Ltd convened ordinarily on five occasions. The table on page 49 shows directors' attendance at these full Board meetings. All members of each relevant committee attended all the additional 12 committee meetings. Board attendance by members of the Board of Directors was thus a very respectable 99.42%. One meeting of the full Board of Directors enabled the members to get professional updates on the topics of (i) risk-based control using the Swiss Solvency Test (SST), (ii) behavioural finance: the KB Schweiz approach, and (iii) the life business in Europe.

➔ www.baloise.com → Responsibility
 → Corporate Governance → Board attendance

In the year just ended, the Chairman's Committee met four times, including once for a two-day strategy meeting. The

Investment Committee met once. The Audit Committee met four times and the Compensation Committee met on three occasions.

Members of the Corporate Executive Committee are regularly invited to attend meetings of the full Board of Directors. Meetings of the Audit Committee are primarily attended by the Chief Financial Officer, the Head of Corporate Audit, the Secretary of the Board of Directors and by representatives of the external auditors. Meetings of the Compensation Committee are primarily attended by the Head of Group Human Resources and the Secretary of the Board of Directors and, when corporate objectives are discussed, by the Chief Financial Officer.

Division of authority and responsibilities between the Board of Directors and the Corporate Executive Committee

The division of authority and responsibilities between the Board of Directors and the Corporate Executive Committee is governed primarily by organisational regulations and investment policies. Both documents are reviewed on an on-going basis and updated as changing circumstances require.

➔ www.baloise.com → Responsibility
 → Corporate Governance → Rules and regulations

Corporate Executive Committee monitoring and control tools

The Corporate Audit department reports directly to the Chairman of the Board of Directors. Effective risk management is of key importance to an insurance group. That is why there is a chapter on financial risk management in the Annual Report as of page 42 and in the Financial Report as of page 30.

Members of the Board of Directors receive the minutes of Corporate Executive Committee meetings for their perusal. The Chairman of the Board of Directors may attend meetings of the Corporate Executive Committee at any time.

4. CORPORATE EXECUTIVE COMMITTEE

Martin Strobel (1966, D/CH, Dr. rer. pol.) studied computer science, business management and business information systems at the Universities of Kaiserslautern, Windsor (Canada) and Bamberg, prior to obtaining his doctorate (Dr. rer. pol.). From 1993 to 1999 he held various posts at Boston Consulting Group, Dusseldorf, dealing with strategic IT management issues in the banking and insurance sector. He joined the Baloise Group in 1999. Initially he was Head of IT at Baloise Switzerland, with responsibility for major cross-division projects in the insurance and banking divisions of the Baloise Group. He was a member of the Corporate Executive Committee from 2003 to 2008, with responsibility for the Corporate Division Switzerland. With effect from 1 January 2009, Dr Martin Strobel took over as Chief Executive Officer.

Jan De Meulder (1955, B) studied mathematics and insurance mathematics at the universities of Antwerp and Leuven, Belgium. From 1978 until 1992, he worked in Antwerp for the ING Group at De Vaderlandsche Insurance. He was responsible, amongst other things, for product development and production in the life sector. After two years as General Manager of the Life Association of Scotland, Jan De Meulder joined the Fortis Group, Brussels, in 1994 and there he held various senior management posts, most recently as CEO of Fortis Corporate Insurance. He joined the Baloise Group in 2004. Since then he has held the post as CEO of the Belgian subsidiary, Mercator Verzekeringen, in Antwerp. Since 1 January 2009, Jan De Meulder has been Head of the Corporate Division International.

German Egloff (1958, CH, lic. oec. HSG) graduated in business economics from the University of St. Gallen. From 1985 onwards he held various management posts at Winterthur Insurance, Switzerland. In 1997, as a member of the Executive Board, he assumed responsibility for individual nonlife insurance products, which also included the management of Wincare and (as Chairman of the Board of Directors) of Sancare. From 1998 to 2002, German Egloff was Chief Financial Officer of Winterthur Switzerland and a member

of the Board of Directors of Wincare, becoming its Chairman in 2000. From 2002 to 2004, he was Chief Financial Officer at Zurich Financial Services Switzerland. His area of responsibility included finance, human resources, IT, logistics and procurement. German Egloff has been a member of the Corporate Executive Committee (Head of the Corporate Division Finance) since 1 December 2004, with responsibility for financial relations, financial management and financial accounting & corporate finance and, most recently, also for corporate IT. The actuary responsible for Switzerland also reports to German Egloff.

Olav Noack (1967, CH/D, Dr. oec. HSG) graduated in business economics and political science from the university of St. Gallen (Dr. oec.). From 1995 to 2002, he was employed by McKinsey, Switzerland and USA, as consultant to various insurers in the life and health insurance sectors and also in the nonlife business. Dr Olav Noack was responsible for the realignment of the Life Insurance division at UBS from 2002 until 2007. As Head of Life Insurance, he developed UBS product offerings for various countries. Most recently, he was responsible for unit trust products, all life insurance companies as well as third party business at Barclays Wealth. Since 1 February 2009, Dr Olav Noack has been a member of the Corporate Executive Committee, with responsibility for the Corporate Division Switzerland. In this function, he is CEO of Basler Switzerland and responsible for Baloise Bank SoBa.

Thomas Sieber (1965, CH, Dr. iur., M.B.L., lawyer) studied law at the University of St. Gallen. At the beginning of 1994, he qualified to practice law in the canton of Zurich. He then spent a year on a Swiss National Science Foundation scholarship at the University of California in Berkeley, working on his thesis, for which he received a “summa cum laude” distinction and the Walther Hug Prize. From 1999 to 2002, he lectured in corporate law at the University of St. Gallen. Dr Thomas Sieber joined the Baloise Group in 1997, initially as Deputy Head of Legal and Tax Affairs and, since 2001 he has headed this division, whilst also holding the post of

Secretary to the Board of Directors of Baloise Holding. In 2005, he also assumed responsibility for Group Compliance. Dr Thomas Sieber has managed several strategic projects within the Baloise Group. As part of the review of the Swiss Insurance Supervisory Act, he managed the “Financial Markets Supervisory Authority” task force of the Swiss Insurance Association (SIA). With effect from 6 December 2007, Dr Thomas Sieber was appointed Head of the Corporate Center division, with responsibility for Human Resources, Legal and Taxes, Compliance, Corporate Development and Run Off and, since 2009, likewise for the newly created Group Procurement division. Thomas Sieber is also a member of the Board of Directors of EuroAirport Basel Mulhouse.

Martin Wenk (1957, CH, lic. iur.) graduated in law at the University of Basel obtaining his doctorate (lic. iur.) prior to holding various posts with a major bank from 1982 to 1992. Initially, he worked as an investment advisor to institutional clients, then he went on to head a private banking group in New York and subsequently became a sector head in securities sales, where he primarily looked after major institutional clients. During this time, he attended several professional training courses in Switzerland and the United States of America. From 1992 until 2000, he was Head of Portfolio Management Switzerland within the Baloise Group, with responsibility for managing the assets of various companies in Switzerland and within the Group, including the pension funds. He joined the Corporate Executive Committee (as Head of the Corporate Division Asset Management) in 2001, with responsibility for the units Asset Management, including the Investment Strategy, Investment Controlling, Baloise Asset Management, Real Estate and Baloise Investment Services (fund business). Martin Wenk is Chairman of the Investment Commission of the Swiss Insurance Association (SIA) and is a member of the Board of Directors of Unigestion Holding, Geneva.

Further information about the members of the Corporate Executive Committee can be found on the Internet.

With the exception of Dr Martin Strobel and Martin Wenk, none of the members of the Corporate Executive Committee serve on the Boards of Directors of non-Baloise Group companies.

There are no management contracts that assign executive functions to third parties.

➔ www.baloise.com ➔ About us ➔ Organisation
 ➔ Corporate Executive Committee

Management



From left to right: Olav Noack, Jan De Meulder, German Egloff, Martin Strobel, Martin Wenk, Thomas Sieber

GROUP CEO

Martin Strobel, Dr. rer. pol.*

Corporate Secretary

Markus von Escher, Dr. iur.

Corporate Communications

Thomas Kähr

SWITZERLAND	INTERNATIONAL	FINANCE	ASSET MANAGEMENT	CORPORATE CENTER
Olav Noack, Dr. oec. HSG*	Jan De Meulder*	German Egloff*	Martin Wenk*	Thomas Sieber, Dr. iur.*
Product Management Commercial Clients Clemens Markstein	Germany Frank Grund, Dr. iur.	Financial Accounting & Corporate Finance Carsten Stolz, Dr. rer. pol.	Investment Strategy & Investment Controlling Thomas Schöb	Corporate Development Thomas Wodrich
Product Management Private Customers & Focused Financial Services Bernard Dietrich	Belgium Gert De Winter	Investor Relations German Egloff	Baloise Asset Management Reto Diezi, Dr. oec. publ.	Group Human Resources Christoph Thoma
Sales & Marketing Daniel Fluri	Luxembourg André Bredimus	Financial Management Stefan Nölker, Dr. rer. nat.	Real Estate Hans-Peter Bissegger	Group Legal & Tax Andreas Eugster
Baloise Bank SoBa Alois Müller (until 31.3.2010) Jürg Ritz (as of 1.4.2010)	Austria Otmar Bodner, Dr. iur.	Corporate IT René Güttinger	Baloise Investment Services Robert Antonietti	Group Compliance Silvia Kalbermatten, Dr. iur.
Operations & IT Urs Bienz	Croatia & Serbia Martin Kampik	Baloise 2012 Roger Matthes		Run Off Bruno Rappo
Finance & Risk Michael Müller	Baloise Life (Liechten- stein) Annemie D’Hulster	Appointed Actuary Switzerland Marie-Thérèse Kohler, Dr. sc. Math. ETH		Group Procurement Manfred Schneider, Dr. rer. nat.
Claims Stephan Ragg, Dr. iur.	Regional Management Alexander Tourneau, Dr. rer. oec. Peter Zutter Wolfgang Prasser			

* Member of the Corporate Executive Committee

5. COMPENSATION REPORT

The compensation, participations and loans to members of the Board of Directors and the Corporate Executive Committee are published under item 10 on pages 60 to 77 of the Annual Report.

6. SHAREHOLDER PARTICIPATION RIGHTS

Voting rights

Baloise's share capital consists solely of registered shares. Each share grants the right to one vote. There are no shares with preferential voting rights. In order to maintain a broad shareholder base and protect minority shareholders, no shareholder is registered with voting rights of more than 2%, irrespective of the number of shares held. The Board of Directors may approve exceptions to this rule with a two-thirds majority of all members (§ 5 of the Articles of Incorporation). There are currently no exceptions. Each shareholder may authorise another shareholder to exercise his/her voting rights in writing. In exercising voting rights, no shareholder may directly or indirectly aggregate his/her own and proxy votes to secure more than a fifth of all voting rights at the Annual General Meeting (§ 16 of the Articles of Incorporation).

Statutory quorums

The Annual General Meeting has a quorum, irrespective of the number of shareholders and proxy votes present, subject to the obligatory cases as prescribed by law (§ 17 of the Articles of Incorporation).

A waiver of statutory voting right restrictions requires a quorum of at least three-quarters of the votes represented at the Annual General Meeting, which at the same time must also total at least one third of all shares issued by the company. This qualified majority also applies to other cases specified in § 17 section 3 a–h of the Articles of Incorporation. Otherwise resolutions are adopted by a simple majority of share-based votes cast, subject to mandatory statutory provisions (§ 17 of the Articles of Incorporation).

Convening the Annual General Meeting

As a rule, the Annual General Meeting is held in April, but no later than six months after the end of the fiscal year. The Baloise Holding fiscal year ends on 31 December. At least 20 days' notice of an Annual General Meeting is given. Every registered shareholder receives a personal invitation and an agenda. The invitation and the agenda are published in the Swiss Official Gazette of Commerce, in various newspapers and on the Internet.

Extraordinary General Meetings may be convened by resolution of the Annual General Meeting, the Board of Directors or the auditors. Furthermore, an Extraordinary General Meeting must be convened by the Board of Directors at the request of shareholders, in compliance with legal stipulations (§ 11 of the Articles of Incorporation). For such a request to be granted, the shareholders must represent at least 10% of the share capital, in compliance with article 699 section 3 of the Swiss Code of Obligations.

Agenda items

One or more shareholders, who together represent shares with a face value of at least CHF 100,000 may apply under § 699 paragraph 3 of the Swiss Code of Obligations to have items placed on the agenda. Such applications must be submitted in writing to the Board of Directors no later than six weeks before the regular Annual General Meeting, detailing the motions to be put to the Annual General Meeting (§ 14 of the Articles of Incorporation).

Entry in the share register

Shareholders, who are registered with an entitlement to vote in the share register on the cut-off date, which is a few days prior to the Annual General Meeting, specified by the Board of Directors in the invitation, are entitled to vote at the Annual General Meeting (§ 16 of the Articles of Incorporation).

The admissibility of nominee registrations, with reference to possible percentage clauses, and registration requirements are governed by § 5 of the Articles of Incorporation. Procedures and requirements for revoking and restricting transferability are governed by the provisions of § 5 and § 17

- ➔ www.baloise.com → Responsibility
 - Corporate Governance → Rules and regulations
- ➔ www.baloise.com → Investor relations → IR agenda

7. CHANGE OF CONTROL AND DEFENSIVE ACTION

Upon acquiring 33 % of all Baloise shares, shareholders or groups of shareholders acting in concert are obliged to submit a takeover bid to all remaining shareholders. Baloise Holding has not opted to modify or waive this rule. There is neither a statutory opting-out nor opting-up clause, as specified in the Federal Stock Exchanges and Securities Trading Act (Stock Exchange Act).

All six members of the Corporate Executive Committee have a twelve-month notice period. In addition, they are, as are seven other members of the executive management, entitled to a severance payment amounting to one annual salary (including incentive), in the event that their employment relationship is terminated within twelve months after a change of control, due to a takeover or merger or a merger of employers (under certain circumstances also of employees). The notice period for the Chairman of the Board of Directors is six months. No change of control clause exists.

