



Helvetia Group

**Annual
Report
2015**

Your Swiss insurer.

helvetia 

Grown together

The image of the tree on the cover illustrates how Helvetia and Nationale Suisse have grown together. Two have become one. Helvetia is now deeply rooted, receptive and open to future challenges.

Last year's reluctant convergence has given way to sustainable relationships between the employees of Helvetia and the former Nationale Suisse. We are therefore concluding this Annual Report by addressing the coalescing of two cultures and portraying the pairs and groups that are now paving a shared way forward as a strong team. A team that appreciates the benefits – and changes – that come from something new and is able to capitalise on them.

The merger has given way to predominantly positive aspects. The willingness of all employees to accept the new and unknown has been rewarded. Teams have come together, productive discussions have taken place, strengths have been pooled, new friendships and valuable networks have emerged, the product range has been supplemented in a practical manner, new values have been jointly defined and knowledge has been shared. These stories are supported symbolically with pictures from nature. The symbolism underscores the convergence and growing together of two elements into one interwoven entity. This benefits everyone involved – employees, customers and shareholders.

Helvetia can now move boldly into the future – with the knowledge of this capable, growing partnership.

Profile

Helvetia Group with headquarters in Switzerland has grown over the past 150 years to become a successful international insurance group. Alongside its home market of Switzerland, its core geographic markets also include Germany, Italy, Austria and Spain, which form the “Europe” market area. Helvetia is active in the life and non-life business in these markets. In addition to these markets, Helvetia also offers tailored specialty lines coverage and reinsurance via the “Specialty Markets” market area in France and through selected destinations worldwide. It has 6,675 employees providing services for more than 4.7 million customers and achieved a business volume of more than CHF 8.2 billion for the 2015 financial year. Helvetia attaches great importance to a practical geographic diversification and a good balance between the profitable non-life business, the high-potential life and pensions business and the promising international specialty lines business. The registered shares of Helvetia Holding AG are traded on the SIX Swiss Exchange.

	2015	2014	Change	More details on page
Key share data Helvetia Holding AG				
Group underlying earnings per share in CHF	42.1	46.2	-8.9%	40
Group profit for the period per share according to IFRS in CHF	29.0	43.0	-32.6%	40
Consolidated equity per share in CHF	470.4	503.2	-6.5%	40
Price of Helvetia registered shares at the reporting date in CHF	566.0	474.0	19.4%	40
Market capitalisation at the reporting date in CHF million	5 628.9	4 687.6	20.1%	40
Number of shares issued	9 945 137	9 889 531		173

in CHF million	in Group currency			
Business volume				
Gross premiums life	4 311.1	4 614.5	-6.6%	89
Deposits received life	148.0	153.0	-3.3%	89
Gross premiums non-life	3 532.7	2 789.2	26.7%	137
Active reinsurance	243.5	209.9	16.0%	102
Business volume	8 235.3	7 766.6	6.0%	89

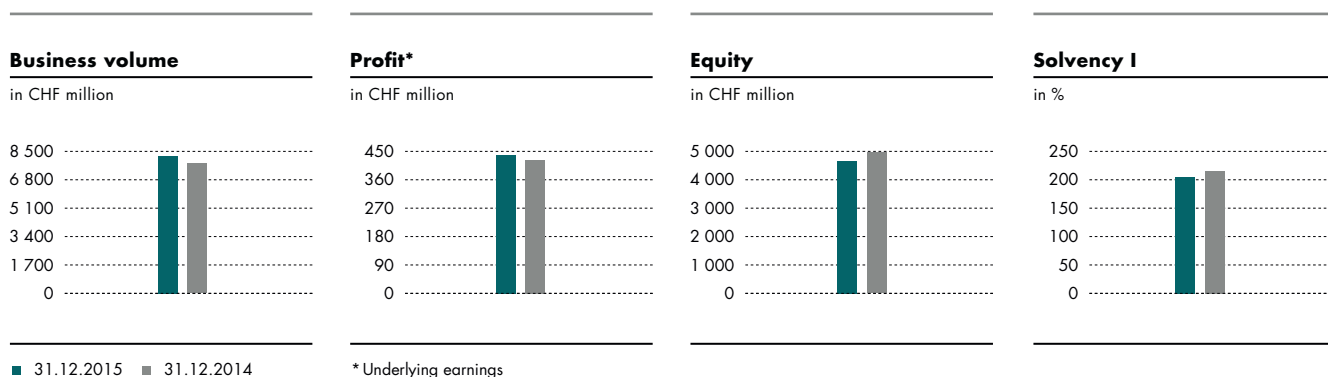
Key performance figures				
Underlying earnings life business	175.7	151.2	16.1%	90
Underlying earnings non-life business	331.8	272.5	21.8%	90
Underlying earnings Other activities	-68.5	-2.0	n.a.	90
Underlying earnings of the Group after tax	439.0	421.7	4.1%	90
IFRS earnings of the Group after tax	309.5	393.3	-21.3%	90
Investment result	1 185.4	1 476.9	-19.7%	144
of which investment result from Group financial assets and investment property	1 105.6	1 275.4	-13.3%	97

Key balance sheet figures				
Consolidated equity (without preferred securities)	4 655.3	4 963.1	-6.2%	108
Provisions for insurance and investment contracts (net)	41 143.0	41 275.0	-0.3%	-
Investments	47 939.0	48 018.0	-0.2%	97
of which Group financial assets and investment property	45 036.3	44 843.4	0.4%	-

Ratios				
Return on equity ¹	8.9%	9.6%		16
Reserve to premium ratio non-life	154.4%	193.2%		-
Combined ratio (gross)	91.7%	91.1%		-
Combined ratio (net)	92.1%	93.5%		92
Direct yield	2.2%	2.5%		97
Investment performance	1.6%	7.7%		98
Solvency I	205%	216%		91

Employees				
Helvetia Group	6 675	7 012	-4.8%	29
of which Switzerland	3 478	3 752	-7.3%	29

¹ Based on the underlying earnings per share (including interest on preferred securities through profit and loss) divided by the average shareholder capital (equity before preferred securities).



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FINANCIAL YEAR 2015

ANOTHER DIVIDEND INCREASE

CHF 19.00



Thanks to the solid business performance, the Board of Directors is proposing to the Shareholders' Meeting to increase the dividend to CHF 19.00, which is almost 6% more than in the previous year. The payout ratio based on the underlying earnings is 45%, or 66% based on the IFRS earnings after taxes.

STRONG PROFIT GROWTH IN THE CORE BUSINESS AREAS OF NON-LIFE AND LIFE INSURANCE

+22% / +16%



Helvetia Group showed convincing underlying earnings of CHF 439 million after taxes, an increase of 4.1% on the previous year. Earnings were driven by the technically strong non-life business which posted a profit increase of around 22%. The life insurance business also improved its earnings by 16% year-on-year. Although exchange rate effects burdened the result for Europe, all market areas contributed to this earnings growth, which was supported by the recent acquisitions.

COMBINED RATIO

92.1%



The net combined ratio improved to 92.1%, once again exceeding the Group's target of 94% to 96%.

INTEGRATION "ON COURSE" / NEW STRATEGY ADOPTED

"ON COURSE"



Helvetia achieved important successes with its integration measures in the 2015 financial year. The integration of Nationale Suisse and Basler Austria has largely been finalised. All important milestones have been reached, including the full takeover, mergers of the legal units in Switzerland, Austria and Spain, and the launch of joint sales with an integrated product range under a single brand. The legal mergers in the European market units should be completed by the end of 2016; the life units in Italy will be merged in 2017. Helvetia has already achieved synergies of CHF 45 million. Based on its strengths, Helvetia is setting new objectives for the next period: The helvetia 20.20 strategy places an even greater emphasis on customers. It makes the company more digital, more agile and more valuable.

STRONG VOLUME INCREASE FOR PROFITABLE NON-LIFE BUSINESS

+35%



In the reporting year 2015, Helvetia generated business volumes at Group level of CHF 8,235 million, which equals an increase of 11% in original currency¹. The positive effects of the acquisitions left their mark on the profitable non-life business: premium volumes rose by around 35%, and in Switzerland by as much as 73%. The European units and Specialty Markets also boasted double-digit growth rates. In the life business, Helvetia improved its sales of modern products by around 5%, but sales of traditional products were curtailed.

¹ Original currency is abbreviated to OC in the following.



Stefan Loacker Chief Executive Officer
Pierin Vincenz Chairman of the Board of Directors

Ladies and Gentlemen,

For the Helvetia Group, the 2015 financial year was dominated by the integration of Nationale Suisse and Basler Austria. We are proud of what the company has achieved in the past few months, as by now we have passed all important milestones and are already operating almost fully as the strengthened “new” Helvetia. We are actually ahead of schedule with the achievement of our synergy objectives: we have already realised synergies of CHF 45 million on both acquisitions through savings on personnel and non-personnel costs. We therefore clearly outstripped the target for the first year of our new, integrated Group.

In operational terms, too, Helvetia posted a convincing business performance in 2015, supported by the successful acquisitions of the previous year.

Underlying earnings improved by 4 percent on 2014 to CHF 439 million. Earnings were driven by the technically strong non-life business which posted a profit increase of 22 percent to CHF 332 million. This increase results from an improved technical result as well as the volumes contributed by the acquisitions. The net combined ratio improved to 92.1 percent, once again clearly exceeding the target of 94 percent to 96 percent. The life insurance result also increased by 16 percent to CHF 176 million. At CHF -69 million, the result for other activities, however, was down on the previous year. This is largely due to the lower technical result in the Group reinsurance caused by the unfavourable claims experience of the foreign portfolios of the former Nationale Suisse (on Group reinsurance). We are currently adjusting our reinsurance structure and are consistently cleaning up these portfolios.

The IFRS result, which is temporarily distorted by the accounting effects of the acquisitions, was CHF 309.5 million (2014: CHF 393.3 million).

In 2015, Helvetia generated business volume of CHF 8,235 million, which equals an increase of 11 percent in original currency (OC). The profitable non-life business showed the impact of the acquisitions: premium volume rose by 35 percent to CHF 3,776 million, and in Switzerland by as much as 73 percent. Because of the curtailment of sales of traditional products, the sales volume of CHF 4,459 million in life business was around 4 percent (in OC) less than in the previous year. Helvetia posted growth for the modern products.

Helvetia still has a strong capital base: on 31 December 2015, the Solvency I ratio was 205 percent, while the SST ratio for the first half of 2015 was within the target range of 150 to 200 percent. The return on equity calculated on the basis of underlying earnings is 8.9 percent.

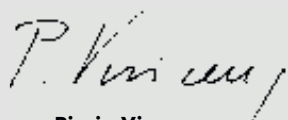
Thanks to this good performance, Helvetia can continue its attractive dividend policy. The Board of Directors is proposing that the Shareholders' Meeting increase the dividend to CHF 19.00 per share, almost 6 percent more than in the previous year.

The strategy period for "Helvetia 2015+", which we implemented successfully over the past five years, ended with the 2015 financial year. We noticeably expanded our market position and generated currency-adjusted growth of more than 30 percent. The bigger non-life component contributes to an optimised business mix. We also grew our earnings by almost 30 percent and the dividend by 31 percent, and further improved value for our customers.

Helvetia is in a position of strength. With the new helvetia 20.20 strategy we are addressing the challenges of our time and making use of our opportunities. Helvetia is becoming more modern, more digital and more agile. We will systematically continue to develop the Group and create added value for our customers, employees and shareholders. Fit for the future, while remaining reliable and predictable – this is the position we are targeting with the new strategy.

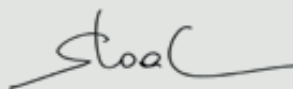
The employees are the key to the successful implementation of helvetia 20.20. We would like to thank them, not only for their great dedication in the past, but also for the enthusiasm and drive with which they are tackling the upcoming tasks. We thank our customers for their loyalty and you, dear shareholders, for your consistent trust in Helvetia.

Yours sincerely



Pierin Vincenz

Chairman of the Board of Directors



Stefan Locker

Chief Executive Officer

Your Swiss insurance

Helvetia is active in the life, non-life and reinsurance sectors, with some 6,675 employees providing services for more than 4.7 million customers. With a business volume of more than CHF 8.2 billion, Helvetia generated a net profit of CHF 439.0 million in financial year 2015.

Our markets / segments

In addition to its very strong Swiss home market, which is a segment in its own right, Helvetia continues to focus on the European country markets in Germany, Austria, Spain and Italy (Europe segment). The third segment is our global specialty market niche business (France, Active Reinsurance, Specialty Lines Switzerland / International). Read more about this on [page 23](#).

Our services / product portfolio

Helvetia is a quality-oriented all-lines insurer with over 150 years of experience. Whether the need is for private or occupational pension plans, non-life insurance or mortgages: Helvetia offers a comprehensive range of products from a single source for private individuals and SMEs. Read more about this from [page 24](#).

Our employees

Helvetia considers dedicated employees who are well trained and competent to be key factors in its success. Read more about this on [page 28](#).

Our sales channels / our partners

Helvetia's sales structures are optimised for specific countries. It has numerous strong sales partnerships which it has been able to continuously expand in recent years. The multi-channel approach will be further expanded in all country markets in the coming years. Read more about this on [page 30](#).

Our customers

We see every customer relationship as a personal partnership, sustained by professionalism, understanding and mutual trust. Read more about this on [page 30](#).

Our environment

Helvetia has a voluntary and broadly diversified engagement in the areas of culture, society, education, recreation, the environment and the economy. Read more about this on [page 36](#).

Our investors

It reduces the risks for investors and customers with its long-term focus and efficient risk and investment management processes, while growing consistently, maintaining sustainable profitability and minimising earnings volatility. Helvetia pursues a sustainable dividend policy and its primary aim is to pay out increasing dividends every year. Read more about this on [page 38](#).

Our risk management

Risk management ensures that sufficient risk-bearing capital is available at all times to cover the risks assumed. Read more about this on [page 41](#).

Our investment management

Using a sustainable investment policy tailored to its liabilities, Helvetia generates attractive investment returns with limited risk exposure. Read more about this on [page 46](#).

Our corporate governance principles

Helvetia considers good corporate governance to be very important. It is systematically geared to the Group's strategy and positioning and integrated into day-to-day work. Read more about this on [page 57](#).