8. AUDITORS

PricewaterhouseCoopers AG (PwC) and its predecessor Schweizerische Treuhandgesellschaft / STG-Coopers & Lybrand have been the auditors of Baloise Holding since 1962. The auditors are appointed annually by the Annual General Meeting. Martin Frei was appointed auditor in charge in 2007. The rotation of the auditor in charge takes place compliant with Article 730a section 2 of the Swiss Code of Obligations or every seven years. PwC has audited nearly all Group companies since 2005.

PRICEWATERHOUSECOOPERS FEES		
	2008	2009
in CHF (rounded to thousands, including outlays and VAT)		
Auditing fees	7,163,000	7,278,000
Fees for audit-related activities	220,000	455,000
Consultancy fees	5,582,000	1,535,000
Tax advice	1,033,000	550,000
Legal advice	52,000	15,000
Transaction advice (including due diligence)	3,875,000	35,000
Accounting / Finance	-/-	361,000
Human Resources	48,000	149,000
Other	574,000	425,000
Total	12,965,000	9,268,000

The fees for audit-related activities comprise assignments directly or indirectly related to an existing or a future auditing contract. In particular, this includes questions concerning accounting, support in regulatory issues or special audits required by law. As a rule, consultancy assignments are not directly nor indirectly related to the audit. They require specialised knowledge, yet also an integrated view of corporate interrelationships.

Baloise Holding has an Audit Committee made up of independent members with finance and accounting qualifications. The Audit Committee met four times during the fiscal year and on each occasion also met with the external auditors. At these meetings the Audit Committee received detailed documentation on the findings of the external auditors, in particular relating to the Annual and Half-Year Financial Statements.

The Audit Committee evaluates the performance of the external auditors and their cooperation with Group Internal Audit, Risk Management and Compliance. The Audit Committee primarily discusses audit performance and audit reports, important results and any issues arising from the audit with the external auditors.

It proposes to the Board of Directors that the external auditors be elected by the Annual General Meeting and makes recommendations regarding the auditors' fees. Prior to the start of the annual audit, the Audit Committee reviews its scope and proposes areas requiring special consideration. The Audit Committee reviews the external auditors' fees annually. The criteria for assessing the auditors are:

- Competence of the audit team
- Technical and industry knowledge
- Understanding of corporate strategy
- Complete independence whilst performing the audit
- Corporate culture of the auditor (shared core values)
- Timely reporting
- Appropriateness of fees
- Compliance with respective statutory, professional and ethical standards
- Uniform auditing methodology

The Audit Committee reviews the appropriateness of auditing services performed by external auditors, which are not related to the auditing activities, based on the following criteria:

- Compatibility of the service with the mandate as statutory auditors (independence)
- Competence as well as technical and industry knowledge
- Quality of the service provided
- Appropriateness of fees

A written directive exists, whereby material services not related to the auditing activities must be approved by Group Internal Audit prior to execution. The guarantee of independence is first reviewed by the head auditor and subsequently by the head of the Group's Internal Audit unit as part of the assignment approval process. The commercial responsibility for and approval of the assignment remains with the operational unit.

9. INFORMATION POLICY

Information principles

The Baloise Group provides comprehensive, transparent information to shareholders, potential investors, employees, clients and the general public on a regular basis. All registered shareholders receive a summary of the Annual Report and the Half-Year Reports that comment on business performance. The Annual Report and the Financial Report are sent to the shareholders upon request. All publications are made available to the general public at the same time. All investors enjoy equal information rights. To provide general

access to our meetings with financial analysts, we use technologies such as webcasts, podcasts and teleconferences.

Information events

Baloise provides comprehensive information on its operating activities:

- At press conferences (Annual and Half-Year Report media conferences) business results are presented and objectives, strategies and business activities are explained.
- At financial analysts' meetings, teleconferences take place to present Annual and Half-Year Financial Statements. These events are available afterwards as podcasts.
- The Annual General Meeting provides shareholders with a review of the business year.
- Regular roadshows are organised in various financial centres.
- Baloise maintains good relationships with analysts, investors and the media.
- Full details about individual Baloise events are available at www.baloise.com.

Information about the Baloise share

You can find information on the Baloise share in the Annual Report from page 22 onwards.

➔ www.baloise.com → Investor relations → Baloise share

Information about Baloise bonds

Information on outstanding Baloise bonds can be found in the Financial Report from page 109 onwards.

➔ www.baloise.com → Investor relations → Bonds

Financial calendar

Important dates for investors can be found at www.baloise.com. Here you can find the publication dates of the Annual and Half-Year Financial Statements. The General Annual Meeting, the date of and the invitation to the Annual General Meeting, the share register cut-off date and the ex-dividend date, if applicable, are also published here.

➔ www.baloise.com → Investor relations → IR agenda

Document availability

Media releases, disclosures, presentations, annual reports, financial reports and half-year reports and other documents are publicly available on the Internet at www.baloise.com. All documents can be obtained from the Investor Relations department or ordered on the Internet.

➔ www.baloise.com → Media relations → Media kits

Contact

The contact details for Corporate Governance and Investor Relations are listed on the inside cover of the Annual Report.

10. COMPENSATION REPORT: COMPENSATION, PARTICIPATIONS AND LOANS TO THE BOARD OF DIRECTORS AND THE CORPORATE EXECUTIVE COMMITTEE

The company's success depends strongly on the skills and the performance of its employees. Therefore, it is vital to attract well-qualified, competent and highly motivated employees and executives and retain them within the company. Baloise strives to pay basic salaries in line with the respective market average. We are, however, prepared to pay above-average remuneration, should performance be very good. Baloise also strives to achieve a high degree of alignment between the interests of the shareholders and management. The remuneration system was derived from these principles and is based on three elements: market-oriented basic salaries, performance and result-oriented, short-term and long-term incentives that are geared toward the company's sustainable added value and the retention of key personnel.

The compensation system of Baloise is described in this chapter and the remuneration of and loans to the members of the Board of Directors and the Corporate Executive Committee, including the participations of this group of people, are disclosed. Key to the content and scope of this disclosure are Articles 663b^{bis} and 663c of the Swiss Code of Obligations, the standard relating to information on Corporate Governance of the SIX Swiss Exchange and the Swiss Code of Best Practice for Corporate Governance. These regulations stipulate that certain details are to be made in the notes to the financial statements and other information is to be given in the section on corporate governance. Baloise considers this chapter as integral to corporate reporting and has therefore decided to publish the complete Compensation Report in the Annual Report and the chapters regarded as necessary in Financial Report.

10.1. Compensation Committee of the Board of Directors

In accordance with the Swiss Code of Best Practice, the Board of Directors formed the Compensation Committee in 2001. This committee deals with the compensation policy, particularly at the highest corporate level. Amongst other things, the Compensation Committee makes sure that:

- remuneration policy and compensation systems are long-term in nature and geared to corporate strategy;
- the total compensation provided by the company is market- and performance-focused and designed to attract and retain persons with the necessary skills and character traits;
- compensation justifiably reflects the company's long-term success and the individual's contribution.

The duties of the Committee include determining the structure and the amount of compensation for the Chairman and the members of the Board and the members of the Corporate Executive Committee. As part of the incentive plan, the Committee defines the Group's higher-ranking goals and assesses target attainment. It approves valid regulations on compensation for Corporate Executive Committee members and monitors their correct application.

The Compensation Committee consists of the following four independent members of the Board of Directors, who are re-elected annually by the Board: Dr Georg F. Krayer (Chair), Dr Klaus Jenny (Vice-Chair), Prof. Dr Gertrud Höhler, Dr Eveline Saupper. As a rule, the Committee holds three meetings a year. The Chair of the Compensation Committee reports to the Board of Directors regularly on the activities of the Committee. The minutes of committee meetings are also available to the whole Board.

10.2. Remuneration system: basic salary and incentives

Source market and function value system

Baloise regularly compares the salaries of its senior executive managers with those of relevant competitors (Dow Jones STOXX 600 Insurance Index and local employment markets) and strives to pay salaries in line with the market.

The results of a compensation survey carried out in 2008 by Kienbaum AG show that on average Baloise pays the market mean as regards total remuneration, whilst the proportion of shares in the total remuneration package is higher than that of comparable competitors as intended. The variable part of the remuneration package can also vary strongly, which in turn confirms that linking it to performance goals really has an effect.

To ensure in-house comparability, Baloise applies a function value system for senior executive managers in the Group and employees in Switzerland. The requirements of the holder of a certain function / position as regards skills, knowledge and experience are evaluated and weighted in the process. Similarly weighted positions are grouped in function levels. The allocation to a certain function level is key to the identification of the applicable salary range, ancillary pay and other employment contract components, as well as the specific management level to which the individual belongs.

The function value system of Baloise comprises nine function levels (FL); levels 1 to 3 pertain to the Group, the other levels 4 to 9 are only applicable in Switzerland:

- FL 1: Member of the Corporate Executive Committee (including the Chief Executive Officer)
- FL 2 to 4: Member of executive management
- FL 5 to 6: Member of senior management (specialists and team leaders)
- FL 7 to 8: Clerks
- FL 9: Employees

Remuneration system

Baloise treats its remuneration as an all-inclusive package and therefore considers basic salary, short and long-term variable remuneration and also other material and non-material benefits, such as pension contributions, additional benefits or employee career development and promotion.

The aim of this remuneration system is, on the one hand, to promote a performance culture in the Baloise Group and, on the other, to facilitate the retention of qualified and management personnel within the organisation. The remuneration philosophy of Baloise aims to pay basic salaries geared to market. Furthermore, the variable remuneration components are designed so that in a very good year – as regards individual performance and the success of the company – incentive payments above the market average are also possible, just as they can fall below the market average in a weak year.

ELEMENTS OF THE REMUNERATION SYSTEM

Category	Element	Description	Applicable Levels
Variable	Performance Share Units	Long-term participation instrument	All employees FL 1 – 9 Executive Management FL 1 – 5 Senior Management FL 1 – 3
	Performance quota	Discretionary, additional, variable and performance-related salary component	
	Incentives	Variable, performance-related salary component	
Fixed	Pension	Pension scheme benefits	All employees FL 1 – 9 Executive Management FL 1 – 5 Senior Management FL 1 – 3
	Fringe benefits	Ancillary benefits	
	Salary	Fixed salary component	

As a performance-driven company, Baloise establishes a clear and replicable correlation between the goals of the employees and business objectives, which can be derived from strategic priorities. Remuneration, target agreements and performance assessments are closely related. Compensation – consisting of basic salary and variable payments – shows a clear yet differentiated connection to and recognition of the performance of the individual and the success of the company and is meant to motivate employees to continue to achieve outstanding results. Actual performance forms the basis for further development, career planning and the fostering of our talents.

Baloise places great importance on the retention of key personnel and on the sustainable management of the business. This corresponds to the nature of our business, which is to enable our customers to create sustainable value and achieve a sense of safety. In addition to remuneration being in line with the market and performance, a sustainable focus of our executive managers geared towards the interests of the shareholders is important to Baloise. Hence, portions of the incentives package are paid in shares. In addition, the three highest management levels receive a substantial portion of other salary components (performance quota, performance share units) in the form of shares, which are blocked for three years. As a result, shares as a proportion of

variable remuneration for the members of the Corporate Executive Committee amount to about 75% and the value of the restricted shares they hold is about three-times their basic salary. This means that important elements of the new standard required by the regulatory authorities are already being fulfilled.

Basic salary

The basic salary is based on standard market salary ranges and is fixed contractually. The competitiveness of this remuneration is reviewed regularly. The Europe-wide remuneration survey conducted in 2008 showed that the targeted position in the market is being achieved.

Incentive

In principle, all employees at function levels 1 to 5 are entitled to incentives. The regulations governing incentives for function level 1 apply to the executive Chairman of the Board of Directors. Regulations geared to local employment and remuneration markets are applied to foreign business units.

Incentives as a variable and performance-related remuneration component depend on the attainment of certain targets. Individual performance is measured as part of the “Individual Performance Management” process (IPM)

introduced in 2006. To this end and in cooperation with their employees, superiors annually define key individual targets and assess the full extent of attainment by March of the following year at the latest.

At a 100 % level of attainment, incentives have the following values (target incentive):

- FL 1: 54 % of basic salary
- FL 2: 38 % of basic salary
- FL 3: 30 % of basic salary
- FL 4: 22 % of basic salary
- FL 5: 14 % of basic salary

Besides individual attainment of objectives, company performance has an influence on the incentive amount. The Compensation Committee defines a factor based on the annual results (operational performance management, OPM), which is determined on the basis of total shareholder value, profit trends, growth and market trends. This is multiplied with the result of individual performance. The OPM factor can lie between 0.8 und 1.3 for members of the Corporate Executive Committee and function levels 2 and 3. It ranges between 0.9 to 1.2 for function levels 4 and 5.

NUMERICAL EXAMPLE FOR A MEMBER OF EXECUTIVE MANAGEMENT (FL 4)

Basic salary: CHF 100,000

Target incentive: 22 % of basic salary

Total extent of target attainment: 80 %

OPM factor (operational performance management): 1.1

Incentive = CHF 100,000 × 0.22 × 0.8 × 1.1 = CHF 19,360

Incentives are paid with the salary for June. Basically, employees at function levels 4 and 5 have the choice which proportion they would like to have paid out in cash and which they would like to receive as shares. This option is restricted for function levels 1 to 3; here a graded obligation to draw share exists: Members of the Corporate Executive Committee must draw 50 % of their incentives in the form of shares.

There is a choice of two share subscription plans: Share Subscription Scheme and Employee Ownership Plan (compare “10.5 Share Subscription Scheme and Employee Ownership Plan”).

Employment contracts, severance pay, change of control clauses

The employment contracts of senior members of staff are concluded for an unlimited period. They provide for a notice period of six months.

All six members of the Corporate Executive Committee have a twelve-month notice period. In addition, they are – as are seven other members of the executive management – entitled to a severance payment amounting to one annual salary (including incentive), in the event that their employment contract is terminated within twelve months after a change of control due to a takeover or merger or a merger of employers (under certain circumstances also of employees). The notice period for the Chairman of the Board of Directors is six months. No change of control clause exists.

10.3. Overview of the participation programmes

For quite some time, the Baloise Group has offered employees and executive management personnel various plans where shares are granted as part of the total remuneration package.

- Employee incentive plans for all function levels in Switzerland (compare section 10.4.)
- Share Subscription Scheme and Employee Ownership Plan for function levels 1 to 5 in Switzerland (compare section 10.5.)
- Performance quota and performance share units for function levels 1 to 3 in the Group (compare section 10.6.)

EMPLOYEE INCENTIVE PLAN		
	2008	2009
Number of subscribed shares	150,983	179,290
Restricted until	31.8.2011	31.8.2012
Subscription price per share in CHF	50.30	45.70
Value of subscribed shares in CHF million	7.6	8.2
Fair value of subscribed shares as of subscription date in CHF million	14.1	16.8
Entitled employees	3,234	3,240
Participating employees	1,726	2,004
Subscribed shares per participant (average)	87.5	89.5

SHARE SUBSCRIPTION SCHEME (SSS)		
	2008	2009
Number of subscribed shares	34,756	22,181
Restricted until	31.5.2011	31.5.2012
Subscription price per share in CHF	103.32	79.49
Value of subscribed shares in CHF million	3.6	1.8
Fair value of subscribed shares as of subscription date in CHF million	4.1	1.9
Entitled employees (FL 1 – 5)	616	656
Participating employees	81	66
SSS portion of incentive	14 %	8 %

EMPLOYEE SHARE OWNERSHIP PLAN (ESOP)		
	2008	2009
Number of subscribed shares ¹	275,664	206,717
Restricted until	31.5.2011	31.5.2012
Subscription price per share ² in CHF	100.85	76.21
Value of subscribed shares ² in CHF million	27.8	15.8
Fair value of subscribed shares as of subscription date in CHF million	32.4	17.5
Entitled employees (FL 1 – 5)	616	656
Participating employees	185	174
ESOP portion of incentive	20 %	14 %

1 Including shares financed by loans.

2 Net of the discounted dividend right over three years.

10.4. Employee Incentive Plan

The Basler foundation for employee incentive plans, set up in 1989, offers employees from various Group companies in Switzerland the option of buying Baloise shares at a preferential price, as a rule once a year, according to stipulations laid down in the regulations established by the foundation board. This promotes long-term employee commitment to the company, also as shareholders. The subscription price is determined by the foundation board at the beginning of the subscription period and published on the intranet. It is equivalent to half of the average rate determined for the month of August in the subscription year and amounted to CHF 45.70 for the reporting period (2008: CHF 50.30). The subscribed shares are always transferred on 1 September and are subject to a retention period of three years.

The stock of shares employed for this purpose was acquired by the board during earlier share capital increases by Baloise Holding. It can regulate the stock of shares through additional purchases as required. The foundation will be able to continue this Employee Incentive Plan in the coming years due to existing stocks.

The foundation is managed by a board that is predominantly independent of the Corporate Executive Committee. Peter Schwager (Chairman) and Dr Heinrich Koller (solicitor) function as independent members of the foundation council; the third member is Andreas Burki (Deputy Head of Legal and Taxes Baloise).

10.5. Share Subscription Scheme and Employee Ownership Plan

Employees in Switzerland can choose between two plans for the incentive portion drawn in shares: Share Subscription Scheme and Employee Ownership Plan.

Share Subscription Scheme

Since January 2003, persons in all Group companies in Switzerland entitled to incentives can subscribe for shares at a preferential price. The subscription date is always 1 June; on this day, ownership of the shares is transferred to the employee without further vesting conditions, however, they may

not be sold during a retention period of three years. The subscription price is specified by the Corporate Executive Committee each year and is published in advance on the intranet. On 20 April 2009, the Corporate Executive Committee decided that the subscription price for the reporting period be based on the stock average from 6 to 11 May 2009 (previous year: decision dated 21 April 2008; stock average from 5 to 15 May 2008). A discount of 10 % is granted on the stock average thus calculated, therefore the subscription price in the reporting period amounted to CHF 79.49 (2008: 103.32).

Employee Share Ownership Plan

Since May 2001, the majority of senior staff in Switzerland can draw a proportion of their incentive, which is freely selectable within certain ranges, in shares instead of in cash. Upper limits exist for function levels 1 to 3, members of the Corporate Executive Committee, who are obliged to draw at least half of their incentive as shares, may not draw more than 50 % of their incentive entitlement in shares as part of the Employee Share Ownership Plan. As with the Share Subscription Scheme, the subscription date is always 1 June; on this day, ownership of the shares is transferred to the employee without further vesting conditions, however, they may not be sold during a retention period of three years. The subscription price is specified by the Corporate Executive Committee each year and is published in advance on the intranet. On 20 April 2009, the Corporate Executive Committee decided that the subscription price for the reporting period be based on the stock average from 6 to 11 May 2009 (previous year: decision dated 21 April 2008; stock average from 5 to 15 May 2008). The discounted dividend right is deducted from this stock average over a period of three years, so that the subscription price in the reporting period amounted to CHF 76.21 (2008: CHF 100.85).

In order to increase the impact of this Employee Share Ownership Plan, each employee receives an interest-bearing loan on market terms, which allows the employee to draw more shares in relation to the incentive granted at fair value less the discounted dividend right over a three-year period.

PERFORMANCE QUOTA

	2008	2009
Participating employees (FL 1 – 3)	63	62
Total paid out in CHF million	3.9	2.2
Number of subscribed shares	21,120	13,179
Subscription price per share in CHF	103.32	79.49
Value of subscribed shares in CHF million	2.2	1.0
Fair value of subscribed shares as of subscription date in CHF million	2.4	1.1
In cash in CHF million	1.7	1.2

COMPANIES IN STOXX 600 INSURANCE INDEX (AS OF 31 DECEMBER 2009)

Admiral Group plc	Cattolica Assicurazioni	Mapfre SA	Swiss Re
Aegon NV	CNP Assurances	Münchener Rück	Topdanmark A/S
Allianz	Fondaria	Old Mutual plc	Trygvesta
Amlin plc	Fortis	Prudential plc	Vienna Insurance
Assicurazioni Generali	Hannover Rück	RSA Insurance Group	Zurich Financial Services
Aviva plc	Helvetia	Sampo OYJ	
Axa	ING Groep NV	Scor	
Baloise Holding	Irish Life & Permanent plc	Standard Life plc	
Brit Insurance Holding	Jardine Lloyd Thompson	Storebrand ASA	
Catlin Group	Legal & General Group plc	Swiss Life	

Source: http://www.stoxx.com/download/indices/factsheets/djs_supersectors_fs.pdf

PERFORMANCE SHARE UNITS (PSU)

	2007	2008	2009
Entitled employees (FL 1 – 3) as of start of programme	45	64	66
Number of allocated PSU	37,018	58,820	81,127
Of which: expired without compensation (departures 2007)	-1,003		
Number of active PSU as of 31 December 2007	36,015		
Of which: expired without compensation (departures 2008)	-342	-5,488	-/-
Number of active PSU as of 31 December 2008	35,673	53,332	-/-
Of which: expired without compensation (departures 2009)	-/-	-/-	-/-
Number of active PSU as of 31 December 2009	35,673	53,332	81,127
Value of allocated PSU as of issue date in CHF million	4.2	6.7	6.3
2007 PSU expense for the Baloise Group in CHF million	1.6		
2008 PSU expense for the Baloise Group in CHF million	2.8	1.7	
2009 PSU expense for the Baloise Group in CHF million	4.1	3.8	1.8

The repayment of the loan after the three-year retention period is hedged using a put option, which is financed by the sale of a complementary call option. After the three-year retention period has expired, the shares remaining after the options have been exercised less the repayment of the loan and the interest accrued, are placed at the employee's disposal.

10.6. Performance quota and Performance Share Units (PSU)

Since 2007 two plans have existed for Group employees at function levels 1 to 3:

- the performance quota as part of short-term variable remuneration focusing on the consolidated result and added value.
- the performance share unit programme as part of long-term variable remuneration, to achieve long-term employee retention.

Performance quota

The performance quota is a flexible, discretionary instrument available to the Compensation Committee of the Board of Directors. This instrument allows the participants to engage in the success of the company and increases compensation variability. The performance quota was introduced in 2007 for employees at function levels 1 to 3 in Switzerland (including the Chairman of the Board of Directors). In 2008, the group of participants was expanded to include members of the Corporate Executive Committee of foreign business units.

Once the fiscal year has ended, the Compensation Committee assesses the performance and the success of the management at its discretion. Based on this assessment, the Compensation Committee decides on a total sum to be made available as a performance quota. The performance quota can also be zero if a corresponding assessment is made.

The individual amounts — as part of the total sum provided by the Compensation Committee — are specified by each line manager or other senior staff member for each employee in April and paid together with the June salary. These sums depend on individual performance and the contribution made by the person, and vary in their amount and as

a proportion of total remuneration. Part of the amount awarded (for members of the Corporate Executive Board 50 %) must be drawn in shares, for the remainder there is the choice to subscribe for further shares or have this amount paid out in cash. The regulations of the Employee Share Ownership Plan are valid for the part drawn in shares. The corresponding amounts are detailed in the table on pages 74 and 75 under the heading "Share Subscription Scheme".

Performance share units (PSU)

With its performance share unit programme, Baloise has had an instrument to involve its employees in the success of the company on a long-term basis and retain key personnel since 2007. Thus participants can profit even more from the long-term value enhancement of the company, as long as they remain with Baloise. This means that the PSU programme creates a commonality of interests between the shareholders and management. The programme was introduced in 2007 for employees at function levels 1 to 3 in Switzerland (including the Chairman of the Board of Directors). In 2008, the group of participants was expanded to include members of the Corporate Executive Committee of foreign business units.

At the beginning of any performance period, participating employees are awarded rights in the form of performance share units (PSU), which entitle them to subscribe for a certain number of shares free of charge after the performance period has expired. The Compensation Committee of the Board of Directors specifies the day of allocation and defines those entitled to participate in the programme at function levels 1 to 3 at its discretion. It defines the total number of PSU available as well as approximate distribution amongst the participants. In addition, it specifies individual allocation to the Chairman of the Board of Directors and to members of the Corporate Executive Committee.

The number of shares that can be subscribed for after three years, i.e. at the end of the performance period, depends on how the Baloise share has performed relative to a peer group. This comparative performance factor can hereby assume values between 0.5 and 1.5. The peer group includes

the most important European insurance companies in the Dow Jones STOXX 600 Insurance Index.

The composition of the index can be subject to changes. Due to company mergers, for example, companies can drop out of the index, others may be newly included in the index. The composition of the index at the point in time when the respective PSU are issued is key to determining the performance factor, adjusted by the companies that are no longer included in the index. Companies that have meanwhile been newly included in the index are not considered for plans that are already running.

In principle, a PSU grants the right to subscribe for a share. This is the case when Baloise share performance corresponds to the mean of the peer group, in this case the performance factor is 1.0. The programme participants receive more shares for their PSU, if Baloise shares have performed better than the peer group. The factor reaches the maximum of 1.5, when Baloise shares have performed in the uppermost quartile of peer group company performance. The factor is 0.5, if performance is in the lowest quartile of peer group company performance. If Baloise share performance is in both middle quartiles, the performance factor is calculated using a linear scale. The performance factor is defined for the entire period ending, based on stock exchange closing prices, on the last trading day of the respective performance period.

The participant receives the corresponding number of shares at the end of the performance period (vesting), i. e. on 1 January 2012 for the PSU allocated in 2009. The PSU become void without compensation or substitution, should the employment contract be terminated (except in the case of retirement, invalidity or death) during the performance period. To emphasise the long-term character of the programme, 50 % of the allocated shares are subject to an additional three-year retention period after the performance period has expired.

In principle, the PSU programme runs for a period of three years. The performance period was shortened after it was first introduced in 2007, since the PSU were provided only after the decision of the Board of Directors on 9 March 2007.

10.7. Pension schemes

Baloise provides several pension solutions that are designed differently to suit country-specific circumstances. There are different pension schemes available in Switzerland for the employees of the insurance company and the bank.

Baloise Insurance offers its employees in Switzerland an attractive pension solution as part of the 2nd pillar, which fulfils the following objectives:

- It meets the requirements of the insured in case of a risk event (old age, death or invalidity) and absorbs the resulting financial consequences with a solution based on social partnership.
- It permits an appropriate maintenance of a lifestyle enjoyed to date with a sufficiently high substitution rate (1st and 2nd pillar benefits combined) to replace discontinued earnings. The employer makes an above-average contribution to financing of occupational pensions.
- It is forward-looking, sound, can be calculated and is reasonably priced.

The Chairman of the Board of Directors and the members of the Corporate Executive Committee are insured in the pension scheme of Baloise Insurance Ltd. The same terms apply to them as to all other insured office staff.

10.8. Loans to key personnel

See table on page 71.

10.9. Remuneration to members of the Board of Directors (not including Chairman)

See tables on pages 72 and 73.

With the exception of the Chairman, members of the Board of Directors receive a lump-sum settlement, which is proposed by the Compensation Committee and approved by the Board of Directors.

Since 2006 members of the Board of Directors have been paid out 25 % of their annual remuneration in shares that are blocked for a period of three years. As with the Share Subscription Plan for management, members of the Corporate Executive Committee are also granted a 10 % discount on the market price. Members of the Corporate Executive Committee do not participate in any Employee Share Ownership Plan that is linked to achieving specific performance targets.

No emoluments were distributed to former members of the Corporate Executive Committee, who are either associated with their earlier function within the company or that are not customary in the market. Furthermore, receivables from this group of people were not waived.

10.10. Remuneration to the Chairman of the Board of Directors and the members of the Corporate Executive Committee

See tables on pages 74 and 75.

The Compensation Committee of the Board of Directors determines the type and the scope of compensation for the Chairman of the Board of Directors and members of the Corporate Executive Committee. It is made up of basic salary as well as of incentives dependent on the attainment of business objectives and individual targets. The target incentive is 54 % of basic salary and can rise to a maximum of 70 % for outstanding performance. The Compensation Committee also has the option of considering company results as part of the OPM factor (operational performance management) of at least 0.8 and a maximum of 1.3 (compare: 10.2. Remuneration system: basic salary and incentive).