6,675

Our employees
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Our corporate governance principles
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Our investment management
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Our investors
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Our risk management
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Our markets
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Our customers
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Our sales channels /our partners
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Our services / product portfolio
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4.7 million

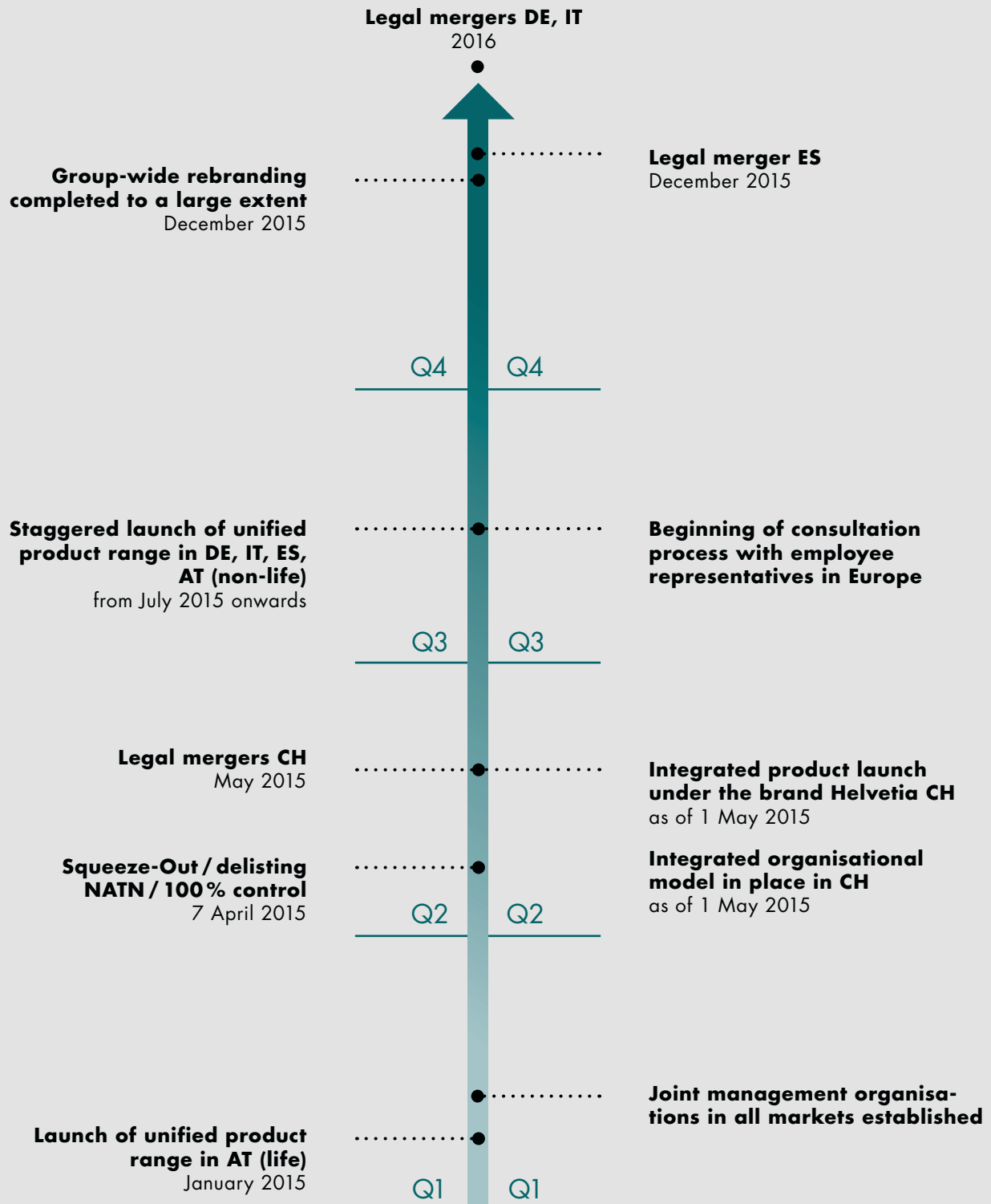


Our environment
Page 36



Transaction completed, integration on track

Completion of merger of life units in Italy
Scheduled in 2017



Integration of Nationale Suisse – review by the project managers

The integration of Nationale Suisse went ahead at full speed in 2015. Marc von Wartburg, Group Project Manager, and Uwe Bartsch, Integration Project Head for Helvetia Switzerland, discuss the progress made.

Marc von Wartburg
Group COO and
Group Integration Project Head

I am very happy looking back on 2015: we have done much with the help of many motivated colleagues in Switzerland and abroad and are well on course with the integration of Nationale Suisse. It is difficult to limit this discussion to just a few highlights! We worked in four country markets and on all Group functions at the same time and every integration sub-project focused on its own area. For me, the dependencies were very important. Every time a new and critical dependency came up, such as the need to coordinate merger dates and adjustments to IT systems, we had to bring together representatives from many different areas and develop, prioritise and adopt mutual solutions. Finding a good balance between the milestones set by the Group and local conditions was of central importance, as the legal framework conditions in Switzerland are very different from those in the European markets. In addition to technical issues such as objectives, milestones, clear-cut project structures and the strong involvement of top management, I tried from the outset to create a constructive work atmosphere for the international core team. With this foundation, we mastered many difficult situations.

In summer 2014, the core team prepared the basic structure of the integration project, and once the offer was accepted, the target organisation was defined. In 2015, the focus initially fell on the future positioning, product range and operations of Helvetia as well as integration planning and synergies. Helvetia reached an important milestone in April 2015 when it acquired control of 100% of the shares of Nationale Suisse. The group units of Nationale Suisse in Switzerland were then merged with the Helvetia companies. Once the legal transaction was finalised, the new structure was implemented in Switzerland and the new sales organisation and integrated product range were launched. The consolidation of the organisation is still ongoing.



We are also consistently implementing the merger in the European units. The integration has been successfully finalised in Germany and met with very good market reception. In Spain we implemented important legal and operational mergers a few weeks ago. We are also on track in Italy and will almost fully implement the merger in 2016. Only the merger of the life entities will take place in 2017. Product ranges and distribution partnerships were expanded in all markets to focus on growth and earnings.

Uwe Bartsch

Head of Business Development, member of the Executive Management Switzerland and Integration Project Head for Helvetia Switzerland

Much has been achieved with the integration of Nationale Suisse in the past year. We reached the biggest achievement on 1 May with the launch of joint sales of the integrated product range. Everybody in Switzerland watched the changing of the neon signs, billboards and all the other logo elements. We reached another milestone in autumn with the IT migration of the non-life retail business.

With the launch of joint sales, the new organisational charts for the sales force and office staff also entered into force. The organisation proved to be very stable on the whole. The employees in Switzerland have been growing into the new structures and changed environment since May last year. As the Swiss project manager I am especially pleased that everybody is handling the situation in a constructive manner. I have noticed this positive approach and willingness to create something new since the beginning of the integration project.

There were quite a few obstacles to negotiate with the merging of the organisation and before the sales

launch of the integrated product range. For example, one of our objectives was to make sure that our customers were not affected by the internal changes at Helvetia, but continued to enjoy the usual quality of services. The heavy workloads that employees had to shoulder throughout the year should also not be underestimated, and some other projects suffered from resource shortages as a result of the integration.



We managed to successfully master these challenges, among other things because of the experience gained with similar projects, such as the integrations of Alba, Phenix and SEV and the merger with Patria. Speed is always one of the success factors: the future aspects should be clarified as soon as possible for all areas, for example management structure, processes, product range and naturally also with employees. In managing the integration project, I placed particular emphasis on the interconnectedness of the different sub-project managers. It is also important to manage such a project with agility and flexibility, since the project manager cannot plan all topics and activities. The decisive factor here was the great commitment of the sub-project managers, all of whom worked very independently. At the same time a simple project structure is needed, with clearly defined responsibilities and objectives for the sub-project managers.

Thanks to this step taken in 2015, Helvetia has an excellent position in the Swiss market. We substantially improved our market presence, not only with a bigger sales force but also with the new online channel smile.direct. Our customers also benefit from a broader range of products. Here I am thinking specifically of art insurance and accident and sickness daily benefits insurance for corporate customers.

Group strategy

The Helvetia Group has been synonymous with reliable insurance services for more than 150 years. Our success is based on our combination of selected markets, attractive insurance solutions and the pursuit of sustainable growth. Our technical discipline, cost consciousness and prudent investment strategy have proven their worth. This is all supported by a solid capital base.

“Helvetia 2015+” strategic ambition

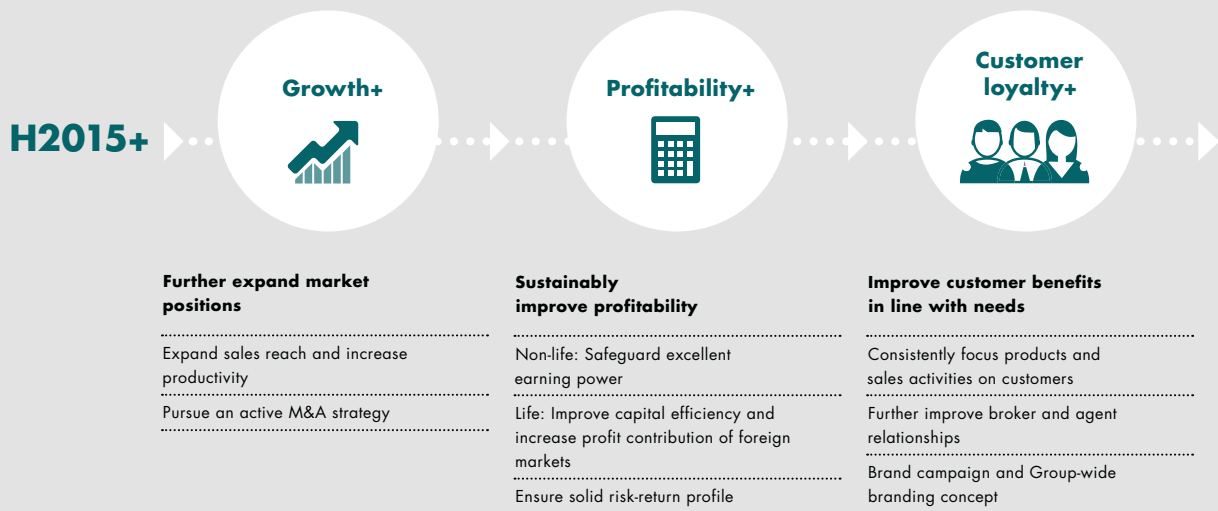
Helvetia defines its strategy for five years at a time. The “Helvetia 2015+” strategy period thus ended at the end of the 2015 financial year. The “Helvetia 2015+” strategic ambition aimed to dynamically and sustainably strengthen the value of our business portfolio in selected European markets. We underlined our ambition with the guiding principle: “First in growth, profitability and customer loyalty”.

The “Helvetia 2015+” strategy was successful

Since the beginning of the “Helvetia 2015+” strategy period in 2010, we were confronted by market distortions and economic challenges in an environment overshadowed by the financial and sovereign debt crisis. To counter these problems, the central banks applied, and are still applying, expansive monetary policy, resulting in persistent and to some extent accentuated low interest rates. At the same time, we are beginning to see a tentative but sustained economic recovery in the markets in which we operate: all our core markets reported positive economic growth for the first time again in 2015.

Looking back, we successfully implemented our strategy in this challenging climate and managed to achieve our goals in each of the three strategic fields of growth, profitability and customer loyalty.

Our strategic ambition



Growth

Strengthen market position further

Thanks to the successful implementation of our growth ambition, we increased our business volume by 34% in OC from 2010 to 2015. This volume growth was not only supported by our own successful marketing activities, but also boosted considerably by acquisitions.

Following the acquisitions of Nationale Suisse and Basler Austria, our business volume increased by 6% on the previous year in 2015 alone. However, this growth was hampered by the excessive strengthening of the Swiss franc following the scrapping of the euro floor by the Swiss National Bank in January 2015. Adjusted for currency effects, business volume therefore actually increased by 11%.

The encouraging growth reported during the strategy period is mostly reflected in the profitable non-life business where premiums rose by 68% in currency-adjusted terms. All country markets made a positive contribution to this increase. Growth was also boosted sharply by the acquisition of Nationale Suisse, following which non-life premium volume grew by 35% in the 2015 financial year alone.

During the strategy period, the life business was shaped by the – sometimes very pronounced – effects of the low interest rate environment. As a result, growth of 13% was lower than in the non-life business. The product focus shifted to the sale of modern, capital-efficient insurance solutions. These include investment-linked products with the investment risk borne by the policyholder as well as products where Helvetia assumes the customer's investment risk but hedges the risk through a third-party guarantee. The volume for these products increased by 15% in OC from 2010 to 2015.

With our active M&A strategy we considerably strengthened our market position in all country markets since 2010. This was supplemented by organic growth.

Growth: Active M&A strategy

Selected acquisitions	2010	2011	2012	2013	2014
Switzerland	Alba Phenix		SV		nationale suisse
Italy			Chiara Vita Compagnia di Assicurazioni Vita	Chiara Assicurazioni Compagnia di Assicurazioni Vita SpA	
Austria					Basler Versicherungen
France			gari		

Profitability

Sustainably enhance profitability

Looking back on the results for the past five years, proof of the successful implementation of the “Helvetia 2015+” strategy can be seen with regard to profitability. Underlying earnings improved by around 30% from 2010. In addition to good technical results, these earnings were boosted in particular by the acquisitions of Nationale Suisse and Basler Austria in 2014. The satisfying improvement in profitability was also driven by the productive non-life business. The Group’s average net combined ratio was 94%, and in 2015 the net combined ratio was even better at 92.1%. The positive development of the life business, even in times of strong financial market volatility and persistently low interest rates, shows our good risk results. We also kept the interest margins relatively stable with good asset liability management. The increase in the Helvetia Group’s earning power is underscored by the increase in the dividend from CHF 14.50 in 2010 to as much as CHF 19.00² per share in 2015.

Customer loyalty

Improve customer benefits in line with needs

We focus on retail and SME customers, placing customer benefits and customer satisfaction at the centre of everything we do. In our core markets we implemented many measures designed to retain existing customers and gain new ones. In doing so, we offer our customers real added value with tailor-made products and insurance solutions.

Since the launch of “Helvetia 2015+” we constantly increased the number of our customers, and by the 2015 financial year some 4.7 million customers relied on our insurance solutions. We see this as confirmation that we managed to further strengthen the image of the Helvetia brand. It is also a sign of a high level of customer satisfaction, a fact which is confirmed by many rankings and serves to motivate us to constantly review and improve our customer focus.

Financial objectives

	Objectives 2015+	Achievement 2015
Combined ratio (non-life)	94%–96%	92.1%
New business margin (life)	1.2%–1.5%	0.9%
Solvency I	> 175%	205%
Rating class	A	A
Return on equity (ROE) temporarily just under 10% due to interest rate environment	8%–10%	8.9% ¹
Distribution ratio ^{1/2}	30%–50%	45%
Growth above the market		
Improved cost-efficiency		

¹ Based on underlying earnings

² Proposal to the Shareholders’ Meeting

The Helvetia Group is becoming more modern, more digital and more agile

In this interview, Helvetia CEO Stefan Loacker gives some initial insight into the helvetia 20.20 strategy.

Building on its current strong position, the Helvetia Group wants to be actively involved in shaping change in the Swiss and European insurance markets. In future, Helvetia Group will strengthen its customer focus and make use of the opportunities afforded by digitisation.

With the integration of Nationale Suisse, the Helvetia Group has moved into the top three in the Swiss insurance market. What did this change?

This leading position in the domestic market represents the achievement of a strategic objective. This primarily benefits our customers: They get an expanded offer and a closer-linked sales network. I also notice that public perception has changed. More notice is taken of Helvetia these days. The takeover of Nationale Suisse also improved our position in the European markets and the international specialty business.

What is the climate like in the insurance market nowadays?

The insurance market is in flux. The current stability of the general economy is creating an intact environment for healthy growth in the non-life business. In the life business, the persistent low interest rate environment is triggering strategic adjustments. Customer behaviour is also changing, and technology is creating new opportunities.

Helvetia successfully concluded the strategy period from 2010 to 2015. How are you using this strength?

We are using this strength as part of the helvetia 20.20 strategy to systematically renew and modernise the company. Helvetia is becoming more innovative, more digital and more agile. Digitisation in particular offers many opportunities. It allows us to focus more on the individual customer. We will re-



Stefan Loacker Chief Executive Officer

main true to our traditional strengths, maintain our healthy capital base, and – something that is very important to me personally – meet our promises to the customers.

Everybody is talking about digitisation – is this just a buzzword?

Our response to the question of digitisation consists of a bundle of dovetailing sub-strategies. We must consistently focus on our customers' needs. Firstly, we have to establish and develop new digital channels to our customers and partners. Secondly, we will use digitisation to create innovative and personalised products and services for our customers. And thirdly, we will digitise our business processes more strongly and also automate them where it makes sense to do so.

What can the shareholders expect from the new strategy?

helvetia 20.20 targets healthy growth. Combined with synergies from takeovers and our persistent technical discipline, the strategy will lead to substantial profit growth. We will also maintain our high distribution ratio.

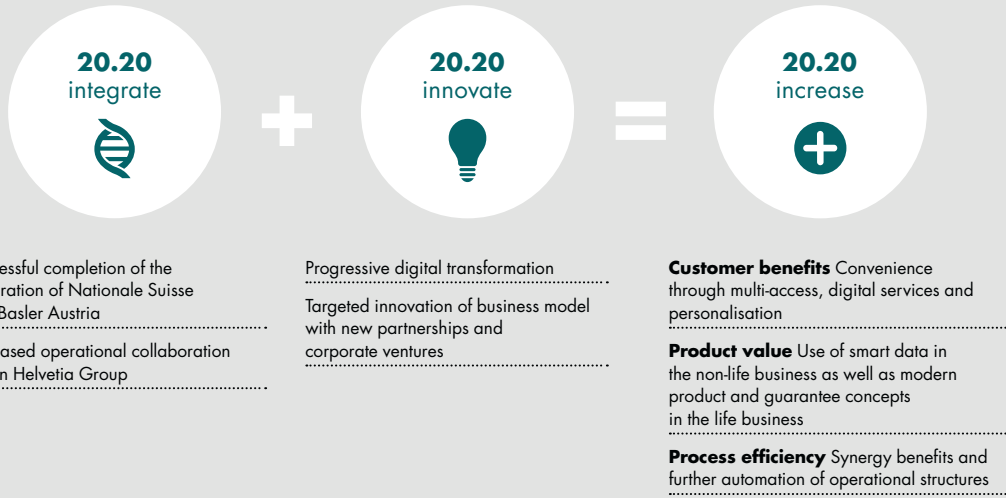
The insurance industry is facing further consolidation. What role will Helvetia play in this?

Helvetia will continue to pursue an active M&A strategy. The insurance market is in a structural phase of consolidation. Regulatory oversight and capital adequacy requirements are increasing. We are seeing that increasing numbers of healthy and innovative companies are looking for a new home because they do not have the critical mass needed for long-term success. With our strong capital base and profitable home market, we are very well positioned to take decisions quickly and exploit opportunities. On the one hand, we are interested in profitable growth, and on the other we are looking for additional know-how that we can use in other parts of the Group.

You mention systematic renewal and digitisation. This sounds like big challenges for your employees.

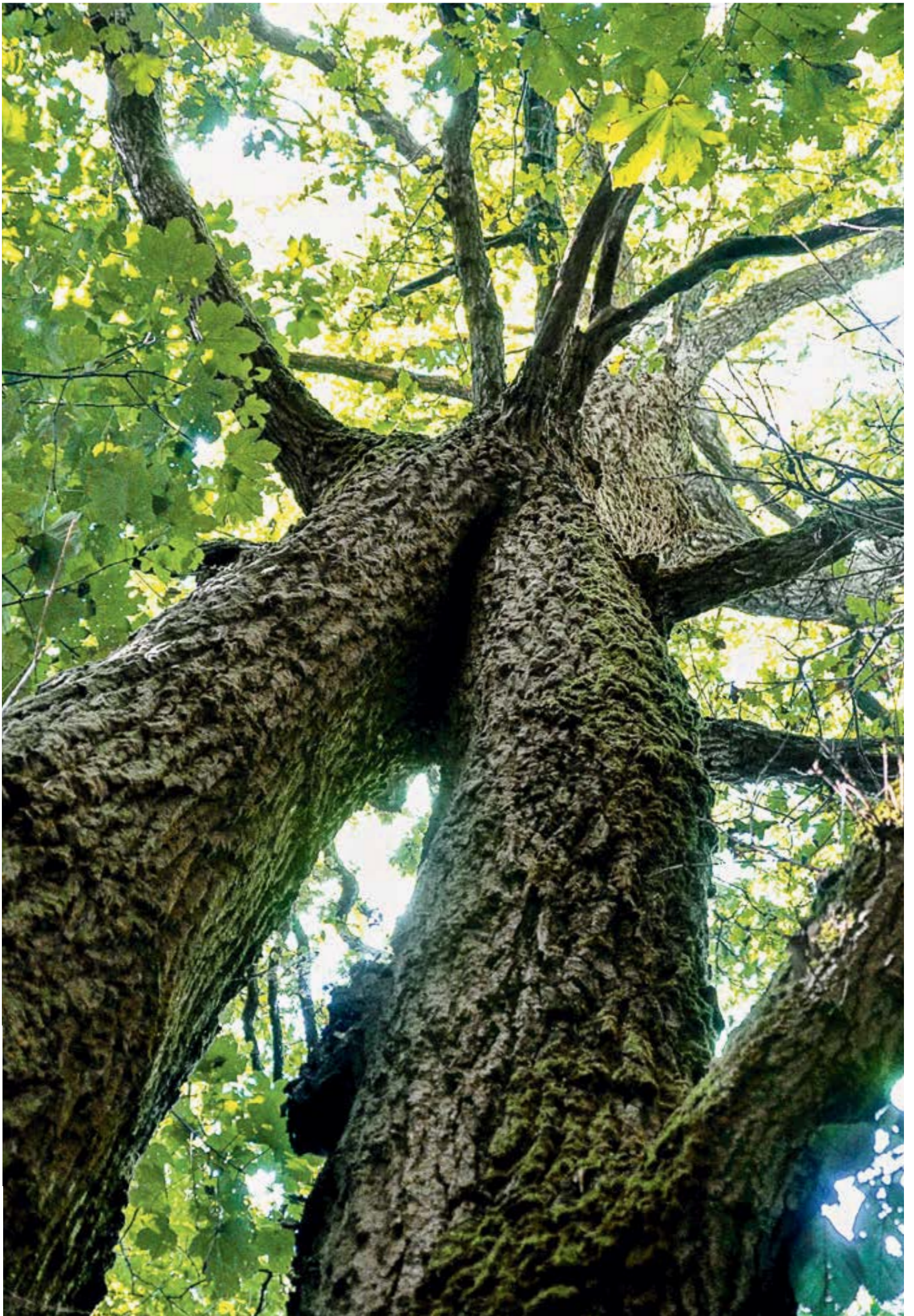
We integrated Nationale Suisse and Basler Austria within a short time, impressive proof that our employees can tackle and implement change. We do not just pay lip service to our values of “trust”, “dynamism” and “enthusiasm”! We will now take on the next changes: purposefully, resolutely and step by step.

Implementation of the strategy helvetia 20.20 to be guided by “integrate, innovate, increase”



Conclusion: Added value through systematic renewal







Together with their colleagues in the Real Estate Projects Switzerland department, Michelangelo Ribaldo and Roland Weiss oversee the real estate projects for the life insurance business and pension fund.

*Collaborating
means taking
on added
responsibility.*

With an investment volume of around CHF 6.4 billion, Helvetia is now one of the largest real estate investors in Switzerland. For Roland Weiss, who joined the Helvetia team from Nationale Suisse, this represents an investment volume that has increased five-fold as well as an exciting challenge. At Helvetia, he has taken over responsibility for maintenance and repair work on portfolio properties. "I'm pleased to share my many years of experience in the area of extended-cycle complete renovations with my team colleagues." Michelangelo Ribaldo develops marketable real estate products and effectively transforms them into new construction projects by efficiently managing external planning teams, construction companies, the authorities and administrative bodies. He greatly values the intense level of communication with his new colleague. With dedication they implement the real estate and acquisition strategy of the ever-growing real estate portfolio, generating a sustainable yield. This productive collaboration also benefits the construction teams, not least due to the expanded network and depth of professional and life experience.

The Helvetia brand

“Personality and partnership” shape the profile of the Helvetia brand

Helvetia uses unified brand positioning to address all stakeholders. The terms “personality” and “partnership” are the focal points. Customer needs and collaboration based on trust are the most important factors. Our brand promises of “tailor-made solutions”, “reliability” and “fairness” bring life to the brand. A flexible advertising concept allows us to adapt to the customer needs of the country markets. The heart of our advertising campaign is dialogue with our customers and how we support their individual and varied requirements with our products: “Whatever your plans, we’re there for you.” With the claim “Your Swiss insurer.”, we express both our origins and our ties with traditional Swiss values, not to mention our ambition to focus our efforts on each individual customer and to be a reliable partner in the area of insurance and pensions. Brand awareness and its perception are polled in regular surveys of retail customers and brokers in all markets. In the annual ratings published by the agency Interbrand, Helvetia was among the top 50 most valuable brands in Switzerland.

Nationale Suisse now part of Helvetia

The new insurance group also appears under the brand “Helvetia” and continues its single brand strategy following the acquisition of Nationale Suisse. Operations in the home Swiss market were unified under the Helvetia brand name on 1 May 2015. The rebranding process in the other European markets will gradually follow by the end of 2016. “European travel insurance” and the online insurer “smile.direct” will continue as independent brands within the scope of the defined brand architecture of Helvetia. Both brands enjoy a strong, independent position in their specific market segments.

Support of the arts offers new opportunities

Helvetia will continue in its support of the arts following the merger with Nationale Suisse. The collections of contemporary Swiss art from both companies have now been combined, with the prize for promoting young artists now awarded as the Helvetia Art Prize. Helvetia also opened a public art exhibition at its own premises for the very first time in 2015, entitled “All-Risk”. This commitment is complemented by selected partnerships. These include collaborations in the field of conservation and restoration initiated by Nationale Suisse, as well as art education with the Kunstmuseum Luzern and Kunsthaus Zürich (both until 2016). Additionally, Helvetia also entered into a partnership with the Museums-PASS-Musées organisation in 2015, which runs until 2017 and provides access to over 320 museums, castles and gardens across Switzerland, Germany and France.

Continuity strengthens identification

Helvetia has been involved in skiing sponsorships since the 2005/2006 season and is committed to long-term partnerships. This continuity means we are paving the way for successful athletes and thus strengthening identification with the Helvetia brand. 30 athletes from Switzerland, Germany, Italy and Austria – including four Olympic champions, Dario Cologna, Simon Ammann, Sandro Viletta and Victoria Rebensburg – are personally sponsored. The contract with the Swiss-Ski Federation runs until the end of the 2016/2017 season. Discussions on extending the contract are ongoing.

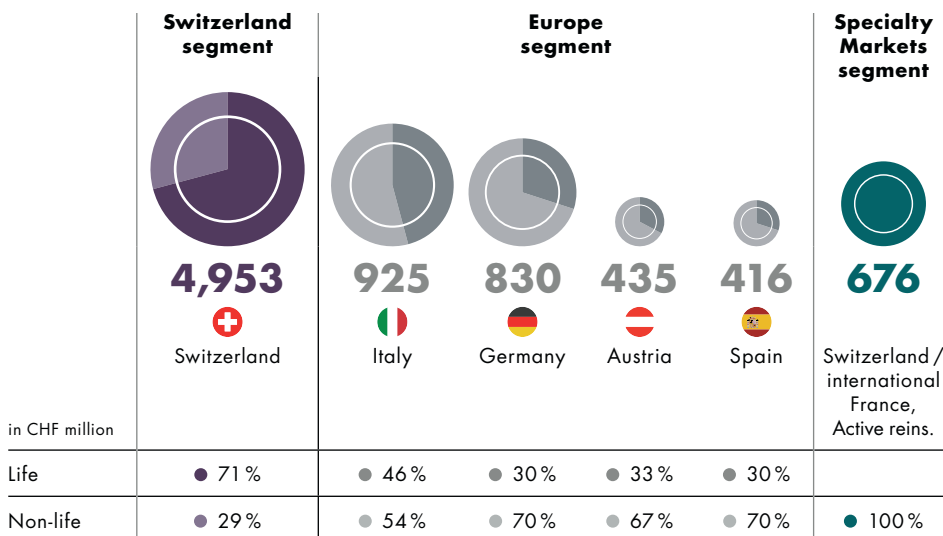
Business activities and market areas

Helvetia is a successful, internationally active Swiss insurance group. With around 6,675 full-time equivalent employees, Helvetia provides services for more than 4.7 million customers. Helvetia is active in the life, non-life and reinsurance sectors. Helvetia divides its business activities into the three market areas of Switzerland, Europe and Specialty Markets: Its business activities in its home Swiss market are bundled in the Switzerland market area. The Europe market area covers the country markets of Germany, Austria, Spain and Italy.

In the Specialty Markets area, Helvetia offers tailor-made cover in the specialty lines marine/transport, art and technical insurance. With its Specialty Markets area, Helvetia not only has a local presence in Switzerland, France and the

Principality of Liechtenstein, but also in Turkey and Miami for Latin America as well as in Singapore and Malaysia. Its active reinsurance business is also assigned to this market area. The reinsurance business focuses on the well-diversified non-life business. In this niche area, Helvetia stands out thanks to its sustainable and long-standing business relationships and strict underwriting policy.

Business volume 2015



Non-life business

In addition to traditional indemnity (motor vehicle, property, liability) and personal (accident and health) insurance cover, Helvetia's Swiss and European non-life product portfolio also includes special insurance policies such as transport insurance, engineering insurance and art insurance. These are

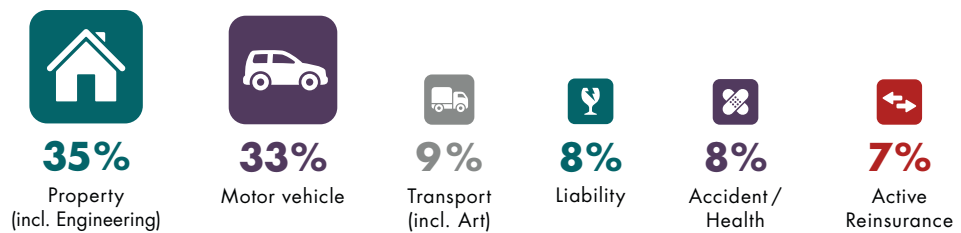
consolidated together with the active reinsurance business in the Specialty Lines market area.