Compared with similar insurers, Baloise achieved a very good operating result in 2008. Although the extremely difficult economic environment had a marked impact, espe-

cially on the financial result, the Baloise share was the best financial stock in the Swiss Market Index (SMI). Taking this relative performance of Baloise on the market into account, the OPM factor was defined as 1.0 for the 2008 fiscal year. This factor was applied to the incentives listed in the table on page 75 and paid out in 2009.

In order to strengthen the commonality of interests with the shareholders, the Chairman of the Board of Directors and members of the Corporate Executive Committee must draw at least 50 % of their incentive component as shares (see 10.5. Share Subscription Plan and Employee Share Ownership Plan).

Performance targets are determined using a multilevel process and approved for the coming year by the Compensation Committee. The consolidated result, combined ratio, business volume and the shareholder value (performance of Baloise shares compared to Dow Jones STOXX 600 Insurance Index) serve as target figures. The individual targets are closely related to the area of responsibility of the respective Corporate Executive Committee member. The weighting of these individual targets in relation to the whole target catalogue can be different for each Corporate Executive Committee member and lies between a quarter and two thirds. Individual targets are set in consultation with the respective supervising managers and likewise subject to approval by the Compensation Committee.

In addition to the above-mentioned targets, a talent management target was again set for the most senior levels of management. This is also meant to emphasise that the retention and development of talent represents an important factor in Baloise's future ability to add value. Here the targets focus on adding value today and in the future, as well as on tools that the Corporate Executive Committee has at its disposal to operationally optimise current results and to set the course for medium-term success.

During the reporting period, CHF 1.6 million (basic salary, incentive) plus employer contributions to the pension scheme were paid to a former member of the Corporate Executive Committee on the grounds of contractual obligations.

Total remuneration cannot be simply compared to the previous year. On the one hand, Dr Rolf Schäuble's total emoluments resulting from the dual mandate he exercised as Chairman of the Board of Directors and Chief Executive Officer were included in this year's total remuneration to the Corporate Executive Committee. On the other hand, the Corporate Executive Committee gained two new members in the reporting period; J. De Meulder (as of 1.1.2009) and Dr O. Noack (as of 1.2.2009). Dr O. Noack is the highest paid Corporate Executive Committee member in the reporting period. This is due to the fact that Baloise compensated him, compliant with common practice, for certain claims toward his former employer that he waived and, for the same reason, Baloise also assumed a non-recurrent deposit to the pension fund.

The variable portions of total remuneration are determined in spring each year as part of the Individual Performance Management process (compare 10.2. Remuneration system: Basic salary and incentives). Therefore, the table on page 75 details the basic salary and pension benefits for 2009 and the variable remuneration components for the previous year that were paid out during the reporting period. The variable remuneration component for 2008 is significantly lower than in previous years, since the majority of corporate goals were not reached due to the extremely difficult economic environment. On average, the incentive of Corporate Executive Committee members was reduced by more than 40 % compared to the previous year.

Outlook: New incentive system

The incentive system of Baloise is currently being revised. Under the new system that will come into effect for the first time in 2011, the variable components, amongst other things, will be determined at the beginning of the year rather than in spring. This will make it possible to show the total remuneration that was awarded in the respective year in the remuneration tables of the compensation report, even if some parts are only paid out at a later date (compliance with the so-called accrual principle).

The effective figures of the variable components awarded for the 2009 fiscal year (payment in June 2010) had not been determined at the time of printing this compensation report. It can however be said that they are likely to be higher than in 2008. This is because the Corporate Executive Committee comprised more members than in the previous year. In addition, improved individual target achievement can be expected for 2009. The performance quota, as an additional variable remuneration instrument, will remain in a range comparable to 2008.

10.8. Loans to key personnel

CREDITS AND LOANS TO MEMBERS OF THE BOARD OF DIRECTORS AND THE CORPORATE EXECUTIVE COMMITTEE (31 DECEMBER)

	Mortgages		Loans pertaining to the Share Ownership Plan		Other loans		Total	
	2008	2009	2008	2009	2008	2009	2008	2009
in CHF								
Dr Rolf Schäuble								
Chairman	-/-	-/-	-/-	-/-	-/-	-/-	-/-	-/-
Dr Georg F. Kraye								
Vice-Chairman	-/-	-/-	-/-	-/-	-/-	-/-	-/-	-/-
Dr Christoph J. C. Albrecht								
Member	-/-	n/a	-/-	n/a	-/-	n/a	-/-	n/a
Dr Andreas Burckhardt								
Member	650,000	650,000	-/-	-/-	-/-	-/-	650,000	650,000
Dr Hansjörg Frei								
Member	-/-	-/-	-/-	-/-	-/-	-/-	-/-	-/-
Prof. Dr Gertrud Höhler								
Member	-/-	-/-	-/-	-/-	-/-	-/-	-/-	-/-
Dr Klaus Jenny								
Member	-/-	-/-	-/-	-/-	-/-	-/-	-/-	-/-
Werner Kummer								
Member	-/-	-/-	-/-	-/-	-/-	-/-	-/-	-/-
Dr Arend Oetker								
Member	-/-	n/a	-/-	n/a	-/-	n/a	-/-	n/a
Dr Eveline Saupper								
Member	-/-	-/-	-/-	-/-	-/-	-/-	-/-	-/-
Total Board of Directors	650,000	650,000	-/-	-/-	-/-	-/-	650,000	650,000
Corporate Executive Committee member with the highest outstanding loan								
Dr Thomas Sieber								
Head of Corporate Division Corporate Center	n/a	1,000,000	n/a	1,841,765	n/a	-/-	n/a	2,841,765
German Egloff (previous year)								
Head of Corporate Division Finance	-/-	n/a	3,075,199	n/a	-/-	n/a	3,075,199	n/a
Other members of the Corporate Executive Committee	2,500,000	2,775,000	4,098,032	5,118,099	-/-	-/-	6,598,032	7,893,099
Total Corporate Executive Committee	2,500,000	3,775,000	7,173,231	6,959,864	-/-	-/-	9,673,231	10,734,864

Explanatory notes to table:

Dr Christoph J. C. Albrecht and Dr Arend Oetker resigned from the Board of Directors at the General Annual Meeting 2009 as a result of having reached the regulatory age limit. Where applicable, outstanding credits and loans as of 31 December 2009 must therefore no longer be disclosed in the table.

Credits and Loans No loans and credits that are not market standard have been granted to

- a) former members of the Board of Directors and the Corporate Executive Committee,
- b) individuals or companies with close family ties to members of the Board of Directors (related individuals: spouse, civil partner, children under 18 years, companies belonging to or controlled by Board members, or legal or natural persons that act as fiduciaries for them).

Mortgages mortgages up to CHF 1 million are granted on employee terms: 1% below the interest rate for customers on variable mortgages, preferential interest rate for fixed mortgages

Loans pertaining to the Share Ownership Plan Loans to fund leveraged Share Ownership Plan (compare 10.5. Share Ownership Plan and Employee Share Ownership Plan). Interest is charged at prevailing interest rates (2009: 3%) over a term of 3 years. A loan of CHF 7.9 million to a former member of the Corporate Executive Committee still exists from the Share Ownership Plan.

Other loans There are no policy loans.

10.9. Remuneration to the members of the Board of Directors (not including Chairman)

REMUNERATION TO THE MEMBERS OF THE BOARD OF DIRECTORS 2008 (PREVIOUS YEAR)

	2008 Basic remuneration	2008 Remuneration for additional functions	2008 Additional remuneration	2008 Total	2008 of which: in cash	2008 of which: in shares
	in CHF	in CHF	in CHF	in CHF	in CHF	Number
Dr Georg F. Kraye	125,000		-/-	365,000	273,768	883
Vice-Chairman Board of Directors		50,000	-/-			
Lead Director		70,000	-/-			
Chair Compensation Committee		50,000	-/-			
Deputy Chair Chairman's Committee and Investment Committee		70,000	-/-			
Dr Christoph J. C. Albrecht	125,000		-/-	175,000	131,296	423
Deputy Chair Audit Committee		50,000	-/-			
Dr Andreas Burckhardt	125,000		-/-	175,000	131,296	423
Member Audit Committee		50,000	-/-			
Dr Hansjörg Frei	125,000		-/-	245,000	183,731	593
Member Chairman's Committee and Investment Committee		70,000	-/-			
Member Audit Committee		50,000	-/-			
Prof. Dr Gertrud Höhler	125,000		-/-	175,000	131,296	423
Member Compensation Committee		50,000	-/-			
Dr Klaus Jenny	125,000		-/-	245,000	183,731	593
Member Chairman's Committee and Investment Committee		70,000	-/-			
Deputy Chair Compensation Committee		50,000	-/-			
Werner Kummer	125,000		-/-	195,000	146,233	472
Chair Audit Committee		70,000	-/-			
Dr Arend Oetker	125,000		-/-	125,000	93,797	302
Dr Eveline Saupper	125,000		-/-	175,000	131,296	423
Member Compensation Committee		50,000	-/-			
Total Board of Directors (not including Chairman)	1,125,000	750,000	-/-	1,875,000	1,406,444	4,535

Explanatory notes to table:

Remuneration to former members and related individuals No remuneration was paid to

a) former members of the Board of Directors, pertaining to previous governing body activities in Baloise, or that is not market standard

b) individuals or companies related to the members of the Board of Directors and that is not market-standard (related individuals:

spouses, civil partners, children under 18 years, companies controlled by members of the Board of Directors, legal or natural persons who act as a fiduciary for them). Furthermore, receivables from this group of people were not waived.

Cash compensation Remuneration as per contract (lump-sum compensation).

Shares 25% of the contractually agreed remuneration will be paid in shares, which are restricted for three years. Intrinsic value: fair value minus 10% (as with SSS).

Additional remuneration No payment of additional remuneration.

REMUNERATION TO THE MEMBERS OF THE BOARD OF DIRECTORS
2009

	2009 Basic remuneration	2009 Remuneration for additional functions	2009 Additional remuneration	2009 Total	2009 of which: in cash	2009 of which: in shares
	in CHF	in CHF	in CHF	in CHF	in CHF	Number
Dr Georg F. Kraye	125,000		-/-	295,000	221,313	73,687
Vice-Chairman Board of Directors		50,000				
Chair Compensation Committee		50,000				
Deputy Chair Chairman's Committee and Investment Committee		70,000				
Dr Christoph J. C. Albrecht	62,500		-/-	87,500	43,781	43,719
Deputy Chair Audit Committee		25,000				
Dr Andreas Burckhardt	125,000		-/-	175,000	131,281	43,719
Member Audit Committee		50,000				
Dr Hansjörg Frei	125,000		-/-	245,000	183,793	61,207
Member Chairman's Committee and Investment Committee		70,000				
Member Audit Committee		50,000				
Prof Dr Gertrud Höhler	125,000		-/-	175,000	131,281	43,719
Member Compensation Committee		50,000				
Dr Klaus Jenny	125,000		-/-	245,000	183,793	61,207
Member Chairman's Committee and Investment Committee		70,000				
Deputy Chair Compensation Committee		50,000				
Werner Kummer	125,000		-/-	195,000	146,273	48,727
Chair Audit Committee		70,000				
Dr Arend Oetker	62,500		-/-	62,500	31,260	31,240
Dr Eveline Saupper	125,000		-/-	175,000	131,281	43,719
Member Compensation Committee		50,000				
Total Board of Directors (not including Chairman)	1,000,000	655,000	-/-	1,655,000	1,204,056	450,944

Explanatory notes to table:

Dr Christoph J. C. Albrecht and Dr Arend Oetker resigned from the Board of Directors at the Annual General Meeting 2009 as a result of having reached the regulatory age limit. Therefore, they only received half of the usual remuneration in 2009.

Remuneration to former members of the Board of Directors and related individuals No remuneration was paid to

a) former members of the Board of Directors, pertaining to previous governing body activities in Baloise, or that is not market standard

b) individuals or companies related to the members of the Board of Directors and that is not market-standard (related individuals:

spouses, civil partners, children under 18 years, companies controlled by members of the Board of Directors, legal or natural persons who act as a fiduciary for them). Furthermore, receivables from this group of people were not waived.

Cash compensation Remuneration as per contract (lump-sum compensation).

Shares 25% of the contractually agreed remuneration will be paid in shares, which are restricted for three years.

Intrinsic value: fair value minus 10% (as with SSS).

Additional remuneration No payment of additional remuneration.

10.10. Remuneration to the Chairman of the Board of Directors and the members of the Corporate Executive Committee

REMUNERATION TO THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE MEMBERS OF THE CORPORATE EXECUTIVE COMMITTEE 2008 (PREVIOUS YEAR)

	2008 Cash compensation					Share Ownership Plan	2008 Shares	2008 Non-cash benefits	2008 Pension provisions	2008 Total remuneration
	Basic salary (fixed)	Incentive (variable)	Employee Incentive Plan	Share Subscription Scheme	Share Awards					
	CHF	In % of total remuneration	CHF	CHF	CHF					
in CHF										
Dr Rolf Schäuble										
Chairman of the Board of Directors and CEO Baloise Group	3,100,020	58%	974,296	5,030	974,204	-/-	7,306	64,584	200,823	5,318,957
Other members of the Corporate Executive Committee	2,440,020	41%	659,164	20,120	1,248,002	670,560	10,732	-/-	890,738	5,928,604
Total Corporate Executive Committee including Chairman of the Board	5,540,040	49%	1,633,460	25,150	2,222,206	670,560	18,038	64,584	1,091,561	11,247,561

Notes to the tables on pages 74 and 75:

The tables contain the basic salary and pension benefits for 2008 (page 74) and 2009 (page 75) and the variable remuneration components for the previous year that were paid out during the reporting period. Although these variable remuneration components were paid out in 2008 (page 74) and 2009 (page 75), they relate to the respective previous year. Dr O. Noack was the highest paid Corporate Executive Committee member in 2009. This is due to the fact that Baloise compensated him, compliant with common practice, for certain claims against his former employer that he waived and, for the same reason, Baloise also assumed a non-recurrent deposit to the pension fund. The corresponding amounts are contained in the columns "Non-cash benefits" and "Pension benefits" (page 75).