Helvetia Group pursues a disciplined underwriting strategy in order to ensure portfolio quality, and only underwrites larger business risks selectively. We work together with renowned reinsurers to hedge against major loss events. Profitability also

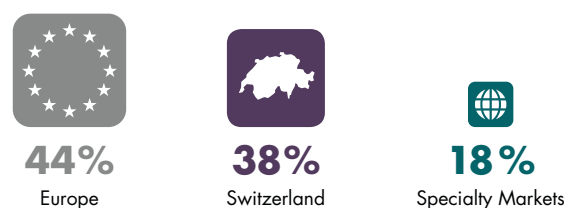
Non-life business product portfolio

		CH	DE	IT	ES	AT	FR	LI
Property		●	●	●	●	●	●	
Motor vehicle		●	●	●	●	●	●	
Liability		●	●	●	●	●	●	
Accident/health		●	●	●	●	●		
Travel		●						
Transport		●	●	●	●	●	●	●
Engineering		●	●	●	●	●		●
Art		●	●	●	●			●
Active reinsurance		worldwide						

Premiums by business line



Premiums by segment

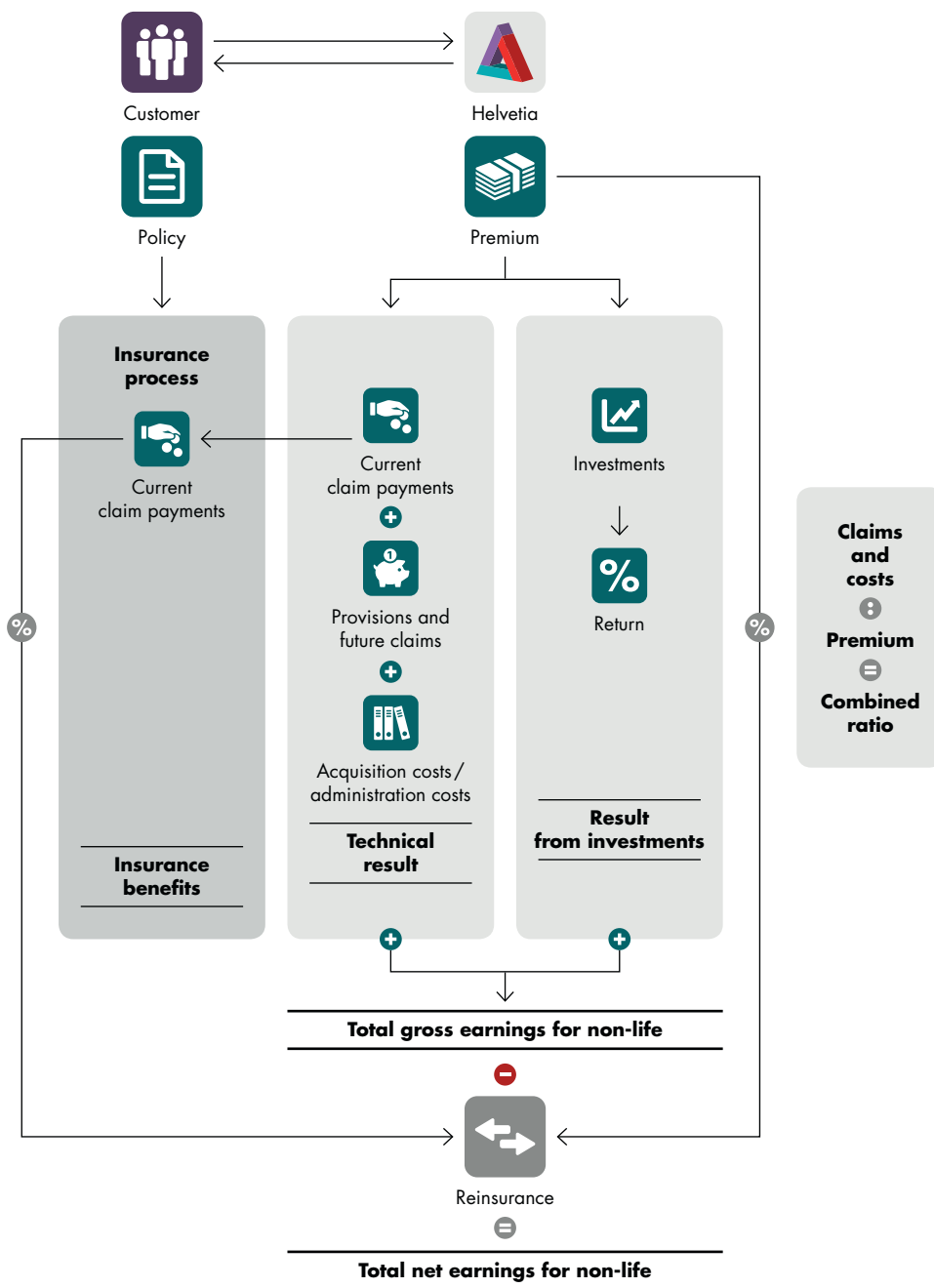


Net combined ratio

92.1%

depends on portfolio composition, premium and cost performance as well as claims. Profitability can be measured with the net combined ratio, which has on average been below 95% at Helvetia in recent years. Also in financial year 2015, the net combined ratio was 92.1%, which reflects the portfolio quality.

How does non-life insurance work?











(greatly simplified)

Life business

Helvetia offers life insurance in Switzerland, Italy, Germany, Spain and Austria. The home market of Switzerland is the most important market with 79% of the business. In addition to individual life insurance, the product offering also includes group life insurance. At around 59% of the Group's total

life volume, the occupational pension plans for SMEs represent one of the most important insurance business lines. At 97%, this business is generated almost exclusively in Switzerland, where Helvetia has established itself as one of the top 3 providers of BVG (Swiss occupational pension system) insurance solutions.

Individual life product portfolio

	 CH	 DE	 IT	 ES	 AT
Traditional Risk insurance and savings, financial and pension solutions with interest rate guarantees from Helvetia		●	●	●	●
Investment-linked Insurance policies with investment risk either with the policyholder, at Helvetia with appropriate risk hedging or with an external partner		●	●	●	●
Deposits Investment contracts (contracts without a significant insurance technical risk)		●		●	

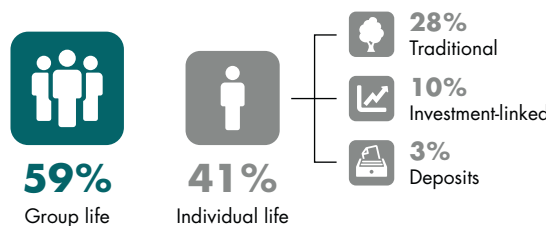
Group life product portfolio

Occupational pension plans (BVG) (Switzerland only)

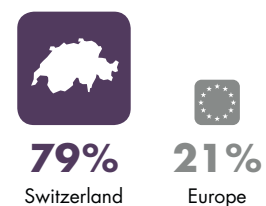
- Full insurance solutions via Helvetia Collective Foundation**
 All risks and benefits in occupational pension plans are insured and guaranteed by Helvetia Insurance. Assumption of complete administration. Package for companies and independent charitable organisations.
- Management pension scheme**
 Additional and separate pension solutions, which go beyond the mandatory requirements.
- Helvetia BVG Invest**
 Covers the risks of death and invalidity by means of insurance contracts with Helvetia. Assumes the complete administration. Manages the investments through the Helvetia Investment Foundation. Appropriate pension plans with return opportunities.
- Risk insurance**
 Risk insurance and blanket risk contracts for semi-autonomous occupational pension foundations. Assumption of complete administration.

- Swisscanto Foundations**
 As a joint venture of Helvetia Insurance and the Association of Swiss Cantonal Banks, the Swisscanto Collective Foundations offer products and services for occupational pension plans and supplemental provision. Savings investment via the cantonal banks; insuring against the risks of death and disability with Helvetia. Sales via cantonal banks and brokers. The Swisscanto Vested Benefits Foundation manages vested benefits accounts for customers of the cantonal banks who do not operate their own vested benefits foundation. Helvetia manages the branch offices of all three foundations.
- Helvetia Investment Foundation**
 Joint investment and administration of the pension funds investment. Specialising in indexed and core satellite investment products as well as real estate investments.
- Helvetia Consulta AG**
 Draws up analyses and expert opinions, IAS19 calculations. Assumes the technical administration. Comprehensive consultation and services for occupational pension funds foundations.

2015 business volume by product



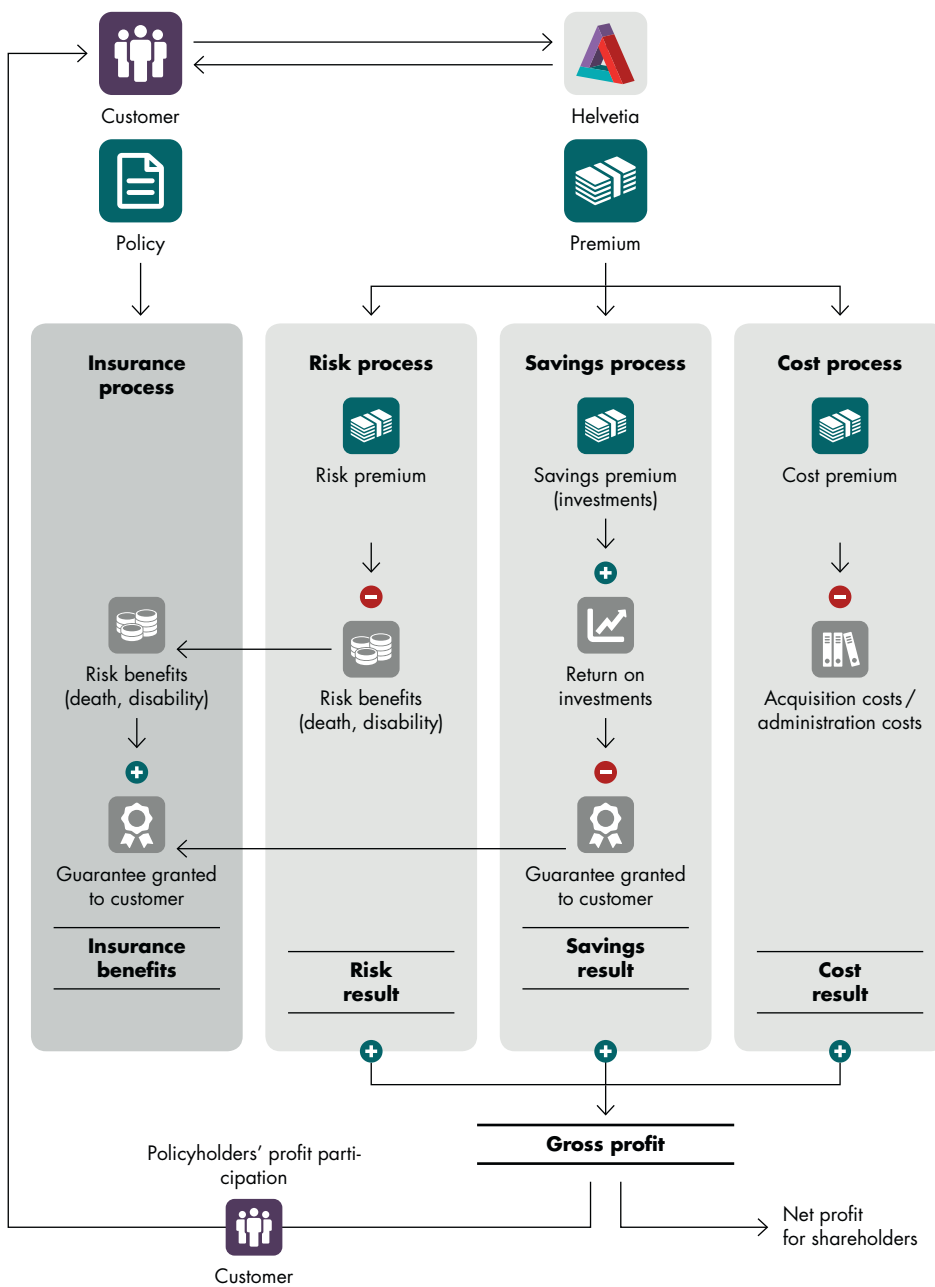
Premiums by segment



In addition to the development of technical risk, the profitability of the life business is especially influenced by the investment and savings result and thus by the performance of the financial markets. The investment result plays an important role in generating the income required to ensure that the long-term insurance commitments can be met. In

the past, Helvetia has always succeeded in achieving attractive returns with the capital employed. Despite the low interest-rate environment, in 2015 we again managed to generate stable interest margins between current income and the guarantees given, from which customers and shareholders benefit.

How does life insurance work?



(greatly simplified)

Employees

2015 was marked by the integration of the new employees from Nationale Suisse Group and Basler Austria, both of which were taken over in the previous year. These new employees were successfully incorporated into Helvetia thanks to a comprehensive change management programme.

Management culture

The corporate culture of Helvetia is based on trust and performance. Mutual respect, model conduct and close cooperation are firmly anchored in the principles of the Helvetia Group. Helvetia also remained true to this policy when integrating the new employees. Following the integration, Helvetia will continue to focus on its values of trust, dynamism and enthusiasm and will promote the value-based common corporate and management culture.

Helvetia firmly believes in a culture of dialogue and encourages regular feedback, which is the key to maximising the potential of the individual and ensuring the successful development of the company. The dialogue between employees and Helvetia is supported by national committees that also represent the interests and rights of the employees. Furthermore, a cross-border dialogue takes place between the Group Executive Management and the national employee representatives, which promotes mutual understanding and solidarity.

As part of annual talks, the topic of integration was actively pursued and dialogue was sought with the affected employees. The goal here was to assess how the employees were feeling personally in terms of the integration process and to give them the necessary support in completing their integration work.

Employee satisfaction

Helvetia has a transparent and target-oriented compensation system that rewards performance and personal responsibility. A standardised objective setting system is used throughout the Group to help us accomplish this. Helvetia attaches great importance to giving all of its employees the same chances and opportunities, while still taking into account the needs of each individual.

Helvetia also encourages its employees to openly express themselves. The opinions of the employees were also important for Executive Management during the integration process. For example, surveys on integration were carried out among all employees in Switzerland and Austria – the market units most significantly affected by the acquisitions. The results of the surveys showed that employee motivation and satisfaction are pleasingly high, despite the additional stresses associated with the integration.

In addition to regular surveys in the individual market units, the satisfaction of all employees is measured every three years by an independent institute. The last Group-wide survey was carried out in 2013. Preparations are already being made for the next employee survey in 2016. The high participation rates seen in past surveys (2013: 85 %) show that open, constructive feedback is an important part of the corporate culture at Helvetia. Based on the survey results, measures are derived to then further increase the commitment, satisfaction and customer-oriented behaviour of the employees, together with their feeling of well-being within the company. Helvetia also promotes its corporate appeal through Group-wide employer branding that gives the strategic framework for all personnel marketing measures.

Personnel development

In a demanding, intensely competitive market environment that is changing considerably due to globalisation, regulation and digitisation, well-educated, dedicated and competent employees are among our most important resources. With a systematic and proactive personnel planning and development programme, Helvetia is paying great attention to these challenges. Personnel planning concentrates on acquiring new employees and on the systematic identification and development of their potential. The further development of the Group-wide talent management system will also take sustainable personnel planning into account. Additionally, Helvetia aims to promote diversity among the employees and address the changes noted above and future demographic challenges through different views, ways of thinking and backgrounds.

Helvetia fosters the international transfer of knowledge within the Group for the benefit of Group-wide projects and initiatives. The annual management forum provides an important platform for managers from all country markets to exchange information about a current, strategically relevant management issue within the Group. In 2015, this forum was dominated by the subject of innovation and digitisation. Helvetia is also paying the necessary attention to these topics in terms of its management culture. The topic of leadership will remain in the spotlight in the new "helvetia 20.20" strategy in order to support agility, customer orientation and innovation.

In 2015, Management Development of the Group carried out leadership training in all market units affected by the integration. This training prepared managers for the management challenges and changes associated with the integration. To take into consideration the different local requirements and characteristics, this training package was supplemented in each case with specific local modules. It is part of the proven Group modular international management training programme, in which the top managers regularly participate. To ensure that the contents are up-to-date, Helvetia works closely with renowned educational institutions. The managers taken on from the integrated companies will participate in the basic module from this programme in 2016.










Customers and sales

Sales structures optimised for individual countries

Helvetia also aims to grow through the expansion of its distribution capabilities. And our decentralised distribution is set up to meet the specific needs of the local country markets. This allows us to quickly recognise and react to shifts in demand. Helvetia pursues a multi-channelling approach, i.e. accessing customers through various sales channels. In addition, we work with renowned distribu-

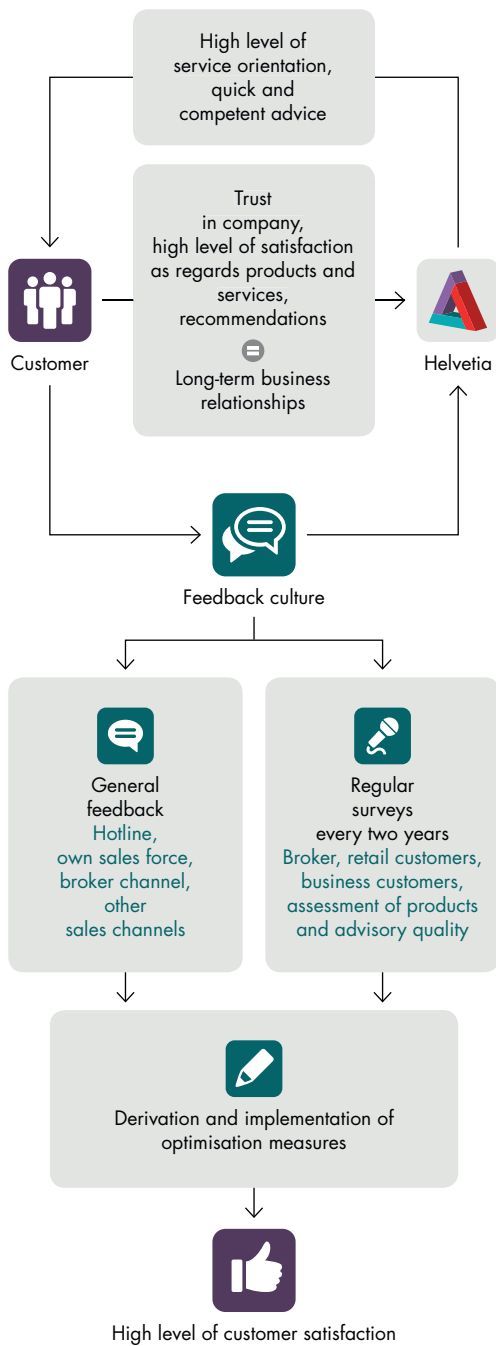
tion partners. With smile.direct we also have an on-line sales platform in Switzerland that is already very well placed on the market and repeatedly achieves top results in terms of quality, service and quotes in neutral comparison tests.

Overview of the sales channels by country

	Own field sales force	Agents	Brokers	Partners	Direct sales / new media
 CH	•		•	– Raiffeisen, Notenstein, Vontobel, Association of Swiss Cantonal Banks – sanitas/innova and Solida – SEV	• 
 DE		(exclusive and non-exclusive)	•	– ARAG (legal protection)	
 IT		(based on legal specifications not acting exclusively)	•	– Banking partners, Banco di Desio (life), Chiara Assicurazioni network (non-life) with many additional partner banks – Worksite marketing partners (ENI, Agusta)	
 ES		•	•	– Product-specific partnerships (e.g. Carrefour for household and burial costs insurance, Alcampo for funeral costs insurance)	Product-specific burial provisions Risk insurance
 AT	•	•	•		
 FR			•	– Yacht insurance with Société Générale, bank partner with Caisses Régionales and access to the GAN agents network for transport insurance	

Focus on customer needs

Trust in our company, high levels of satisfaction with our products and services, recommendations and long-term business relationships form the basis of our business success. Dialogue with our customers is therefore very important to us.



Our awards

Relevant products and services	Survey	Survey results	Source
CH Life insurance retail customers		Retail customer pension tracking 2014	Overall image: Third place among insurers Helvetia sets benchmarks in terms of: – Service quality: First place – Good advisors: First place – Innovative pension solutions: Second place – Commitment to customers: First place amPuls benchmarking study
Life and non-life insurance broker		Swiss Broker Panel 2014	Planned collaborations: – BVG: First place – Private pensions: Third place – NL ¹ retail customers: Second place – NL business customers: Second place
DE Service quality for life insurance brokers		Broker champion 2015	Second place Versicherungsmagazin / ServiceValue GmbH, 2015
Service quality for indemnity insurance brokers		Broker champion 2015	First place Versicherungsmagazin / ServiceValue GmbH, 2015
Private liability insurance		Franke & Bornberg	“FFF” (outstanding) Franke & Bornberg rating agency
Helvetia Leben for broker support		CHARTA Quality Barometer 2015	First place CHARTA Börse für Versicherungen AG
IT Non-life insurance		“Premio Le Fonti”	First place (“Best bancassurance in non-life”) Premio Internazionale Le Fonti
ES Burial insurance		Asociación Española de corredurías de seguros	Bronze Star Award
AT Life insurance		AssCompact Awards 2015	Fund-linked life insurance: First place AssCompact specialist magazine
Life insurance		AssCompact Awards 2015	Life and retirement insurance: Rank 4 AssCompact specialist magazine
Companies		Best Recruiters	Bronze BEST RECRUITER seal GPK’s “Career’s Best Recruiters” study

¹ NL = non-life

This list is not exhaustive

New products and innovations

Innovations

smile.direct

Following the merger of Helvetia and Nationale Suisse, smile.direct is now also part of the Helvetia Group. The business model of smile.direct is focused exclusively on the online channel. In order to continue to develop in this dynamic market and to live up to the needs and demands of its online customers, Switzerland's most direct insurance company has been offering a chat function since 2015. Visitors to the website can establish direct contact with smile.direct via this additional digital communication channel. Visitors receive direct and professional support during the purchase process without needing to make a phone call.

"Best-selling" tranches

Last year, Helvetia once again issued two single-premium investment tranches that were only available for a limited period. Thanks to innovative guarantee mechanisms combined with attractive investment strategies, this product category was able to continue its success story in a difficult market environment with persistently low interest rates.

"Best Practice" award for sample calculation

The opportunity for returns is an important argument in favour of unit-linked retirement products. In making their decision, customers need the most realistic assessment possible of the opportunities and risks associated with their chosen investment. With the aim of increasing the credibility and informative value of sample calculations for unit-linked life insurance products, Helvetia mandated the Institute of Insurance Economics at the University of St Gall in 2015 to carry out a comprehensive review of and obtain certification for its calculation methods. This gives Helvetia's customers the certainty that their sample calculations are based on a well-founded, reliable assessment of current market trends.

"Certified Insurance Competence"

Since the 2015 financial year, Helvetia has been part of the Cicero "Certified Insurance Competence" learning certification system, which documents the ongoing further qualification activities of Helvetia's customer advisors. Employees commit to lifelong learning. This constantly strengthens Helvetia's competence in advisory quality and creates added value for its customers.

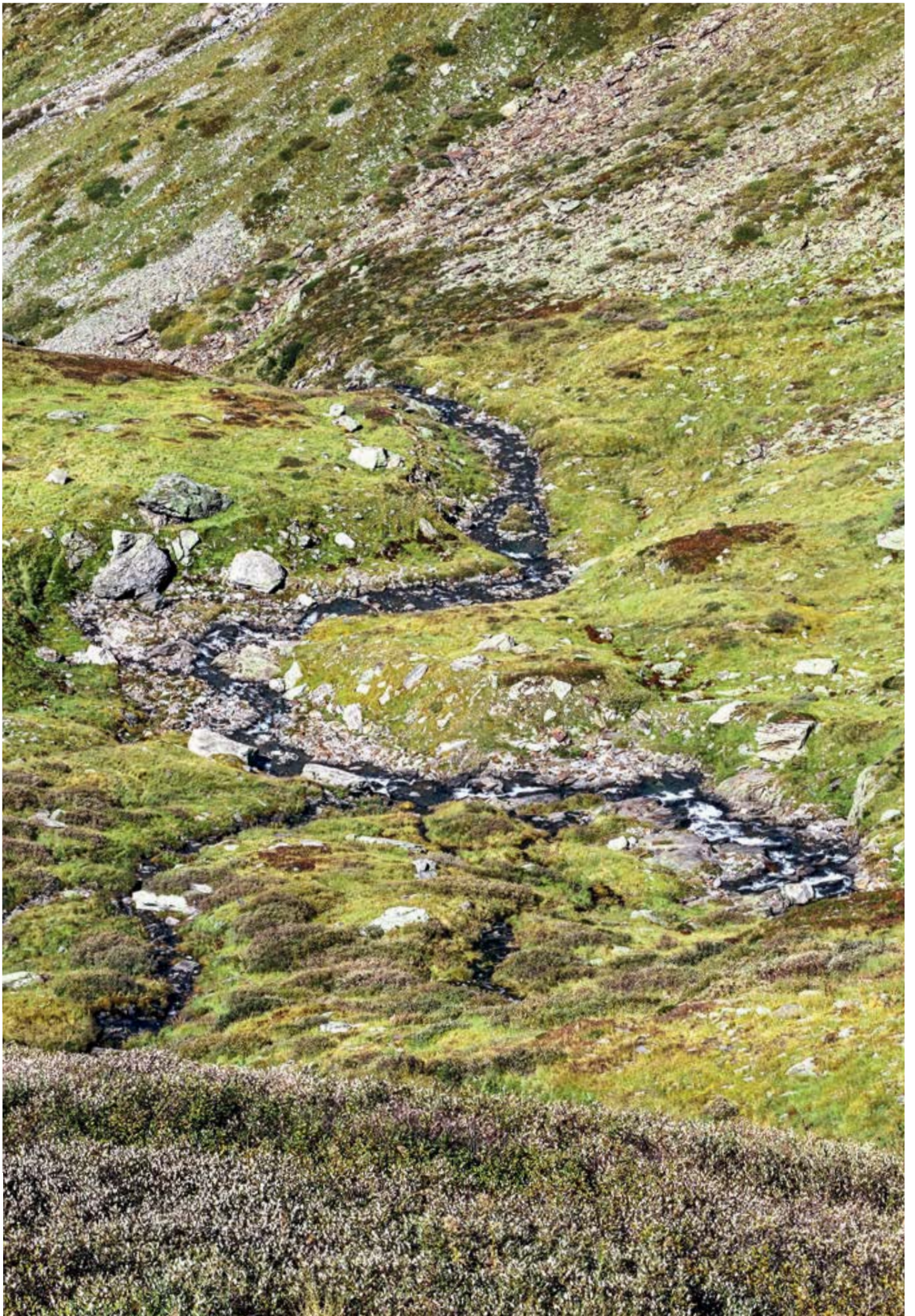
New products in the 2015 financial year

Helvetia provides tailor-made insurance solutions to help support its customers in managing risks and making financial provision for a secure future. We continually adapt our product portfolios to keep up with ever-changing requirements. Current product solutions are optimised and new products launched.

The following provides an overview of the new products launched in the 2015 financial year.

New products

	Product name	Important product features	More information
Germany Life	CleVesto Select	<ul style="list-style-type: none"> – Unit-linked annuity insurance with a broad investment spectrum 	www.helvetia.com/de/content/de/privatkunden/leben-alter/fondsgebundene-versicherungen/helvetia-clevesto-select.html
Germany Non-life	Helvetia BusinessLine	<ul style="list-style-type: none"> – Business liability insurance – Business contents and buildings insurance – Photovoltaic insurance – Global electronics cover – Global machine cover for stationary and mobile machines – Smart&Easy: all-round insurance cover for small enterprises – Gastro: all-round insurance cover for hotels and restaurants – Pharma: all-round insurance cover for pharmacies – Medico: all-round insurance cover for doctors 	
	Helvetia Artas art insurance	<ul style="list-style-type: none"> – All-risk insurance for art works owned by private collectors or in commercial collections 	https://www.helvetia.com/de/content/de/privatkunden/kunstversicherung.html
	Helvetia ClassicCar	<ul style="list-style-type: none"> – Insurance for vintage vehicles with special cover for cars, motorbikes and tractors 	https://www.helvetia.com/de/content/de/privatkunden/fahrzeug/classic-car.html
Italy Life	Multiflex	<ul style="list-style-type: none"> – Personalised investment product to meet a specific risk profile, based on an adaptable combination of a traditional component (max. 60% of the premium) and six different investment funds – Product includes optional automatic financial services: profit consolidation system and stop-loss system 	
Spain Non-life	Helvetia "Instrumentos Musicales Penta"	<ul style="list-style-type: none"> – Music instrument insurance for collectors, musicians, music ensembles and orchestras 	
	Helvetia "Obras de Arte"	<ul style="list-style-type: none"> – Exclusive all-risk cover for art works, including during transport 	
	Helvetia "Compromiso"	<ul style="list-style-type: none"> – Insurance solutions geared to meet the needs of people with disabilities 	
Austria Life	Helvetia Collateral Account	<ul style="list-style-type: none"> – This has the flexibility of a fund but offers the security traditionally provided by collateral – An account for investing, switching or hedging funds temporarily without any price fluctuations – whatever the customer's needs – Staggered profit participation from the first month 	https://www.helvetia.com/at/content/de/privatkunden/lebensversicherungsvorsorge/fondsgebundene-lebensversicherung/sicherungskonto.html
	CleVesto Titan	<ul style="list-style-type: none"> – Professional asset management with individual additional functions for automatically managing the contract for the entire duration – The rate includes three ready-made investment concepts with different levels of risk tolerance that can be adjusted individually at any time 	https://www.helvetia.com/at/content/de/privatkunden/lebensversicherungsvorsorge/fondsgebundene-lebensversicherung/guarantee-fund2.html
Specialty lines	3D printer insurance	<ul style="list-style-type: none"> – Sold under cooperation agreements with sellers of 3D printers as well as through traditional sales channels and the Internet – All 3D printer technologies can be insured – All-risk insurance; restoration of the 3D printer or 3D scanner to its pre-claim condition – The damaged, unusable printed matter and the raw materials are also insured – The additional costs, business interruption costs and financial loss caused by insured damage to the printer or a power failure are also insured 	https://www.helvetia.com/ch/content/de/geschaeftskunden/geschaeftsversicherungen/versicherungsangebote/spezialprodukte/3d-drucker.html?rid=3d-drucker https://www.helvetia.com/ch/blog/de/2015/12/3d-drucker.html





The merger also brought staff changes in the area of Engineering Switzerland, where Kurt Schläfli and his colleagues joined Christoph Guntersweiler's team at Helvetia. It was very important to both of them to work together in an open and solution-oriented manner from the outset.