Remuneration to former members of the Board of Directors and related individuals No remuneration was paid to individuals or companies related to the Chairman of the Board of Directors or members of the Corporate Executive Board or that is not market-standard (related individuals: spouse, civil partner, children under 18 years, companies controlled by members of the Board of Directors, legal or natural persons who act as a fiduciary for them). Furthermore, receivables from this group of people were not waived.

Due to contractual obligations (basic salary, incentive, employer contributions to the pension scheme), CHF 1.6 million were paid to a former member of the Corporate Executive Committee in 2009 (2008: CHF 3.8)

Basic salary Contractually agreed basic salary (gross).

In 2008, Dr R. Schäuble received a one-off payment of CHF 1.5 million for the dual mandate exercised from 6.12.2007 to 31.12.2008 as Chairman of the Board of Directors and Chief Executive Officer.

Incentive Portion of variable, performance-related remuneration paid out in cash (gross). In the case of Jan De Meulder (page 75): Incentive for his former position as CEO of the Group company in Belgium.

Employee Incentive Plan Remuneration component resulting from the sale of employee shares at a preferential price (2009: CHF 45.70; 2008: CHF 50.30). Calculation: market value minus subscription price = payment in kind

Share Subscription Plan Portion of incentive drawn directly in shares. Calculation: fair value minus 10% discount.

Employee Share Ownership Plan Portion of incentive drawn in shares (excluding shares financed by a loan).

Prospective entitlements (performance share units) Entitlements that confer a right to acquire shares at a future date, subject to achieving pre-determined performance targets (compare section 10.6. Performance quota and performance share units [PSU]).

The value of prospective entitlements is only added to total remuneration when they are converted into actual shares (i.e. at the end of the 3-year performance period), because only then can a reliable estimate be provided and only then have they actually been earned.

Non-cash benefits Basis: All elements of remuneration in compliance with the new Swiss salary certificate.

The amount disclosed for 2008 is a gift to the Chairman of the Board of Directors and Chief Executive Officer for length of service.

Besides gifts for length of service, there are relocation expenses contained in the table for 2009 for new members of the Corporate Executive Committee, refunds of travel and accommodation expenses and non-cash benefits (use of a company car) of a member of the Corporate Executive Committee with a secondary residence abroad. Also sub-totalled under non-cash benefits is the compensation paid to Dr O. Noack for waiving certain claims against his former employer.

Pension provisions Employer contributions to the pension scheme.

Also contained in the table for 2009: Maintenance of invalidity protection in the home country of a member of the Corporate Executive Committee with a secondary residence abroad and non-recurrent deposits for the benefit of Dr O. Noack for waiving certain claims against his former employer.

REMUNERATION TO THE CHAIRMAN OF THE BOARD OF DIRECTORS AND THE MEMBERS OF THE CORPORATE EXECUTIVE COMMITTEE
2009

	2009 Cash compensation						2009 Shares	2009 Non-cash benefits	2009 Pension provisions	2009 Total remuneration
	Basic salary (fixed)	Incentive (variable)	Employee Incentive Plan	Share Subscription Scheme	Share Ownership Plan	Share Awards				
	CHF	In % of total remuneration	CHF	CHF	CHF	CHF				
in CHF										
Dr Rolf Schäuble	1,600,020	59%	522,044	4,570	521,852	-/-	12,136	-/-	51,796	2,700,282
Chairman of the Board of Directors										
Dr Martin Strobel	1,300,000	67%	238,138	4,570	238,073	-/-	4,551	54,167	119,530	1,954,478
CEO Baloise Group										
Dr Olav Noack	623,337	27%	-/-	-/-	-/-	-/-	4,127	955,291	718,392	2,297,020
Head of Corporate Division Switzer- land										
								65,291	90,209	155,500
								890,000	628,183	1,518,183
Jan De Meulder	700,080	56%	188,399	-/-	29,968	-/-	3,127	180,529	157,378	1,256,354
Head of Corporate Division International										
German Egloff	550,020	51%	155,498	4,570	159,934	54,999	3,328	-/-	153,882	1,078,903
Head of Corporate Division Finance										
Dr Thomas Sieber	540,000	52%	186,826	4,570	79,490	121,295	3,277	-/-	97,265	1,029,446
Head of Corporate Division Corporate Center										
Martin Wenk	600,000	54%	83,592	4,570	198,725	74,999	3,641	-/-	158,305	1,120,191
Head of Corporate Division Asset Management										
Total Corporate Executive Committee	4,313,437	49%	852,453	18,280	706,190	251,293	22,051	1,189,987	1,404,752	8,736,392

Explanatory notes to table: compare opposite page.

10.11. Participations and options

SHARES HELD BY MEMBERS OF THE BOARD OF DIRECTORS EXCLUDING CHAIRMAN (31 DECEMBER)

	Free float shares		Restricted shares		Share ownership total		Percentage of issued share capital	
	2008	2009	2008	2009	2008	2009	2008	2009
Number								
Dr Georg F. Kraye								
Vice-Chairman	30,500	32,685	3,069	3,311	33,569	35,996	0.067%	0.072%
Dr Christoph J. C. Albrecht								
Member	8,020	n/a	2,093	n/a	10,113	n/a	0.020%	n/a
Dr Andreas Burckhardt								
Member	-/-	387	2,093	2,256	2,093	2,643	0.004%	0.005%
Dr Hansjörg Frei								
Member	1,000	1,536	2,521	2,755	3,521	4,291	0.007%	0.009%
Prof. Dr Gertrud Höhler								
Member	-/-	387	2,093	2,256	2,093	2,643	0.004%	0.005%
Dr Klaus Jenny								
Member	18,000	18,536	2,521	2,755	20,521	21,291	0.041%	0.043%
Werner Kummer								
Member	-/-	847	2,246	2,412	2,246	3,259	0.004%	0.007%
Dr Arend Oetker								
Member	2,000	n/a	1,818	n/a	3,818	n/a	0.008%	n/a
Dr Eveline Saupper								
Member	-/-	387	2,093	2,256	2,093	2,643	0.004%	0.005%
Total Board of Directors (excluding Chairman)	59,520	54,765	20,547	18,001	80,067	72,766	0.160%	0.146%
Percentage of issued share capital	0.119%	0.110%	0.041%	0.036%	0.160%	0.146%		

Explanatory notes to table:

Dr Christoph J. C. Albrecht and Dr Arend Oetker resigned from the Board of Directors at the Annual General Meeting 2009 as a result of having reached the regulatory age limit. Any shares in their possession as of 31 December 2009 must therefore no longer be disclosed in the table.

Shareholdings Including shares held by related individuals (spouse, civil partner, children under 18 years, companies belonging to or controlled by Board members, or legal or natural persons that act as fiduciaries for them).

Free float shares Shares held in personal custody accounts.

Restricted shares Shares subscribed for through share-based remuneration schemes are subject to a 3-year retention period.

According to §20 of the Articles of Incorporation, each member of the Board of Directors must deposit 1,000 shares with the company for the term of his / her office (qualifying shares).

Options Members of the Board do not hold options on Baloise shares.

SHARES HELD BY THE CHAIRMAN OF THE BOARD OF DIRECTORS AND MEMBERS OF THE CORPORATE EXECUTIVE COMMITTEE (31 DECEMBER)

	Free float shares		Restricted shares		Share ownership Total		Percentage of issued share capital		Number of share awards (PSU)	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
Number										
Dr Rolf Schäuble										
Chairman of the Board of Directors	39,240	48,459	27,732	25,178	66,972	73,637	0.134%	0.147%	13,665	25,801
Dr Martin Strobel										
CEO Baloise Group	100	224	24,918	25,889	25,018	26,113	0.050%	0.052%	5,637	10,188
Jan De Meulder										
Head of Corporate Division International	n/a	1,566	n/a	840	n/a	2,406	n/a	0.005%	n/a	3,127
German Egloff										
Head of Corporate Division Finance	262	1,262	40,952	33,850	41,214	35,112	0.082%	0.070%	4,698	8,026
Dr Olav Noack										
Head of Corporate Division Switzerland	n/a	120	n/a	-/-	n/a	120	n/a	0.000%	-/-	4,127
Dr Thomas Sieber										
Head of Corporate Division Corporate Center	328	178	19,595	26,180	19,923	26,358	0.040%	0.053%	3,323	6,600
Martin Wenk										
Head of Corporate Division Asset Management	300	200	26,503	27,368	26,803	27,568	0.054%	0.055%	5,125	8,766
Total Chairman of the Board of Directors and members of the Corporate Executive Committee	40,230	52,009	139,700	139,305	179,930	191,314	0.360%	0.383%	32,448	66,635
Percentage of issued share capital	0.080%	0.104%	0.279%	0.279%	0.360%	0.383%				

Explanatory notes to table:

Shareholdings Including shares held by related individuals (spouse, civil partner, children under 18 years, companies belonging to or controlled by Board members, or legal or natural persons that act as fiduciaries for them).

Free float shares Shares held in personal custody accounts.

Blocked shares Including shares financed by loans stemming from ESOP. Shares subscribed for through share-based remuneration schemes are subject to a 3-year retention period. According to §20 of the Articles of Incorporation, each member of the Board of Directors must deposit 1,000 shares with the company for the term of his / her office (qualifying shares).

Options Options held in relation to ESOP are not listed here, as they do not originate from an independent option plan, but have been written to secure the loan. In addition, each put option has a call option as counterpart.

Prospective entitlements (PSU) Number of performance share units allocated (allocation as of 9.3.2007, 1.1.2008 and 1.1.2009).

Financial Information

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Consolidated income statement

FIVE-YEAR OVERVIEW					
	2005	2006	2007	2008	2009
in CHF million					
Income					
Premiums earned and policy fees (gross) ¹	6,835.1	6,706.6	6,880.2	6,945.2	6,841.5
Reinsurance premiums ceded	-197.3	-187.5	-207.9	-194.6	-190.3
Premiums earned and policy fees (net)	6,637.8	6,519.1	6,672.3	6,750.6	6,651.2
Investment income	1,794.5	1,823.7	2,049.8	2,053.1	1,921.2
Realised gains and losses on investments ²	549.4	702.8	597.5	-1,680.1	435.6
Income from services rendered	211.9	286.4	529.0	558.2	427.3
Results from investments in associates	35.5	62.0	10.2	8.5	1.4
Other operating income	74.3	144.3	142.1	208.9	108.1
Income	9,303.4	9,538.3	10,000.9	7,899.2	9,544.8
Expenses					
Claims and benefits paid (gross)	-5,772.1	-5,325.0	-5,597.9	-5,676.7	-5,383.4
Change in technical reserves (gross)	-1,094.6	-1,080.8	-840.2	583.4	-968.3
Reinsurance share of claims incurred	189.7	43.4	107.6	59.7	58.1
Acquisition costs	-524.8	-493.8	-524.8	-566.1	-499.1
Operating and administrative expenses for insurance business	-815.1	-847.8	-938.3	-977.4	-925.1
Investment expenses	-88.1	-93.9	-104.3	-82.8	-78.8
Interest expenses on insurance liabilities	-78.5	-67.0	-76.1	-73.8	-69.4
Result from financial contracts	-130.0	-156.5	-170.6	246.4	-407.9
Other operating expenses	-460.6	-575.5	-813.4	-832.0	-708.8
Expenses	-8,774.1	-8,596.9	-8,958.0	-7,319.3	-8,982.7
Profit before borrowing costs and taxes	529.3	941.4	1,042.9	579.9	562.1
Borrowing costs	-53.4	-28.2	-28.4	-31.2	-45.1
Profit before taxes	475.9	913.2	1,014.5	548.7	517.0
Income taxes	-72.4	-206.1	-194.4	-162.0	-96.0
Profit for the period	403.5	707.1	820.1	386.7	421.0
Attributable to:					
Shareholders	395.8	699.4	786.1	358.3	414.1
Minority interests	7.7	7.7	34.0	28.4	6.9
Earnings / loss per share					
Basic in CHF	7.3	12.93	15.15	7.33	8.64
Diluted in CHF	7.3	12.93	15.15	7.32	8.57

Footnote: See next page

ADDITIONAL INFORMATION					
	2005	2006	2007	2008	2009
in CHF million					
Gross premiums written and policy fees	6,839.1	6,716.5	6,868.4	6,953.9	6,859.8
Investment-type premiums	554.4	774.7	1,069.2	904.4	2,905.6
Total business volume	7,393.5	7,491.2	7,937.6	7,858.3	9,765.4
Assets for the account and at the risk of life insurance policyholders					
	2,245.8	2,976.6	4,366.9	3,340.1	6,818.1
Combined ratio (gross)	100.6	90.2	93.0	88.1	91.2
Funding ratio nonlife in percent	187.0	194.8	195.6	183.0	187.7

1 In line with the accounting principles applied by the Baloise Group, investment-type insurance premiums are not included in the premiums earned and policy fees.

2 Including financial liabilities held for trading purposes (derivative financial instruments).

Results by business segments

	Nonlife ¹		Life ^{1,4}		Banking ²		Other activities		Group ³	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
in CHF million										
Profit before borrowing costs and taxes	423.2	382.6	89.2	151.0	52.9	61.0	14.6	-32.5	579.9	562.1
Annual result (segment result)	331.2	331.5	30.6	121.8	49.1	51.5	-24.2	-83.8	386.7	421.0

1 Details on page 84 of the Annual Report.

2 Details on page 89 of the Annual Report.

3 Details on page 79 of the Annual Report.

4 Of which latency calculation effects from other business segments: 31 December 2008 CHF -19.4 million / 31 December 2009 CHF 6.9 million.