Christoph Guntersweiler and Kurt Schläfli are now members of the Specialty Lines Technical Insurance team. Their first major joint challenge was the launch of sales under the Helvetia brand on 1 May 2015, which the two colleagues tackled in a proactive manner. "By setting an example for collaboration, we were able to watch our co-workers in Engineering Switzerland come together as a unit in a short amount of time." The balanced mix of Nationale Suisse and Helvetia employees quickly fostered a sense of cooperation, enabling the Technical Insurance team to successfully execute the sales launch. Christoph Guntersweiler is certain: "We're in an excellent position and are extremely confident about the future. We're convinced that we can make a key contribution to the successful development of Helvetia."

We approached one another in an open and solution-oriented manner from the outset.

Corporate responsibility

Responsible conduct that serves the best interests of the environment, society, its shareholders and employees is absolutely natural to Helvetia. This is a prerequisite for business success and safeguards the long-term survival of the insurance group.

Corporate responsibility not only refers to Helvetia's approach to doing business, but also reflects the changes affecting society and the environment. In the past year, the insurance industry operated in an environment shaped by a number of different challenges. When dealing with far-reaching developments such as climate change, demographic trends and digitalisation, Helvetia is committed to acting responsibly and sustainably.

Input from stakeholders and experts

In autumn 2015, Helvetia opened a dialogue with selected stakeholder groups to discuss the new developments, trends and other topics likely to affect the different corporate responsibility dimensions, i.e. core business, environment, society and Helvetia as an employer. Discussions were held, among others, with representatives of investors, the supervisory authorities, the scientific and political sectors, NGOs and competitors as well as our employees and customers. The results from this stakeholder dialogue will be incorporated into the revised materiality matrix and the programme plans for 2016–2020. The exchange helps Helvetia to better weigh strategic decisions on sustainability and to emphasise the relevant corporate responsibility activities.

For detailed information about the corporate responsibility strategy and key topics, refer to:
www.helvetia.com/cr-strategy
www.helvetia.com/materiality-matrix

Core business measures

In carrying out its core business, Helvetia applies sustainability criteria to the entire value chain. Helvetia's portfolio comprises products and services in the field of renewable energy and mobility that protect investments in climate-friendly technologies and provide incentives for reducing our negative impact on the environment. A considerable percentage of Helvetia's investments in equities, government and corporate bonds and real estate meet acknowledged sustainability standards. As a founding member of Swiss Sustainable Finance, Helvetia collaborates on the workstream for institutional investors. This workstream aims to support the technical discussion concerning the integration into investment management of environmental, social and governance criteria.

For detailed information on Swiss Sustainable Finance, refer to: www.sustainablefinance.ch

Progress in environmental management

Helvetia has reached an important milestone with regard to its "ecological footprint", which expresses the immediate impact of its business activities on the environment. At the end of 2015, the cross-country Corporate Responsibility Advisory Board adopted CO₂ reduction targets for the Helvetia Group. The goal is a reduction in the absolute greenhouse gas emissions of at least two percent per year from 2016 to 2020 plus an annual savings target of three percent per employee (full-time equivalent). These savings are to be realised by implementing measures from energy efficiency audits and by buying electricity from renewable sources from 2015.

The non-profit organisation CDP (formerly the Carbon Disclosure Project) once again gave Helvetia a mark of 96 out of 100 points (2014: 96 points) for the transparency of its environmental management reporting. As a non-profit organisation, every year

CDP asks the largest listed companies throughout the world to publish their greenhouse gas emissions. In 2015, Helvetia's environmental performance was in line with the sector average for the first time.

For more information on Helvetia's environmental management, refer to:
www.helvetia.com/environment

Sustainability as a unifying element

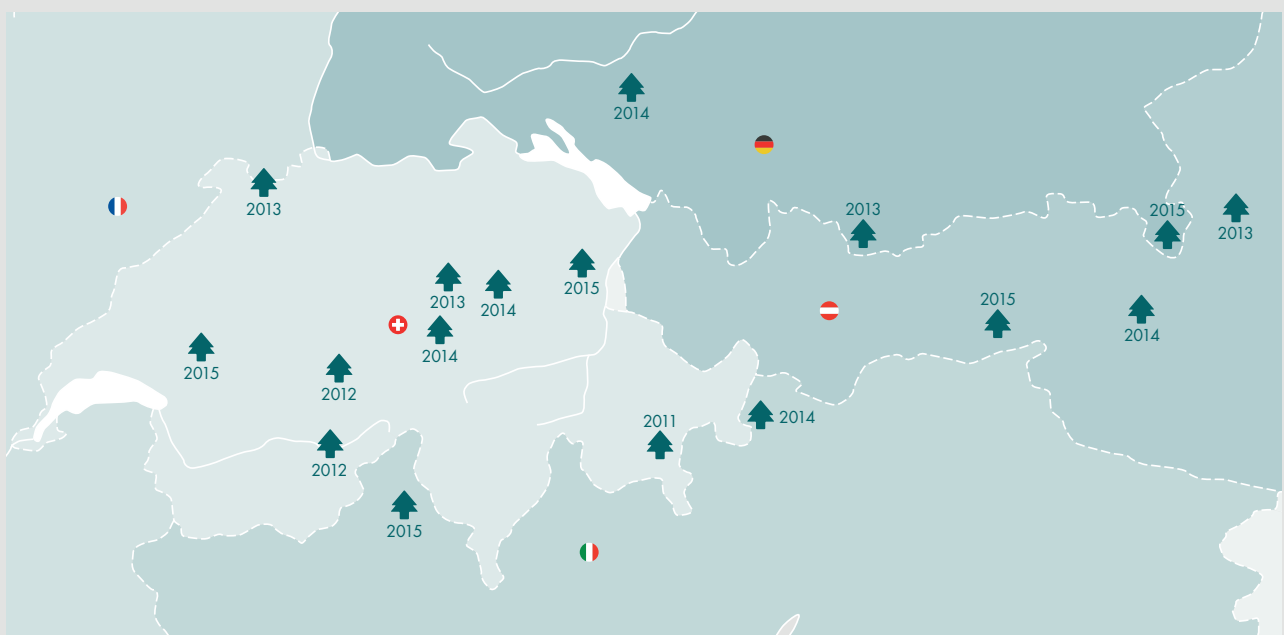
In order to create lasting values through its social engagement, Helvetia supports joint projects focusing on just a few central topics. For the Group, this holds the promise of more effective measures, valuable incentives for the employees, and a positive retroactive effect on the insurance business.

The Helvetia Patria Jeunesse Foundation supports children and young people in Switzerland. The Foundation focuses on innovation and sustainability in its promotion of individual projects.

With the initiative to protect forests, which has by now been expanded to include not only Switzerland, but also Germany, Austria, and Italy (see map), Helvetia is working to ensure that people can live and work safely in the Alpine region. Since 2011, Helvetia has donated almost 200,000 trees to support intact mountain forests. Serving as a green insurance umbrella over towns, streets and railway tracks, these forests provide protection against falling rocks, landslides and avalanches. Helvetia employees make a personal contribution at all company locations. They raise donations and work for a good cause by engaging in sport initiatives such as the bike-to-work campaign or charity runs.

For more information on the initiative to protect forests, the commitment of the Helvetia country markets and the CR milestones, refer to:
www.helvetia.com/protection-forest
www.helvetia.com/cr-e
www.helvetia.ch/milestones

Helvetia initiative to protect forests



Investor information

Helvetia share	
Symbol	HELN
Par value	CHF 0.10
Security number	1 227 168
Listed	SIX

Swiss equities trended sideways in 2015. The market initially dropped by more than 15% following the decision of the Swiss National Bank to scrap the euro peg, but recovered comparatively quickly in the slipstream of European equities. Soon, however, the renewed flare-up of the political and economic crisis in Greece, weak global growth and high debt levels, particular in the emerging markets, led to new setbacks. In this environment, insurance stocks did considerably better than the overall market. The Swiss Insurance Index posted a performance of -0.3% and the EuroStoxx Insurance 600 reported 18.4%. The Helvetia share posted a total return of 23.6%, thus outperforming both its Swiss and European benchmarks. This proves investors' great confidence, not only in Helvetia as a Group, but also in the implementation in conformity with the objectives of measures to ensure the successful integration of Nationale Suisse, which was acquired in 2014.

Stable core shareholder base

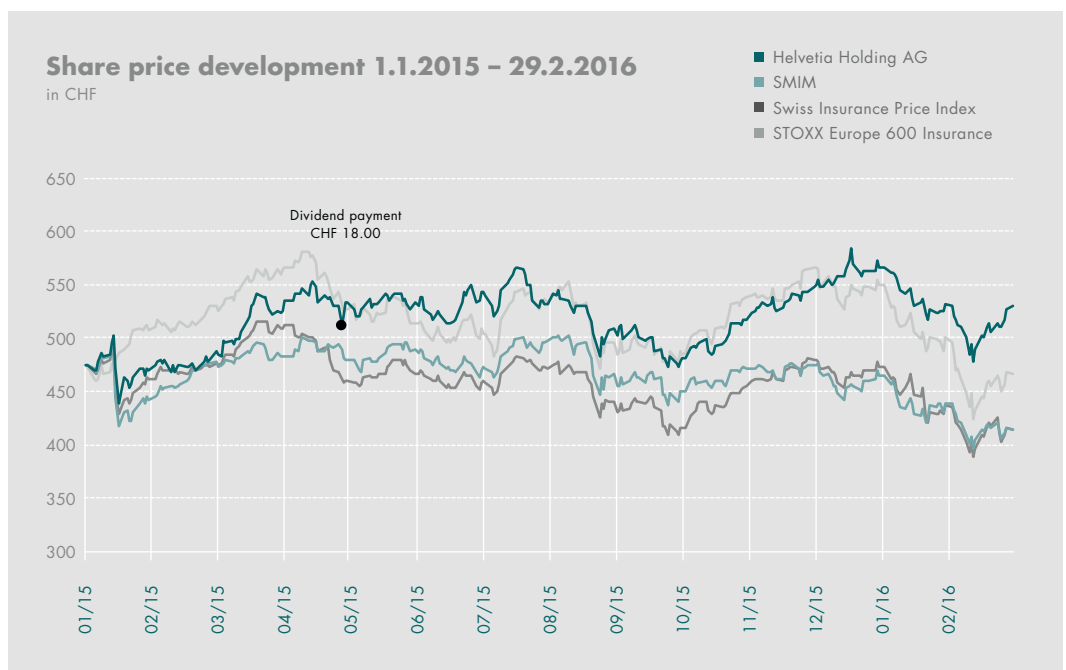
There were no changes to the core shareholder base since 2014, and the free float is still 61.9%. As of 31 December 2015, the following important shareholders were entered in the share register of Helvetia Holding:

Shareholders as at 31 December 2015

- Patria Genossenschaft 30.1%
- Vontobel Group 4.0%
- Raiffeisen Switzerland 4.0%

In line with the trend of the past few years, the number of shareholders increased by more than 10% to 13,203 shareholders on 31 December 2015.

At the end of the year, the employees held 1.2% of the registered share capital, around 0.14% of which was held by members of the Board of Directors and Executive Management of the Helvetia Group.



The majority of registered shareholders are based in Switzerland. Of the institutional shareholders – excluding the above core shareholders – 53.97 % have their registered office in Switzerland (previous year: 51.83 %), and 46.03 % (previous year: 48.17 %) are based abroad. Shares pending registration declined slightly year-on-year, ending the year at 20.96 %.

The average number of Helvetia shares traded each day in 2015 was 16,802 shares per day, which is around 8 % more than in the previous year.

Compared to the previous year, the structure of the types of investors has shifted slightly from banks and insurance companies to other institutional investors and private individuals.

Successful Shareholders' Meeting in 2015

The Helvetia Group once again presented a very good annual result to the 2,220 shareholders with voting rights attending the Shareholders' Meeting. The Shareholders' Meeting took note of the strong operating performance in challenging market conditions and approved the annual report, financial statements and consolidated financial statements for 2014. After the unexpected death of Erich Walser, Pierin Vincenz was elected as Chairman of the Board of Directors and assumed this office on 1 October 2015. Until this date, Doris Russi Schurter acted as the interim chair of the Board of Directors. Patrik Gisel was elected to the Board of Directors to replace Pierin Vincenz. Furthermore, in accordance with the amended articles of incorporation and in line with the Minder initiative, all other members of the Board of Directors were proposed individually for re-election and reappointed for a further term in office.

Dividend policy

Helvetia strives to generate an attractive return on invested capital for its shareholders, and pursues an income-oriented, sustainable distribution policy that allows the company to maintain its solid capital base. As a result of the strong 2015 annual results, the Board of Directors is proposing to further raise the dividend to CHF 19.00 per share (previous year: CHF 18.00).

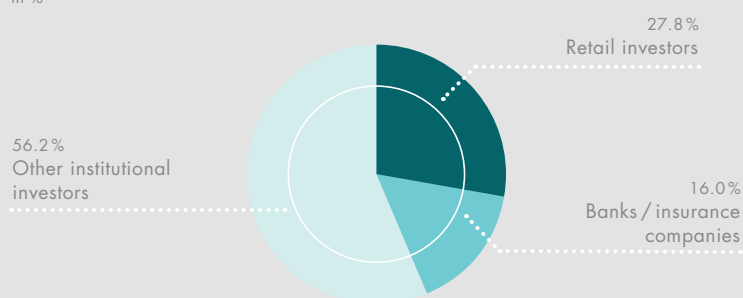
Bonds in circulation

In the 2015 reporting year, the Helvetia Group issued a subordinated undated bond for CHF 300 million. In the first seven years and two months, the bond pays a fixed interest of 3 % p.a. Thereafter, the new fixed interest rate will be based on the five-year CHF mid-swap rate and the initial margin.

In addition, bonds of CHF 225 million (coupon 0.75 %) and CHF 150 million (coupon 1.50 %) as well as a subordinated perpetual bond of CHF 400 million (coupon 3.50 %) and a subordinated bond of CHF 225 million (coupon 4.00 %) placed in 2014 are in circulation. There is also a CHF 150 million bond (coupon 1.125 %) placed in 2013 in circulation. A subordinated perpetual bond of CHF 300 million (coupon 4.75 %) placed in 2010 was repaid at the end of November 2015. Further information on our bonds can be found on our website in the "Investors/Debt information" section.