Consolidated balance sheet

FIVE-YEAR OVERVIEW					
	2005	2006	2007	2008	2009
in CHF million					
Assets					
Property, plant and equipment	626.3	638.3	676.5	621.2	611.2
Intangible assets	1,357.2	1,357.5	1,624.8	1,587.2	1,562.4
Investments in associates	174.7	175.0	191.7	129.4	143.1
Investment properties	5,581.7	5,312.6	5,269.9	5,055.5	5,071.7
Financial assets of an equity nature	9,839.0	10,902.3	12,144.0	7,551.8	9,486.1
Financial assets of a debt nature	22,915.1	24,523.3	24,433.3	23,115.6	26,502.7
Mortgages and loans	17,635.5	17,801.6	18,611.8	18,992.5	18,643.5
Derivative financial instruments	48.6	75.8	54.2	311.3	123.7
Other assets / receivables	2,652.3	2,478.8	2,721.0	2,536.2	2,593.0
Deferred tax assets	34.5	25.8	53.9	36.9	26.4
Cash and cash equivalents	450.2	741.5	1,648.7	1,305.5	2,528.7
Total assets	61,315.1	64,032.5	67,429.8	61,243.1	67,292.5
in CHF million					
Equity and liabilities					
Equity					
Equity before minority interests	4,330.4	4,921.9	4,733.4	3,691.0	4,315.0
Minority interests	60.9	64.6	241.9	204.6	195.0
Total equity	4,391.3	4,986.5	4,975.3	3,895.6	4,510.0
Liabilities					
Technical reserves (gross)	44,915.9	46,521.8	47,826.4	44,068.6	45,344.2
Liabilities from banking business and financial contracts	6,062.5	6,744.0	8,300.6	8,127.2	11,396.4
Derivative financial instruments	243.4	44.6	34.9	30.1	49.5
Other accounts payable	4,965.1	4,929.3	5,607.1	4,521.4	5,299.6
Deferred tax liabilities	736.9	806.3	685.5	600.2	692.8
Total liabilities	56,923.8	59,046.0	62,454.5	57,347.5	62,782.5
Total equity and liabilities	61,315.1	64,032.5	67,429.8	61,243.1	67,292.5

Business volume, premiums and combined ratio

BUSINESS VOLUME 2008							
	Group	Switzerland	Germany	Belgium	Luxembourg	Other units ²	Group business
in CHF million							
Nonlife	3,214.8	1,299.5	1,074.0	588.2	55.8	166.5	30.8
Life	3,739.1	2,527.7	953.1	125.1	46.0	87.2	-/-
Subtotal of IFRS gross premiums written¹	6,953.9	3,827.2	2,027.1	713.3	101.8	253.7	30.8
Investment-type premiums	904.4	40.0	298.3	82.9	470.6	12.6	-/-
Total business volume	7,858.3	3,867.2	2,325.4	796.2	572.4	266.3	30.8

BUSINESS VOLUME 2009							
	Group	Switzerland	Germany	Belgium	Luxembourg	Other units ²	Group business
in CHF million							
Nonlife	3,136.4	1,280.2	1,028.8	579.3	55.1	165.1	27.9
Life	3,723.4	2,617.6	853.7	121.6	52.6	77.9	-/-
Subtotal of IFRS gross premiums written¹	6,859.8	3,897.8	1,882.5	700.9	107.7	243.0	27.9
Investment-type premiums	2,905.6	32.2	287.4	119.6	854.3	1,612.1	-/-
Total business volume	9,765.4	3,930.0	2,169.9	820.5	962.0	1,855.1	27.9

¹ Premiums written and policy fees (gross).

² Other units: Austria, Croatia, Serbia and Baloise Life Liechtenstein.

COMBINED RATIO GROSS 2008							
	Group	Switzerland	Germany	Belgium	Luxembourg	Other units ¹	Group business
as a percentage of premiums earned							
Loss ratio	56.3	55.8	57.6	58.0	52.6	62.0	- 23.6
Expense ratio	31.3	24.7	35.5	36.3	35.6	39.5	13.6
Profit-sharing ratio	0.5	0.9	0.3	0.2	0.2	-/-	0.6
Combined ratio	88.1	81.4	93.4	94.5	88.4	101.5	- 9.4

COMBINED RATIO GROSS 2009							
	Group	Switzerland	Germany	Belgium	Luxembourg	Other units ¹	Group business
as a percentage of premiums earned							
Loss ratio	58.6	57.7	58.6	60.3	55.1	66.9	27.3
Expense ratio	32.0	26.0	35.3	37.5	36.5	40.9	13.6
Profit-sharing ratio	0.6	1.0	0.4	0.3	0.0	0.0	0.2
Combined ratio	91.2	84.7	94.3	98.1	91.6	107.8	41.1

1 Other units: Austria, Croatia and Serbia.

COMBINED RATIO GROSS AND NET				
	Gross		Net	
	2008	2009	2008	2009
as a percentage of premiums earned				
Loss ratio	56.3	58.6	57.8	60.3
Expense ratio	31.3	32.0	32.6	33.4
Profit-sharing ratio	0.5	0.6	0.5	0.7
Combined ratio	88.1	91.2	90.9	94.4

FUNDING RATIO NONLIFE		
	2008	2009
in CHF million		
Technical provisions for own account ¹	5,557.5	5,570.5
Premiums written and policy fees for own account	3,037.5	2,967.6
Funding ratio in percent	183.0	187.7

1 Not including capitalised settlement premiums.

Technical income statement

	Nonlife		Life ³	
	2008	2009	2008	2009
in CHF million				
Gross				
Gross premiums written and policy fees	3,214.8	3,136.4	3,739.1	3,723.4
Change in unearned premium reserves	-8.7	-18.3	0.0	0.0
Premiums earned and policy fees (gross)	3,206.1	3,118.1	3,739.1	3,723.4
Claims and benefits paid (gross)	-1,839.3	-1,867.4	-3,837.4	-3,516.0
Change in technical reserves (gross)				
Change in loss reserve / actuarial reserves ¹	6.3	16.6	564.5	-726.1
Expenses for policyholders' dividends	-15.2	-19.1	27.8	-239.7
Technical expenses	-1,028.5	-1,016.7	-615.2	-497.6
Total technical result (gross)	329.4	231.5	-121.2	-1,256.0
Ceded to reinsurers				
Reinsurance premiums ceded	-176.1	-172.1	-18.5	-18.2
Claims and benefits paid	55.9	54.0	9.9	5.8
Reinsurance share of claims incurred	-2.6	-4.2	-4.6	1.3
Expenses for policyholders' dividends	0.0	0.0	1.1	1.2
Technical expenses	17.6	13.1	3.7	4.7
Total technical result of ceded business	-105.2	-109.2	-8.4	-5.2
For own account				
Premiums earned and policy fees	3,030.0	2,946.0	3,720.6	3,705.2
Claims and benefits paid	-1,783.4	-1,813.4	-3,827.5	-3,510.2
Change in loss reserve / actuarial reserves ¹	3.7	12.4	559.9	-724.8
Expenses for policyholders' dividends	-15.2	-19.1	28.9	-238.5
Technical expenses	-1,010.9	-1,003.6	-611.5	-492.9
Total technical result for own account	224.2	122.3	-129.6	-1,261.2
Investment income (gross)	344.9	314.6	1,495.8	1,423.0
Realised gains and losses on investments ²	-161.7	-3.5	-1,514.5	448.1
Investment expenses	-18.4	-22.1	-63.4	-85.2
Other financial expenses and income	34.2	-28.7	300.9	-373.7
Result from investment income	199.0	260.3	218.8	1,412.2
Annual result before borrowing costs and taxes	423.2	382.6	89.2	151.0
Borrowing costs	-/-	-/-	-/-	-/-
Income taxes	-92.0	-51.1	-58.6	-29.2
Annual result (segment result)	331.2	331.5	30.6	121.8

¹ Including change in provisions for loss adjustment expenses.

² Including financial liabilities held for trading purposes (derivative financial instruments).

³ Of which latency calculation effects from other business segments: 31 December 2008 CHF -19.4 million / 31 December 2009 CHF 6.9 million

Gross premiums by sectors

GROSS PREMIUMS BY SECTOR NONLIFE			
	2008	2009	+/- %
in CHF million			
Accident	475.3	465.4	-2.1
Health	116.4	113.7	-2.3
General liability	354.7	350.7	-1.1
Motor	1,019.3	985.7	-3.3
Property	985.8	968.4	-1.8
Marine	145.3	137.6	-5.3
Other	50.9	52.1	2.4
Active reinsurance	67.1	62.8	-6.4
Gross premiums written, nonlife	3,214.8	3,136.4	-2.4

GROSS PREMIUMS BY SECTOR LIFE			
	2008	2009	+/- %
in CHF million			
Single premiums	1,879.6	3,963.1	110.8
Periodic premiums	2,763.9	2,665.9	-3.5
Investment-type premiums	-904.4	-2,905.6	221.3
Gross premiums written, life	3,739.1	3,723.4	-0.4

In the 2009 fiscal year, premium income was depressed due to Swiss franc / euro exchange rate performance, as compared to the same period in the previous year.

Embedded value

EMBEDDED VALUE PERFORMANCE		
	2008	2009
in CHF million; all figures after taxes		
Embedded value as of 1 January	3,230.6	2,446.2
Operating profit from policy portfolio, adjusted equity plus profit from new business	347.8	235.1
Economic changes, including changes in unrealised gains and losses on investments (shares and properties)	-939.0	84.9
Dividend and capital movements	-135.3	59.2
Exchange rate differences	-58.0	1.5
Embedded value as of 31 December	2,446.2	2,826.9
Of which: value of policy portfolio	1,219.1	1,414.6
Of which: adjusted equity	1,684.9	1,874.7
Of which: cost of solvency	-457.8	-462.4

NEW BUSINESS		
	2008	2009
Value of new business (VNB) in CHF million	19.4	25.5
APE ¹ in CHF million	244.1	253.1
Sensitivity of new business value at risk discount rate (+/- 1.0%) in percent	-42.0 / +50.3	-33.0 / +39.6
New business margin in percent	7.9	10.1

SENSITIVITIES		
	2008	2009
in percent		
+ / - 1% change in risk discount rate	-6.2 / +7.2	-6.1 / +7.2
+ / - 10% change in the fair value of shares	+2.6 / -4.8	+3.1 / -3.3
+ / - 10% change in the fair value of properties	+4.5 / -9.3	+4.7 / -8.4
+ / - 0.5% change in new money rate	+5.7 / -6.0	+5.3 / -6.0

¹ Annual Premium Equivalent = 100% annual premiums of new business + 10% of single premiums.

The embedded value of life insurance business consists of three elements: the adjusted equity of life insurance activities and the value of the policy portfolio at the end of the reporting period, with the cost of solvency being deducted. The embedded value excludes any value that may be attributed to future new business.

For investments, the adjusted shareholders' equity is based on fair values, while statutory rates are used for actuarial liabilities. The most important components of equity are the sums of unrealised gains and losses on investments (shares and properties), which can be subject to strong fluctuations. For business from Luxembourg, Austria, Croatia, Serbia and Liechtenstein only the disclosed IFRS equity is taken into account for the embedded value.

The value of the insurance portfolio is equivalent to the resultant future profits that are determined by discounting all expected cash flows. This requires a large number of assumptions; the key assumptions are itemised in the table below.

The cost of solvency is equivalent to the cost of funding the solvency requirements of the business.

ASSUMPTIONS	2008	2009
in percent		
Group		
Risk discount rate	7.6	7.6
Return on bonds (1 st projected annual return – long-term return)	3.2–3.3	3.2–3.7
Return on shares	7.2	7.2
Return on properties	4.9	5.0
Switzerland		
Risk discount rate	7.5	7.5
Return on bonds (1 st projected annual return – long-term return)	3.0–3.2	3.1–3.6
Return on shares	7.0	7.0
Return on properties	4.9	4.9
EU		
Risk discount rate	8.3	8.3
Return on bonds (1 st projected annual return – long-term return)	4.0–4.0	3.7–4.4
Return on shares	8.0	8.0
Return on properties	5.2	5.2

External audit: Deloitte & Touche LLP has examined the calculation method chosen by the Baloise Group and the assumptions and calculations applied to the calculation of the embedded value in the life business as of 31 December 2009. Deloitte considers the calculation method and assumptions used by Baloise to be appropriate and reasonable and the above disclosures on embedded value, using the chosen methodology and corresponding assumptions have been properly prepared. For the purpose of this report, Deloitte has randomly examined some of the data provided by the Baloise Group whilst relying on the financial information upon which the Financial Report is based.

GEOGRAPHIC SPREAD OF EMBEDDED VALUE		
	2008	2009
in CHF million; all figures after taxes		
Switzerland	2,017.8	2,253.5
Of which: value of policy portfolio	980.6	1,116.6
Of which: adjusted equity	1,392.9	1,493.3
Of which: cost of solvency	-355.7	-356.3
Other	504.0	656.7
Of which: value of policy portfolio	238.5	298.1
Of which: adjusted equity	367.7	464.7
Of which: cost of solvency	-102.1	-106.1
Consolidation	-75.6	-83.3
Embedded value as of 31 December	2,446.2	2,826.9

GEOGRAPHIC SPREAD OF NEW BUSINESS		
	2008	2009
New business margin Switzerland in percent	11.1	14.4
Value of new business in CHF million	15.1	21.9
APE in CHF million	136.2	152.2
New business margin EU in percent	4.0	3.5
Value of new business in CHF million	4.3	3.6
APE in CHF million	107.9	100.9

Banking activities

RESULT FROM BANKING ACTIVITIES		
	2008	2009
in CHF million		
Total interest income	217.8	194.5
Total interest expenses	-114.2	-94.2
Net interest income	103.6	100.3
Net commission and fee income	47.3	58.9
Trading income	-2.3	-0.7
Other income	4.0	0.3
Total operating income	152.6	158.8
Personnel expenses	-57.3	-58.7
Material expenses	-37.9	-35.1
Total operating expenses	-95.2	-93.8
Gross result	57.4	65.0
Result from losses and impairments for credit risks	0.0	0.9
Depreciation of intangible assets and property, plant and equipment	-4.5	-4.9
Annual result before taxes	52.9	61.0
Income taxes	-3.8	-9.5
Annual result (segment result)	49.1	51.5
ADDITIONAL INFORMATION		
	2008	2009
in CHF million		
Assets managed for third parties	8,426.4	5,500.7
Risk-weighted assets: banking activities	3,130.7	3,378.2
ASSET ALLOCATION		
	2008	2009
in CHF million		
Investment properties	-/-	-/-
Shares	1.6	6.4
Alternative financial assets	-/-	-/-
Fixed-income securities	328.6	340.9
Mortgage assets	5,337.4	5,723.0
Policy and other loans	283.0	313.0
Derivative financial instruments	21.1	20.8
Cash and cash equivalents	107.1	151.0
Total	6,078.8	6,555.1

Investment performance

INVESTMENT PERFORMANCE 2008¹

	Fixed-income securities	Shares	Investment properties	Mortgage assets, policy and other loans	Alternative financial assets, derivatives, cash and cash equivalents	Total
in CHF million						
Current income	867.3	161.9	240.4	741.7	41.8	2,053.1
Realised gains and losses and impairment losses recognised in profit and loss (net)	-498.1	-659.2	-4.2	20.8	577.0	-563.7
Change in unrealised gains and losses on equity	7.2	-1,277.2			-343.6	-1,613.6
Cost of investment management	-33.8	-7.5	-10.2	-13.5	-17.7	-82.7
Operational profit	342.6	-1,782.0	226.0	749.0	257.5	-206.9
Average investment portfolio	23,718.4	4,151.0	5,162.7	18,802.1	3,559.4	55,393.6
Performance in percent	1.4	-42.9	4.4	4.0	7.2	-0.4

INVESTMENT PERFORMANCE 2009¹

	Fixed-income securities	Shares	Investment properties	Mortgage assets, policy and other loans	Alternative financial assets, derivatives, cash and cash equivalents	Total
in CHF million						
Current income	898.5	86.0	246.7	682.4	7.6	1,921.2
Realised gains and losses and impairment losses recognised in profit and loss (net)	27.6	103.3	-19.6	-4.8	-257.7	-151.2
Change in unrealised gains and losses on equity	690.6	236.0			28.2	954.8
Cost of investment management	-27.9	-7.0	-10.8	-15.6	-11.6	-72.9
Operational profit	1,588.8	418.3	216.3	662.0	-233.5	2,651.9
Average investment portfolio	24,419.0	2,340.7	5,063.6	18,818.0	3,647.6	54,288.9
Performance in percent	6.5	17.9	4.3	3.5	-6.4	4.9

¹ Excluding assets for the account and at the risk of life insurance policyholders.

CURRENT INCOME, INSURANCE¹

	2008			2009		
	Nonlife	Life	Total	Nonlife	Life	Total
in CHF million						
Investment properties	45.6	188.9	234.5	44.4	194.1	238.5
Shares	33.4	127.9	161.3	17.1	68.6	85.7
Alternative financial assets	5.1	12.2	17.3	1.6	1.6	3.2
Fixed-income securities	192.5	652.3	844.8	189.9	696.6	886.5
Mortgage assets	13.7	170.7	184.4	13.9	155.5	169.4
Policy and other loans	47.3	330.6	377.9	46.9	304.6	351.5
Derivative financial instruments	-/-	-/-	-/-	-/-	-/-	-/-
Cash and cash equivalents	7.3	13.2	20.5	0.8	2.0	2.8
Total current income	344.9	1,495.8	1,840.7	314.6	1,423.0	1,737.6

REALISED GAINS AND LOSSES, INSURANCE¹

	2008			2009		
	Nonlife	Life	Total	Nonlife	Life	Total
in CHF million						
Investment properties	-0.5	0.0	-0.5	0.8	-15.3	-14.5
Shares	-184.0	-469.2	-653.2	21.9	81.1	103.0
Alternative financial assets	9.7	0.1	9.8	10.3	-3.7	6.6
Fixed-income securities	-82.9	-415.7	-498.6	6.4	21.5	27.9
Mortgage assets	0.5	-5.5	-5.0	-0.3	-2.0	-2.3
Policy and other loans	-0.9	-0.9	-1.8	1.7	-4.6	-2.9
Derivative financial instruments	96.4	479.7	576.1	-44.3	-215.6	-259.9
Cash and cash equivalents	-/-	-/-	-/-	-/-	-/-	-/-
Total capital gains and losses	-161.7	-411.5	-573.2	-3.5	-138.6	-142.1

ASSET ALLOCATION, INSURANCE¹

	2008			2009		
	Nonlife	Life	Total	Nonlife	Life	Total
in CHF million						
Investment properties	889.7	4,038.1	4,927.8	821.0	4,129.7	4,950.7
Shares	514.0	2,064.5	2,578.5	700.6	1,365.0	2,065.6
Alternative financial assets	297.8	1,298.7	1,596.5	300.9	1,069.4	1,370.3
Fixed-income securities	4,912.8	17,769.4	22,682.2	5,392.3	20,001.1	25,393.4
Mortgage assets	431.2	4,619.9	5,051.1	427.1	4,434.8	4,861.9
Policy and other loans	1,220.5	7,486.4	8,706.9	1,043.4	6,889.5	7,932.9
Derivative financial instruments	44.3	243.5	287.8	7.6	90.5	98.1
Cash and cash equivalents	336.4	718.2	1,054.6	447.6	1,451.1	1,898.7
Total	8,646.7	38,238.7	46,885.4	9,140.5	39,431.1	48,571.6

¹ Excluding assets for the account and at the risk of life insurance policyholders.

Bâloise Holding

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Income statement Bâloise Holding

	Note	2008	2009
in CHF million			
Income from participating interests		553.4	310.6
Interest and securities income	2	20.9	9.6
Other income	3	9.1	9.3
Total income		583.4	329.5
Administrative expenses	4	- 55.6	- 49.8
Interest expenses	5	- 32.9	- 43.8
Depreciation	6	- 5.8	- 0.3
Other expenses	7	- 9.2	- 6.0
Total expenses		- 103.5	- 99.9
Tax expenses		- 0.2	- 0.2
Profit for the period		479.7	229.4

Balance sheet

Bâloise Holding

	Note	31.12.2008	31.12.2009
in CHF million			
Assets			
Cash and cash equivalents		8.8	284.8
Treasury shares		35.2	111.4
Receivables from Group companies		51.0	71.5
Receivables from third parties		3.1	2.2
Accruals	8	29.7	24.0
Current assets		127.8	493.9
Participations	10	1,568.9	1,604.5
Loans to Group companies	9	30.0	64.1
Other financial assets		0.2	0.2
Non-current assets		1,599.1	1,668.8
Total assets		1,726.9	2,162.7
Equity and liabilities			
Share capital		5.0	5.0
Statutory reserve			
General reserve		11.7	11.7
Reserve for treasury shares		46.6	118.3
Other reserves		115.7	298.6
Retained earnings		480.4	230.2
Equity	12	659.4	663.8
Liabilities to Group companies		138.5	5.0
Liabilities to third parties		0.0	0.0
Bonds	11	900.0	1,442.5
Provisions		13.4	14.7
Accruals		15.6	36.7
Liabilities		1,067.5	1,498.9
Total equity and liabilities		1,726.9	2,162.7

Notes

Bâloise Holding

1. ACCOUNTING STANDARDS

The annual accounts of Bâloise Holding are produced in accordance with the regulations of the Swiss Code of Obligations.

Cash and cash equivalents

Cash and cash equivalents include cash in banks as well as cash equivalents such as call and time deposits or money market instruments, if these have an original maturity of less than 90 days.

Treasury shares

Treasury shares are posted at cost or at the lower fair value.

Receivables

Receivables are stated at face value net of necessary impairments.

Accruals

Accruals considers both expenses paid in advance for the new fiscal year, as well as income from the current fiscal year that will only be received at a later date. Included under the same heading are dividends decided on the balance sheet date by the Annual General Meeting of the subsidiaries. Bâloise Holding reports these as dividend claims.

Participations

Participations are recognised at cost net of requisite depreciation.

Loans to Group companies

Loans are valued at face value, factoring in requisite depreciation. Individual value adjustments are conducted according to the prudence principle for all identifiable risks.

Other financial assets

Marketable securities are recognised either at their purchase price or at fair value, with the lower of the two being applied.

Liabilities

Liabilities are recognised at face value.

Bonds

Bonds are recognised at face value. The emission costs, reduced in the amount of the premium, are charged in full to the income statement upon issue of the bond.

Provisions

Provisions are created to cover any risks according to the principles of prudent management.

Accruals

Accruals include income already received in respect of the new fiscal year and expenses for the current fiscal year which will only be at a later date.

NOTES TO THE INCOME STATEMENT

2. INTEREST AND SECURITIES INCOME

	2008	2009
in CHF million		
Income from treasury shares	19.0	4.2
Interest on loans to Group companies	0.9	1.1
Income from other financial assets	0.1	0.0
Other interest receivables	0.9	4.3
Total interest and securities income	20.9	9.6

3. OTHER INCOME

	2008	2009
in CHF million		
Income from services rendered	2.4	2.0
Other income	6.7	7.3
Total other income	9.1	9.3

4. ADMINISTRATIVE EXPENSES

	2008	2009
in CHF million		
Personnel expenses	-38.4	-29.4
Other administrative expenses	-17.2	-20.4
Total administrative expenses	-55.6	-49.8

5. INTEREST EXPENSES

	2008	2009
in CHF million		
Interest from bonds	-29.5	-42.6
Other interest expenses	-3.4	-1.2
Total interest expenses	-32.9	-43.8

6. DEPRECIATION

	2008	2009
in CHF million		
Depreciation on participations	-/-	-/-
Depreciation on treasury shares	-5.8	-0.3
Total depreciation	-5.8	-0.3

7. OTHER EXPENSES

	2008	2009
in CHF million		
Expenses incurred from services rendered	-1.7	-1.5
Other expenses	-7.5	-4.5
Total other expenses	-9.2	-6.0

NOTES TO THE BALANCE SHEET

8. ACCRUALS

Due to resolutions of the Annual General Meeting on 22 February 2010 of Baloise Asset Management Schweiz AG, Basel, and of Baloise Asset Management International AG, Basel, and on 9 March 2010 of Haakon AG, Basel, the accrued dividend claims (income from investments in associates) for the 2009 fiscal year were regarded as deferred expenses.

9. LOANS TO GROUP COMPANIES

	2008	2009
in CHF million		
Subordinated loan to Baloise Bank SoBa	30.0	30.0
Loan to Baloise (Luxembourg) Holding S.A.	-/-	34.1
Total loans to group companies	30.0	64.1

10. PARTICIPATIONS

Company	Total holding as of 31.12.2008	Total holding as of 31.12.2009	Currency	Share / corporate capital as of 31.12.2009
	in % ¹	in % ¹		in million
Basler Versicherung AG, Basel	100.00	100.00	CHF	75.0
Basler Leben AG, Basel	100.00	100.00	CHF	50.0
Baloise Bank SoBa AG, Solothurn	100.00	100.00	CHF	50.0
Baloise Asset Management Schweiz AG, Basel	100.00	100.00	CHF	1.5
Baloise Asset Management International AG, Basel	100.00	100.00	CHF	1.5
Haakon AG, Basel	74.75	74.75	CHF	0.2
Baloise Life (Liechtenstein) AG, Balzers	100.00	100.00	CHF	15.0
Baloise Beteiligungs-Holding GmbH, Bad Homburg	100.00	100.00	EUR	0.0
Baloise (Luxembourg) Holding S.A., Bertrange (Luxembourg)	100.00	100.00	CHF	249.9
Baloise Delta Holding S.à.r.l., Bertrange (Luxembourg)	100.00	100.00	EUR	150.0
Baloise Fund Invest Advico, Bertrange (Luxembourg)	100.00	100.00	EUR	0.1
Baloise Insurance Company (Bermuda) Ltd., Hamilton, Bermuda	100.00	100.00	CHF	5.0
Baloise Finance (Jersey) Ltd, St. Helier, Jersey	100.00	100.00	CHF	1.3
Basler osiguranje Zagreb d.d., Zagreb	100.00	100.00	HRK	45.0
Neživotno osiguranje "Basler" a.d.o., Belgrade	99.99	99.99	RSD	245.4
Životno osiguranje "Basler" a.d.o., Belgrade	99.99	99.99	RSD	174.9

¹ The holding is rounded down to the nearest percent.

For additional information on participations held directly by Baloise Holding see pages 140 and 141 of the 2009 Financial Report.

11. BONDS

AMOUNT	Interest rate	Issued	Maturity date
CHF 350 million ¹	2.375%	2004	20.12.2010
CHF 150 million	3.250%	2007	19.06.2012
CHF 550 million	4.250%	2009	29.04.2013
CHF 150 million	3.500%	2007	19.12.2014
CHF 242.5 million (convertible bond)	1.500%	2009	17.11.2016

¹ Raised by CHF 100 million in 2005.

12. CHANGES IN EQUITY

	31.12.2008	31.12.2009
in CHF million		
Share capital		
As of 1 January	5.4	5.0
Reduction through cancellation of shares as per AGM resolution	-0.4	-/-
Total share capital	5.0	5.0
Statutory reserves		
General reserve		
As of 1 January	11.7	11.7
Allocation	-/-	-/-
Total general reserve	11.7	11.7
Reserve for treasury shares		
As of 1 January	367.7	46.6
Reduction through cancellation of shares as per AGM resolution	-429.0	-/-
Withdrawal (carry forward to Other reserves) ²	-20.9	-/-
Allocation (carry forward from Other reserves) ¹	128.8	71.7
Total reserve for treasury shares	46.6	118.3
Total statutory reserves	58.3	130.0
Other reserves		
As of 1 January	153.2	115.7
Allocation from Retained earnings	70.4	254.6
Allocation (carry forward from Reserve for treasury shares)	20.9	-/-
Withdrawal (carry forward to Reserve for treasury shares)	-128.8	-71.7
Total other reserves	115.7	298.6
Retained earnings		
As of 1 January	314.1	480.4
Dividend distribution	-243.0	-225.0
Addition to unappropriated reserves	-70.4	-254.6
Profit for the period	479.7	229.4
Total retained earnings	480.4	230.2
Total equity	659.4	663.8

1 Baloise Group companies purchased during the reporting period (not including the share buy-back via the secondary trading line) a total of 1,222,419 shares at an average price of CHF 81. During the reporting period they sold 329,909 shares at an average price of CHF 87 and together held a total of 1,247,787 Baloise Holding shares as of 31 December 2009. The balance of Baloise Holding shares acquired via the secondary trading line amounted to 223,565 shares, as in the previous year. These shares are stated in the balance sheet item "Treasury share".

2 Depreciation of the Baloise share to fair value as of 31 December 2007.

13. SIGNIFICANT SHAREHOLDERS

Only one shareholder group holds more than 5 % of outstanding Baloise shares as of 31 December 2009. The following table provides information on the current shareholder structure as of 31 December 2009 (figures rounded).