Investor groups (excluding core shareholder base)

in %



Dividend history

Dividend per share (in CHF) | dividend yield at year-end price | pay-out ratio¹

2015 ²	19.00	3.4%	45%
2014	18.00	3.8%	44%
2013	17.50	3.9%	43%
2012	17.00	4.9%	46%
2011	16.00	5.4%	49%

¹ Based on underlying earnings

² Proposal to the Shareholders' Meeting

New bond issues

	Issue volume	Interest	Term	Year of issue
Subordinate bond	CHF 300 million	3.00% p.a.	Perpetual	2015

Other bonds in circulation

Bond	CHF 225 million	0.75% p.a.	6 years	2014
Bond	CHF 150 million	1.50% p.a.	10.5 years	2014
Subordinate bond	CHF 400 million	3.50% p.a.	Perpetual	2014
Subordinate bond	CHF 225 million	4.00% p.a.	30 years	2014
Bond	CHF 150 million	1.125% p.a.	6 years	2013

Key share data Helvetia Holding AG

	2015	2014
Number of shares issued		
Treasury shares	47 951	26 288
Shares outstanding	9 897 186	9 863 243
Number of shares issued	9 945 137	9 889 531
Price of Helvetia registered shares in CHF		
Year-end	566.0	474.0
High for the year	587.5	481.3
Low for the year	436.8	402.5
Market capitalisation in CHF million	5 628.9	4 687.6
Consolidated equity per share in CHF	470.4	503.2
Price-/book ratio (P/B) ¹	1.2	0.9
Group underlying earnings per share in CHF	42.1	46.2
Profit for the period per share in IFRS in CHF	29.0	43.0
Price/earnings ratio (P/E) ¹	19.5	11.0
Dividend per share ²	19.00	18.00
Payout ratio on the basis of underlying earnings	45%	44%
Payout ratio on the basis of IFRS	66%	47%
Dividend yield ^{1/2}	3.4%	3.8%

¹ Based on year-end price

² Proposal to the Shareholder's Meeting

Active capital market communication

Helvetia communicates with shareholders, potential investors, financial analysts, retail investors and the general public comprehensively and on a regular basis. We communicate financial results at analysts', media and telephone conferences. All publications are made publicly available at the same time. We engage in regular dialogue with our investors and visit them in the most important financial centres. In the 2015 reporting year, our road shows took us to Zurich, Geneva, Lugano, Paris, Frankfurt, London, Dublin, Edinburgh, Milan, Scandinavia, Benelux and the USA. We also hold group and individual discussions with investors and take part in selected conferences hosted by various financial institutions. All registered shareholders receive a shareholders' letter with a brief overview of business operations every six months. The Annual Report and Financial Report are sent to shareholders on request. All publications and a wealth of information for shareholders, analysts and media representatives are available online in the "Investors" section at www.helvetia.com.

Risk and investment management

Risk management

In the current challenging economic environment, comprehensive risk management is a top priority and integral to the way the Helvetia Group manages its business.

A primary objective of risk management is the sustained, proactive safeguarding of the capital base as well as the reputation of the Helvetia Group and its Group companies.

Risk management organisation

The organisational structure of the Helvetia Group ensures a standardised application of the Group-wide risk management standard. In doing so, roles and responsibilities in the business units comply with the risk management organisation of the Group. This is based on a governance model that differentiates between the three basic roles of risk owner, risk observer and risk taker.

The supreme risk owner is the Board of Directors of Helvetia Holding AG (particularly the Investment and Risk Committee, Audit Committee and Strategy and Governance Committee) as well as the Group Executive Management. As the central bodies responsible for this function, they bear the ultimate responsibility for risk and define the risk strategy and risk appetite for the Group, both of which are aligned to the business strategy.

Various risk observers assess the risks assumed by the Helvetia Group, independently of any operational responsibility. The Risk Committee coordinates the collaboration between the risk observers and the risk takers and advises the Board of Directors and Executive Management in their decisions. The central risk controlling role “Group Risk Management” is responsible for the improvement and development of the risk management system as well as for monitoring risks and controlling measures, and serves as a competence centre for the Group’s risk management. It is supported by specialised risk controlling functions, such as the Group functions and risk controlling in asset management. The internal auditor independently monitors the efficiency of the risk management system.

The risk takers control and manage risks in an operational context. They are responsible for risk management in the different business areas and processes.

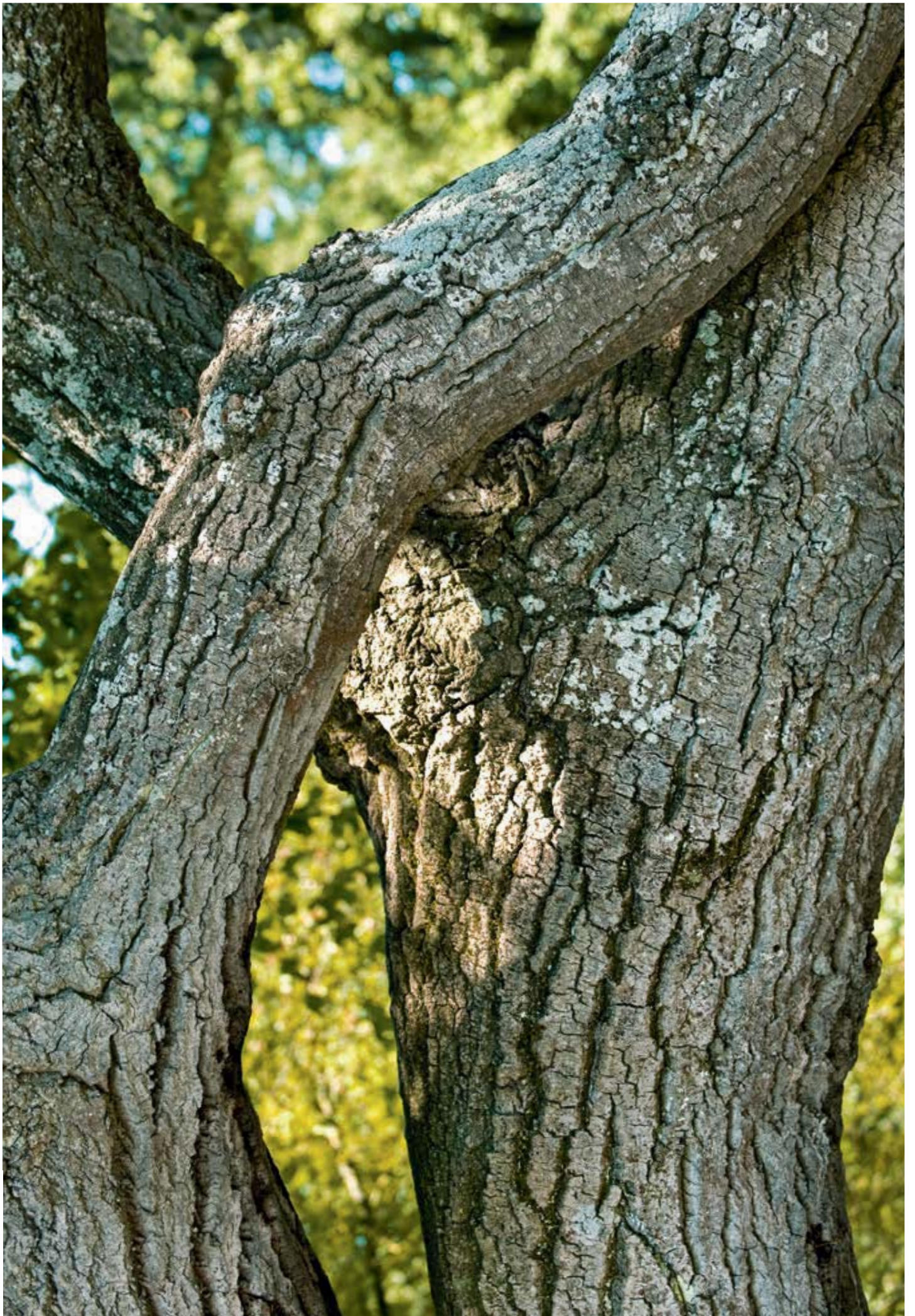
Risk management process and risk environment

The key components of the Helvetia Group risk management process include the identification, analysis and management of risks, the monitoring of the success, effectiveness and appropriateness of the risk management measures, and reporting and communication. The risk management process ensures that sufficient risk-bearing capital is available at any time to cover the risks assumed in accordance with the chosen risk tolerance.

The numerous risks to which the Helvetia Group is exposed in its business activities are included in the Group’s risk management process. Market risks

Risk management organisation







“Going back to my roots” is how the former Nationale Suisse employee Adrian Dubach describes his return to eastern Switzerland, where he was born.

The requirements for financial reporting increased as a result of the merger.

Dubach used to work in the Finance department of Nationale Suisse in Basel. Today, he supports Group Controlling at the head office in St Gall. The requirements for financial reporting increased as a result of the merger between the two companies. Adrian Dubach took advantage of the merger with Helvetia to return to his roots and moved back to the St Gall area with his family. He was received with open arms by his new colleagues Stephan Zeller and

Roman Schillig: “We benefited from Adrian’s knowledge of Nationale Suisse and his network of relationships with Basel, in particular during the challenging integration phase. Thanks to his technical expertise, he is enhancing the quality of our reports, and his sense of humour improves the mood in the office.”

arise, in particular, from interest rate changes, fluctuations in share prices, real estate prices, or exchange rates which influence the value of the Group's investments and technical liabilities. Liquidity risk generally refers to the risk of being unable to provide an unexpected cash outflow in a timely manner. Counterparty or credit risk is the risk of a contractual counterparty being unable to pay or of a change in the counterparty's creditworthiness. The technical risks of life and non-life belong to the traditional risks of an insurance company and are consciously accepted as part of the chosen business strategy. Operational risk represents the risk of losses due to errors or the failure of internal processes, employees or systems, or as a result of external events, whereby the impact of reputational risks is also taken into consideration. Reputational risks can also arise in connection with strategic and emerging risks. Strategic risks include the risk of not achieving business targets due to the inadequate alignment of a company's business activities to the market and in the market environment. Emergent risks are risks that have not yet manifested as actual risks, but are already in existence and

have a high potential for large claims. Concentration risks (also known as cluster risks) can arise from risk exposure to a single counterparty or from parallel risk positions that are vulnerable to a mutual risk factor. A detailed portrayal of the risks resulting from financial instruments and insurance contracts is provided in Note 16 (from page 189) of the Financial Report.

Methods for risk analysis and control

The diverse risk environment requires the use of various methods of risk analysis. Among other things, the Helvetia Group uses the Swiss Solvency Test from the Swiss supervisory authorities as an instrument for analysing and quantifying market, counterparty and technical risks. The company applies internal models, among others for the areas of market risk and technical risk. Risks are controlled and limited by means of hedging instruments, specific product design, reinsurance cover, limit systems (including exposure control and loss limits), diversification strategies, process optimisation and other risk reduction measures.

Risk environment

Market risks	Liquidity risks	Counterparty risks	Technical risks	Operational risks	Strategic risks	Emergent risks
Share price risk	Medium-term	Reinsurance	Life (mortality, longevity, surrender rates, disability, costs, exercising of options)	Financial reporting	Business model	New and qualitatively different risks
Interest rate risk	Short-term	Investments	Non-life (natural hazards, major claims, base volatility, reserve risk)	Business operations (e.g. with regard to outsourcing, BCM)	Fundamental business policy decisions	Phantom risks
Spread risk		Other receivables		Compliance		
Exchange rate risk						
Real estate investment risk						
Long-term liquidity risks						
Other						
				Reputational risks		
Concentration risks						

Capital management

Capital management is an essential pillar for achieving the Helvetia Group's long-term growth targets aimed at profitability. The optimisation of capital allocation and income flows has the following objectives:

- ensuring compliance with supervisory capital requirements at all times;
- securing the capital required to underwrite new business;
- optimising the earning power of its equity;
- supporting strategic growth;
- optimising financial flexibility.

These objectives are defined in consideration of the risk-bearing capacity and cost/benefit factors. Furthermore, as part of its capital management, the Helvetia Group pursues the goal of an interactive rating of financial strength of at least "A-".

Methods for measuring capital

The measurement of capitalisation is carried out both at Group and local level, i.e. at the level of the individual legal entities. At the local level, the country-specific regulatory and commercial law requirements are key. At Group level, capital is measured on the basis of the consolidated balance sheet. In doing so, the capital requirements are measured against the capital models that are relevant to the Helvetia Group: Swiss Solvency Test and Standard & Poor's. When measuring the capitalisation of the Group's legal entities, the applicable solvency rules are applied (Swiss Solvency Test in Switzerland and Solvency II in the EU).

In these capital models, the available capital is determined on the basis of the IFRS equity. Depending on the model, additional capital is added and other components, such as planned dividend payments and intangible assets, are deducted. As for Solvency II, albeit not in an identical manner, the Swiss Solvency Test involves measuring all assets and liabilities at market prices in order to calculate the available capital.

Under Standard & Poor's, the Swiss Solvency Test and Solvency II, the required capital is calculated using a risk-based method. In the Swiss Solvency Test, the effects of risks on the available capital are determined by means of scenario simu-

lations and statistical methods, and quantified taking into consideration dependencies and diversification effects in the form of a risk-based capital requirement.

Capital management process

Helvetia applies an integrated approach to capital management. At the strategic level, the capitalisation and risk profile of business units are managed in terms of profitability and growth potential and therefore the strategic Group targets. Capital is managed integrally in accordance with a defined capitalisation target under the Swiss Solvency Test and Standard & Poor's, and is aligned with the corporate strategy using multi-year capital planning. At an operational level, the capital management process incorporates financing within the Group as well as the safeguarding of the adequate capitalisation of the individual legal entities of the Group. In this process, capitalisation is closely monitored and optimised according to internally defined thresholds.

Outlook

The supervisory requirements for risk and capital management remain subject to major changes. The partially revised Supervision Ordinance entered into force in Switzerland on 1 July 2015. In the EU, Solvency II entered into force fully on 1 January 2016. With its EU-based business units, the Helvetia Group is directly affected by the Solvency II requirements. Helvetia has duly implemented the new requirements and is well prepared for any future developments.

Investment management

The Helvetia Group pursues a sustainable investment policy tailored to the liabilities arising from the insurance business. The objective is to generate attractive medium- and long-term returns for customers and shareholders and to make a reliable contribution to the Group result.

Proven asset liability management

The investment strategy of Helvetia is based on a time-tested asset liability concept. First, a strategic asset allocation for each business unit is derived from a careful analysis of the liabilities. This satisfies the high security requirements of the insurance business while at the same time meeting the yield requirements of each of the individual stakeholder groups. Moreover, asset liability management ensures that there is always enough capital available for the ongoing strategic development of the Group and that the increasing regulatory requirements are taken into consideration. In doing so, the supervisory solvency requirements must be fulfilled at all times. The introduction of the Swiss Solvency Test made it possible to gradually and noticeably extend the duration of fixed-income products in the life business. Due to the long maturities of the assets, the current phase of very low interest rates is only gradually affecting direct yields. At the same time, the reduction in the guaranteed interest rates included in life insurance policies also helps balance out this effect.

Broadly diversified investment portfolio

Helvetia's investment portfolio is broadly diversified. The balanced distribution of the portfolio applies both between and within the individual asset classes. Moreover, Helvetia places high demands on the quality of the counterparties. Our internal investment guidelines dictate that new investments may only be made with borrowers whose credit rating is investment grade. However, the exposure to the BBB segment is limited. At the end of the year, around 70% of the bond portfolio had at least an AA rating. In addition, the proportion of government securities and collateralised bonds is above average at around 69%.

Attractive, stable investment income

We generate attractive investment income for our customers and shareholders. Through the careful combination of low-risk assets, such as high-quality bonds and mortgages and instruments with higher returns such as real estate, equities, foreign currency bonds and corporate bonds, together with controlled investment risk. The income gained from bonds, mortgages and real estate ensures sustained and stable investment income, while gains in value from the equities create interesting medium-term yield potential. Helvetia's high-quality property portfolio is an excellent fit with the liabilities from the insurance business, not only because of the long-term stable and attractive rental income, but also due to the stable values of the assets.