	Total holding as of 31.12.2008	Share of voting rights as of 31.12.2008	Total holding as of 31.12.2009	Share of voting rights as of 31.12.2009
in percent				
Shareholders				
Chase Nominees Group ¹	9.5	2.0	7.9	2.0
Signal Iduna Gruppe	-/-	-/-	5.2	2.0
BlackRock Inc	-/-	-/-	4.2	0.0
Mellon Bank N. A. ¹	3.1	0.0	4.0	0.0
Nortrust Nominees Ltd. ¹	3.4	0.0	3.2	0.0
UBS Group	2.4	<2.0	2.1	<2.0
State of New Jersey Common Pension Fund	-/-	-/-	2.0	2.0
Barclays Group	2.9	<2.0	<2.0	<2.0

¹ Custodian nominees who hold shares in trust for third parties are added to the free float pursuant to the SIX Exchange regulations. Such shareholder groups are not subject to registration pursuant to stock exchange law.

14. CONTINGENT LIABILITIES

As of 31 December 2009, the guarantee liabilities amount to CHF 128.6 million (previous year: CHF 131.8 million).

A purchase price retention of EUR 5 million to cover any guarantee claims was agreed with the sellers of Osiguranje Zagreb in the purchase agreement. The sum is deposited in escrow at a bank. Furthermore, possible supplementary purchase price payments (earn-outs) were agreed. The amounts depend on the premium growth and net profits of Osiguranje Zagreb in the years 2007, 2008 and 2009. However, these additional payments amount to a maximum of EUR 20 million.

Baloise Holding issues the following letter of comfort: as owner of Baloise Life (Liechtenstein) AG, Baloise Holding, Basel, warrants that its subsidiary, Baloise Life (Liechtenstein) AG is able to meet its financial obligations to its customers, arising from RentaSafe, BelRenta Safe, RentaProtect and RentaSafe Time contracts, in particular guarantee pledges, in full at any time.

Baloise Holding is jointly liable for value-added tax due with all companies which, under the leadership of the Baloise Insurance Ltd, are subject to group taxation.

15. PAYMENTS IN ACCORDANCE WITH OR (SWISS CODE OF OBLIGATIONS) ARTICLES 663B^{BIS} AND 663C

Information on remuneration to the Board of Directors or persons fully or partially entrusted with management duties by the Board of Directors is stated in the Baloise Group's Consolidated Annual Financial Statements.

16. DETAILS ABOUT THE PERFORMANCE OF A RISK ASSESSMENT

Details about the performance of a risk assessment can be obtained from Chapter 5, "Management of insurance and financial risks," in the Baloise Group's Consolidated Annual Financial Statements.

Appropriation of retained earnings as proposed by the Board of Directors

RETAINED EARNINGS AND APPROPRIATION OF EARNINGS

Retained earnings amount to CHF 229,399,605.78.

The Board of Directors proposes to the Annual General Meeting the appropriation of retained earnings in accordance with the table below.

	2008	2009
in CHF		
Profit for the period	479,660,306.82	229,399,605.78
Earnings carried forward	701,827.32	762,134.14
Retained earnings	480,362,134.14	230,161,739.92
Proposals by the Board of Directors		
Appropriation to unappropriated reserves	- 254,600,000.00	- 4,400,000.00
Dividends	- 225,000,000.00	- 225,000,000.00
Retained earnings to be carried forward	762,134.14	761,739.92

The distribution of profits complies with the provisions of §30 of the Articles of Incorporation. Distribution per share equals CHF 4.50 gross or CHF 2.92 net of withholding tax.

Glossary

→ Actuarial reserves

Actuarial reserves refer to provisions for current insurance policies in the life insurance segment.

→ Annual premium equivalent (APE)

The annual premium equivalent is the insurance industry standard for measuring the volume of new life insurance business. It is calculated as the sum of all annual premiums from new business and 10 % of single premiums of the reporting period.

→ Assets managed for third parties

Assets held in trust for customers and partners.

→ Baloise

“Baloise” stands for “Baloise Group”, “Baloise Holding” for “Baloise Holding Ltd”. By Baloise share we mean the share of Baloise Holding Ltd.

→ Brokers

Insurance brokers are independent insurance intermediaries. These are companies or individuals who are not tied to any insurance company when placing contracts. They receive commission for the insurance contracts they conclude.

→ Business segment

Similar or related operating activities are grouped together in business segments. These are: nonlife, life, banking (including asset management) and other activities. The business segment “Other activities” includes, in particular, holding, property and investment companies.

→ Business volume

Business volume includes premium income from the nonlife and life insurance business and from unit-linked life insurance policies during the reporting period. Due to the underlying accounting principles of the Baloise Group, the latter may not be disclosed as income in the consolidated financial statements.

→ Claims incurred

Claims incurred comprises insurance claims paid out during the fiscal year, reserves formed in connection with unsettled claims, the dissolution of reserves for claims that no longer have to be settled or do not have to be paid in full, the costs of processing claims, as well as the performance of related provisions.

→ Combined ratio

Ratio of nonlife insurance business, expressing the sum of claims incurred (loss ratio), costs (expense ratio) and profit-sharing (profit-sharing ratio) in relation to premiums. This ratio is used to assess the profitability of the nonlife insurance business.

→ Deferred tax assets and liabilities

Probable future tax expenses and tax relief, resulting from temporary differences between the reported value of assets and liabilities, as disclosed in the consolidated financial statements, and their tax value. The calculation is based on country-specific tax rates.

→ Embedded value

The embedded value determines the value of the life insurance portfolio for the shareholder on the balance sheet date. It is calculated using the three components:

- adjusted equity
- value of insurance portfolio
- less solvency costs.

➔ **Expense ratio**

The ratio of the cost of nonlife insurance business to premiums, expressed in percent.

➔ **Fixed-income securities**

Securities (primarily bonds), yielding interest at a fixed rate during their whole term.

➔ **Gross**

In the annual report of an insurance company, “gross” stands for a balance sheet or income statement item before the deduction of of reinsurance.

➔ **Group life business**

Insurance policies taken out by companies or their Employee Benefit Units on behalf of their employees as part of their company pension plans.

➔ **IFRS**

Since 2000, the Baloise Group has prepared its consolidated annual financial statements in accordance with IFRS International Financial Reporting Standards (formerly IAS International Accounting Standards).

➔ **Impairment (impairment loss)**

Impairment of an asset recognised in profit and loss. Whether the carrying value of an asset is greater than its recoverable amount is determined using an impairment test. If necessary, the asset is impaired down to the recoverable amount and recognised through profit and loss.

➔ **Insurance benefits**

The benefits provided by the insurer in connection with the occurrence of an insured event.

➔ **Investment performance**

The performance measures the business success of investments. Gains, losses, income, expenses, as well as changes to as yet unrealised gains and losses, as set out in the income statement related to the average balance of the investments.

➔ **Investment-type life insurance**

Life insurance policies where policyholders invest their savings for their own account and at their own risk.

➔ **Investment-type premiums**

Premium income from life insurance policies where insurance companies invest the policyholder’s savings for the latter’s own account and at the latter’s own risk. In accordance with the International Accounting Standards applied by the Baloise Group, the savings that are part of this premium income may not be disclosed as income in the income statement.

➔ **Legal quota**

Fixed statutory or contractual percentage requiring life insurance companies to pass on a certain percentage of earnings to the policyholders.

➔ **Loss ratio**

The ratio of claims incurred to premiums, expressed in percent.

➔ **Loss reserve**

Provisions for claims that have not been settled at year-end.

➔ **Minimum interest rate**

Minimum required interest rate for the respective savings balance of company pension plans.

➔ **Net**

In the annual report of an insurance company “net” stands for a balance sheet or income statement item after the deduction of reinsurance.

➔ **New business margin**

Value of new business divided by the annual premium equivalent (APE).

➔ **Non-recurrent deposits**

Non-recurrent deposits finance life insurance policies with a one-off deposit made when the policy begins. Primarily used as a financing tool for asset-building life insurance, with special emphasis on profitability and security aspects.

➔ **Periodic premiums**

Periodically recurring premium income (see definition of “premium”).

➔ **Policyholders’ dividends**

Annual, non-guaranteed policyholder benefits from a life insurance policy which are granted when – compared with the assumptions that underlie the premium calculation – earnings are higher and/or risk and cost behaviour patterns are more favourable.

➔ **Premium**

The amount paid by the policyholder to cover the cost of insurance.

➔ **Premiums earned**

The proportion of the policy premium allocated to the risk covered by an insurer during the fiscal year, i. e. premium less change in unearned premium reserves.

➔ **Profit after taxes**

Profit after taxes is the final consolidated sum of all earnings and expenses, less borrowing costs, as well as current and deferred income taxes. Profit after taxes includes the proportion of minority interests in the result.

➔ **Profit-sharing ratio**

Index expressing the profit-sharing/premium ratio. Profit sharing is a rebate granted to policyholders in the nonlife business due to profitable business.

➔ **Provisions**

Evaluation of future insurance benefits from identified and not yet identified claims, which are disclosed as liabilities in the balance sheet.

➔ **Reinsurance**

If the insurance company does not want to carry the full risk from an insurance policy or an entire portfolio of policies, it passes on part of the risk to a reinsurance company or another direct insurer. However, the primary insurer still has to indemnify the policyholder for the full risk.

➔ **Return on equity**

Calculated return on the equity of a company during the fiscal year. Return on equity is calculated by taking the profit generated during the fiscal year and dividing it by average equity.

➔ **Run Off business**

Policy portfolio that has ceased to accept new policies, with existing policies expiring successively.

➔ **Segment**

Financial reporting at the Baloise Group is carried out in accordance with International Financial Accounting Standards (IFRS), which requires similar transactions and business activities to be grouped and presented together. The bundled business activities are presented in “segments,” by geographic regions and business segments.

➔ **Share buy-back programme**

Procedure approved by the Board of Directors under which the company itself may repurchase outstanding shares. In Switzerland, these buy-backs are carried out through a separate trading line.

➔ **Shares issued**

Total number of shares that a company has issued. The total number of shares issued, multiplied by their face value is the nominal share capital of the company.

➔ **SLI**

The Swiss Leader Index comprises the 30 largest and most liquid securities in the Swiss equity market.

➔ **Scoring**

Scoring stands for statistical analyses, whereby risk estimates based on experience values are derived from data collected. Insurers apply scoring in order to tariff equitably.

➔ **Solvency**

Required minimum capital for insurance companies specified by the regulatory authorities, to cover business risks (investments, claims). As a rule, this requirement is specified at a national level and may differ from country to country.

➔ **Technical reserves**

On the balance sheet, insurers disclose the value of future benefits they expect from the existing insurance policies, calculated at the present time. The value is computed using recognised principles.

➔ **Technical result**

The technical result includes a comparison of all expenses and income from the insurance business. Expenses and income unrelated to the insurance business and revenue from investments are not included in the technical result.

➔ **Unearned premium reserves**

Accrued portions of the written premiums that have been charged for periods after the balance sheet date.

➔ **Unrealised gains and losses (charged to equity)**

Unrealised gains and losses are gains or losses charged to equity, which are not recognised in profit or loss and result from the valuation of assets. These are charged to equity after deducting deferred tax assets and liabilities and deferred policyholders’ dividends (life insurance business). These gains or losses are only transferred to the income statement upon disposal of the underlying asset or upon impairment (impairment loss).

➔ **Value of new business**

The value of new business transacted during the reporting period, valued at the time the policy is issued.

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Information on the Baloise Group

The 2009 Annual Report is published in German and English.

The 2009 Financial Report contains the audited 2009 annual financial statements with detailed information. It is available in German and in English. The German version is binding.

AVAILABILITY AND ORDERING

The 2009 Annual Report and the 2009 Financial Report are available on the Internet at www.baloise.com/annualreport as of 18 March 2010.

Corporate publications can be ordered via the Internet or from the Baloise Group, Corporate Communications, Aeschengraben 21, CH-4002 Basel.

INFORMATION FOR SHAREHOLDERS AND FINANCIAL ANALYSTS

You can find detailed information and data on the Baloise share, the IR agenda, the latest presentations and how to contact Investor Relations on the Internet at www.baloise.com/investors. The information is available in German and English.

INFORMATION FOR MEDIA REPRESENTATIVES

At www.baloise.com/media you will find the latest media releases, presentations, reports, pictures and podcast files of various Baloise events as well as media contact details.

NOTE ON FORWARD-LOOKING STATEMENTS

This publication is intended to provide an overview of Baloise's business performance. It contains forward-looking statements including forecasts of future events, plans, goals, business developments and results based on the current expectations and assumptions of Baloise management. These forward-looking statements should be used with due caution as they contain both known and unknown risks. They also contain uncertainties and may be affected adversely by other factors. In consequence, business performance, results, plans and goals could differ materially from those presented explicitly or implicitly in these forward-looking statements. Influencing factors include (i) changes in the overall state of the economy, especially in key markets; (ii) financial market performance; (iii) competitive factors; (iv) changes in interest rates; (v) changes in exchange rates; (vi) changes in the statutory and regulatory framework including accounting standards; (vii) frequency and magnitude of claims and development of claims history; (viii) mortality and morbidity rates; (ix) renewals and maturity of insurance policies; (x) legal disputes and administrative proceedings; (xi) departure of key employees; (xii) negative publicity and media reports.

Baloise assumes no obligation to update or revise these forward-looking statements, to consider new information, future events etc. The past performance of Baloise is no indication of future results.

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Publisher Baloise, Corporate Communications

Concept, design Eclat, Erlenbach (ZH)

Photography Philipp Rohner and Stephan Knecht, Zurich / Guy Jost, Bern.

Diary styling Sara Reinmann, Buchs (AG)

Publishing system Multimedia Solutions AG, Zurich

Printing UD Print AG, Lucerne



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18.3.2010	Annual results: media conference telephone conference financial analysts
23.4.2010	Bâloise Holding Ltd Annual General Meeting
26.8.2010	Half-year results: telephone conference media / financial analysts
22.3.2011	Annual results: media conference telephone conference financial analysts
29.4.2011	Bâloise Holding Ltd Annual General Meeting

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