Prudent investment strategy and timely risk management

The investment strategy is defined in detail and implemented as part of the annual review of the investment policy. Adjustments are made to take advantage of new opportunities arising from short-term market developments, while remaining within the tactical ranges established by the management. The investment strategy is always supported by timely risk management. The objective of the risk-controlling measures is to protect the balance sheet and income statement from excessive losses in value. This applies both to exposures in foreign currency, which are constantly and to a large degree hedged by futures, and to equities. In addition, counterparty risks are subjected to ongoing analysis and control using various criteria such as ratings, credit quality and the development of interest spreads. In order to avoid cluster risks, absolute exposure limits apply to the individual counterparties, depending on their quality.

Investment strategy and risk management are designed to ensure the Group's long-term solvency and optimise the impact of volatile markets on the annual result.

Board of Directors

The Board of Directors of Helvetia Holding AG is the highest management body of the company. It is responsible for the overall management and the strategic direction of the Group and it also appoints and monitors the Executive Management. As a result of the merger with Nationale Suisse, the Board of Directors currently consists of 13 members. In accordance with the elections at the Shareholders' Meeting in 2015, the office of Chairman of the Board of Directors was exercised by Mrs Doris Russi Schurter on an interim basis until 30 September 2015 following the unexpected death of long-serving chairman, Erich Walser. Dr Pierin Vincenz has been the new Chairman of the Board of Directors since 1 October 2015.

Various committees have been formed in order to make good use of individual member expertise in the decision-making processes. With the Strategy and Governance Committee, the Nomination and Compensation Committee, the Audit Committee as well as the Investment and Risk Committee, Helvetia has four Board committees that ensure the effective control and monitoring of the company. The tasks of the committees are of an essentially preparatory nature. The cases in which their decision-making powers are used are listed in the Notes to the organisational regulations: www.helvetia.com/en/gruppe/governance.

The composition of the Board of Directors as at January 2016 is shown in the following table.

The Board of Directors of Helvetia Holding AG

	Office	Joined	SGC	NCC	IRC	AC
Dr Pierin Vincenz	Chairman	2000	o o			
Doris Russi Schurter ¹	Vice-Chairwoman	2008	o	o o		
Dr Hans Künzle	Vice-Chairman	2015	o			
Dr Hans-Jürg Bernet	Member	2006		o		o o
Jean-René Fournier	Member	2011				o
Dr Patrik Gisel	Member	2015			o	
Dr Balz Höslly	Member	2014				
Dr Peter Kaemmerer	Member	2014				
Prof. Dr Christoph Lechner	Member	2006	o		o	
John Martin Manser	Member	1996		o	o o	
Dr Gabriela Maria Payer	Member	2014		o		
Herbert J. Scheidt	Member	2011			o	o
Dr Andreas von Planta	Member	2014				o
SGC	Strategy and Governance Committee		o o			Chairman
NCC	Nomination and Compensation Committee		o			Member
IRC	Investment and Risk Committee					
AC	Audit Committee					

¹ The duties of the Board of Directors were managed by Vice-Chairwoman Doris Russi Schurter until the end of the Shareholders' Meeting 2015.

As at 1 January 2016



From left to right: Herbert J. Scheidt, Dr Patrik Gisel, Jean-René Fournier, Doris Russi Schurter, John Martin Manser, Dr Balz Hösly, Prof. Christoph Lechner

Pierin Vincenz

Doctor of economics (Dr oec. HSG), Swiss,
Niederteufen, 1956

Professional background, exercising operational executive functions

Since 1 October 2015 Chairman of the Board of Directors; 1979–1982 Schweizerische Treuhandgesellschaft, St Gall; 1986–1990 Swiss Bank Corporation Global Treasury at the head office in Zurich, as well as Vice-Director at Swiss Bank Corporation O'Conner Services L.P. Chicago; 1991–1996 Hunter Douglas, Lucerne, Vice-President and Treasurer; 1996–1999 Raiffeisen Group, St Gall: Member of Executive Management and Head of the Finance Department; from 1999 until September 2015 Chairman of Executive Management of the Raiffeisen Group, St Gall.

Appointments at listed companies

Vice-President of the Board of Directors of Leonteq Securities AG, Zurich.

Appointments at other companies

Seven appointments at non-listed companies: President of the Board of Directors of the Aduno Holding AG, Glattdbrugg; President of the Board of Directors of Investnet AG, Herisau; President of the Board of Directors of Vincenz Management AG, Niederteufen; President of the Board of Directors of Plozza Vini SA, Brusio; Member of the Board of Directors of Bergbahnen Brigels-Waltensburg-Andiast AG.

Pro bono appointments

Ten appointments at charitable organisations and institutions.

Doris Russi Schurter

Law degree (lic. iur.), lawyer (with own practice),
Swiss, Lucerne, 1956

Professional background, exercising operational executive functions

Until 2005 partner at KPMG Switzerland, including 1994–2005 Managing Partner at KPMG Lucerne.

Appointments at listed companies

Member of the Board of Directors of Lucerne cantonal bank, Lucerne.

Appointments at other companies

Four appointments, in particular President of the Board of Directors of Patria Genossenschaft, Basel; Vice-President of the Board of Directors Swissgrid AG, Laufenburg; and Member of the Board of the LZ Medien Holding, Lucerne.

Pro bono appointments

Seven appointments, in particular President of the Association of Swiss Companies in Germany, VSUD, Basel, and several commitments at the University of Applied Sciences and University of Lucerne.



From left to right: Dr Hans-Jürg Bernet, Dr Andreas von Planta, Dr Gabriela Maria Payer, Dr Pierin Vincenz, Dr Peter Kaemmerer, Dr Hans Künzle

Hans Künzle

Doctorate in law (University of Zurich), Swiss, Wollerau, 1961

Professional background, exercising operational executive functions

Until 1989 at Bülach District Court; 1989–2004 various managing roles at Winterthur Versicherungen, including CEO of Winterthur operations in the Czech Republic and Head of Mergers & Acquisitions at group level; 2004–2014 CEO of the Schweizerische National-Versicherungsgesellschaft AG, Basel; since 1 January 2015 Vice-President of the Board of Directors of Helvetia Insurance.

No appointments at listed companies

Appointments at other companies

Two appointments: Member of the Board of Directors of CSS Versicherung, Lucerne, and of Sompō Japan Canopus Reinsurance AG, Zurich.

Pro bono appointments

Four appointments, in particular Member of the Board and in the National Committee of UNICEF Switzerland and on the Board of Pro Infirmis.

Hans-Jürg Bernet

Doctorate in economics from the University of St Gall (Dr oec. HSG), Swiss, St Gall, 1949

Professional background, exercising operational executive functions

Joined the Zurich Insurance Group in 1977, various managerial positions, including: 1993 Member of the Executive Management of Zurich Switzerland, 2001–2005 CEO Zurich Switzerland, 2001–2004 Member of the Extended Group Executive Board of the ZFS Group; 2002–2005 Vice-President of the SVV (Swiss Insurance Association); 2001–2005 Member of the Management Board and Vice-President of the Fördergesellschaft IVW.

Appointments at listed companies

Member of the Board of Directors of St Gall cantonal bank, St Gall.

Appointments at other companies

Four appointments at non-listed companies, in particular Member of the Board of SWICA healthcare organisation, Winterthur.

Pro bono appointments

Four appointments at charitable organisations and institutions.

Jean-René Fournier

Bachelor's degree in economics from the University of Fribourg (lic. oec. publ.), Swiss, Sion, 1957

Professional background, exercising operational executive functions

Management positions at UBS; 1997–2009 State Council of the canton of Valais; since 2007 Senate of the canton of Valais; 2011–2013 President of the Finance Commission of the Senate.

No appointments at listed companies

Appointments at other companies

Six appointments at non-listed companies/institutions: Member of the Board of Directors of Patria Genossenschaft; Member of the Board of Directors of Forces motrices de la Gougra SA, Sierre, and Grande Dixence SA, Sion; Senior Advisor of Credit Suisse SA; Vice-President of the Swiss Trade Association and President of the Union valaisanne des arts métiers.

Pro bono appointments

President of the Board of Trustees of the Disability Foundation Valais de Cœur.

Patrik Gisel

Doctor of economics (Dr oec. HSG), Swiss, Erlenbach, 1962

Professional background, exercising operational executive functions

1987–1993 research assistant and lecturer at the University of St Gall; 1987–1993 Project and Group Manager in the IT Development Finance Department, Swiss Bank Corporation, Zurich; 1993–1994 consultant for banks and insurance at The Boston Consulting Group, Zurich; 1994–1999 head of department at a Managing Director level in IT at the SBC (later UBS), Swiss Bank Corporation/UBS AG, Zurich; 2000 Raiffeisen Group, St Gall; since 2000 Member of the Executive Management, until 2004 Head IT Finance and Business Development and CFO, from 2002–2015 Deputy Chief Executive Officer, from 2005–2015 Head of Market Department, since 1 October 2015 Chief Executive Officer at Raiffeisen Switzerland.

Appointments at listed companies

Member of the Board of Directors of Leonteq AG, Zurich.

Appointments at other companies

Ten appointments at non-listed companies: Chairman of the Board of Directors of Vescore AG, St Gall; Member of the Board of Directors of ARI-ZON Sourcing AG, St Gall; Member of the Board of Directors of SIX Group AG, Zurich; Vice-Chairman of the Board of Directors of Pfandbriefbank schweizerischer Hypothekarinstitute AG, Zurich; Member of the Board of the Swiss Bankers Association (SwissBanking), Basel; Member of the Executive Board of the Swiss Banks' and Securities Dealers' Depositor Protection Association (esisuisse), Basel; Member of the Board of the Unico Banking Group Brussels; Member of the Board of Directors of Ergis AG, Wald AR.

Pro bono appointments

One appointment at a charitable institution.

Balz Hösly

Doctorate in law (University of Zurich), lawyer, specialist lawyer SAV, law of inheritance, mediator SAV, Swiss, Zurich, 1958

Professional background, exercising operational executive functions

1987–1999 various managerial positions in international and national business of Winterthur Versicherungen, including: Head of Development of Group Strategy and Market Development in Europe; 2000–2004 CEO of the Swiss export promotion organisation, Osec; since 2004 partner of the law firm MME Legal AG, Zurich and Zug.

No appointments at listed companies

Appointments at other companies

Three appointments, particularly President of the Board of Directors of the regional marketing agency, Greater Zurich Area AG, Zurich, and President of the Board of Directors of AG Hallenstadion, Zurich.

No pro bono appointments

Peter A. Kaemmerer

Doctorate in law (University of Munich), MBA (European Business School INSEAD in Fontainebleau), German, Tokyo (Japan), 1956

Professional background, exercising operational executive functions

Numerous managerial functions in Asia and the USA in Landesbank Baden-Württemberg (LBBW), most recently as Member of the Board in Stuttgart, responsible for international business. Since 2011, CEO of DKSH Japan in Tokyo.

No appointments at listed companies, other companies or pro bono appointments

Christoph Lechner

Prof. and doctor of economics (Prof. Dr oec.), Swiss and German citizenship, Hettlingen, 1967

Professional background, exercising operational executive functions

1987–1995 various positions at Deutsche Bank, including: Corporate Banking and Assistant to the Management (Germany); Corporate Finance (Singapore); 1995–2004 University of St Gall, promotion and habilitation, guest professor in the USA (Wharton and Connecticut) as well as South America (IAE Argentina); 2004 to present, professor of Strategic Management at the University of St Gall and also Chairman of the Board at the Institute of Management (IfB).

Appointments at listed companies

Member of the Board of Directors of Hügli Holding AG, Steinach.

No appointments at other companies or pro bono appointments

John Martin Manser

MBA; financial consultation, Swiss, Riehen, 1947

Professional background, exercising operational executive functions

Commercial banking in Switzerland, in the United Kingdom and in Brazil; 1981 Treasurer in the Brazilian affiliate of Ciba-Geigy; 1988–1990 Head of Finance and 1990–1996 Treasurer Ciba-Geigy AG, Basel (head office); 1996–2007 Head of the Novartis Group Treasury: Novartis International AG, Basel.

Appointments at listed companies

Member of the Board of Hiag Immobilien AG, Basel.

Appointments at other companies

Member of the Board of Directors of Union Bancaire Privée, Geneva.

Pro bono appointments

Member of the Investment Commission at the University of Basel.

Gabriela Maria Payer

Doctorate in philosophy (University of Zurich), Swiss, St. Moritz, 1962

Professional background, exercising operational executive functions

Until 1993 responsible for marketing at IBM and American Express; 1993–2012 numerous management roles with UBS AG; including: 1999 set-up and management of UBS e-banking; 2005 worldwide management of Human Resources Wealth Management & Business Banking; 2009 founding and management of the UBS Business University for the entire Group; since 2012 Head of Training and Member of the Executive Management of the Swiss Finance Institute, also owner of the consulting company, PAYERPARTNER, for strategic business development.

No appointments at listed companies

Appointments at other companies

Four advisory board appointments.

No pro bono appointments

Herbert J. Scheidt

Business and masters degrees at the Universities of Sussex and New York, Swiss and German citizenship, Zurich, 1951

Professional background, exercising operational executive functions

Different managerial roles at Deutsche Bank in Essen, Frankfurt, New York, Milan and Geneva; 1999–2000 Head of Private Banking International and from 2001 Chief Executive Officer at Deutsche Bank (Schweiz) AG; 2002–2011 CEO of the Vontobel Group; since May 2011 Chairman of the Board of Directors Vontobel Holding AG, Zurich.

Appointments at listed companies

President of the Board of Directors of Vontobel Holding AG and Vice-President of the Board of Directors of HERO AG, Lenzburg.

Appointments at other companies

Four appointments at non-listed companies, in particular Director of the Association of Swiss Asset and Wealth Management Banks (VAV); Member of the Board of Directors of the SIX Group AG, Zurich; Member of the Board of Directors of the Swiss Bankers' Association.

Pro bono appointments

Eight appointments at charitable organisations and institutions.

Andreas von Planta

Doctorate in law (University of Basel), LL.M. (Columbia University), lawyer, Swiss, Cologny/GE, 1955

Professional background, exercising operational executive functions

Since 1983 law firm Lenz & Staehelin, Geneva; partner since 1988.

Appointments at listed companies

Member of the Board of Directors of Novartis AG, Basel.

Appointments at other companies

Eight appointments, in particular Member of the Board of Directors of Raymond Weil SA, Lancy; President of the Board of Directors of Clinique Générale-Beaulieu SA, Geneva, and HSBC Private Bank (Swiss) SA, Geneva; President of the Regulatory Board of SIX Swiss Exchange (previously registration office of SWX Swiss Exchange).

No pro bono appointments

Secretary of the Board of Directors: **Christophe Niquille**, doctorate in economics (Dr oec. HSG)

Executive Management

The Executive Management is the highest executive body of the Helvetia Group and is responsible for implementing the strategy adopted by the Board of Directors. The organisational structure of the Executive Management is aligned with the value chain as well as the management of the operating business units. Key functions such as the management of financial operations and information technology, the investment business, group reinsurance and parts of risk and personnel management are centralised, making it easier to pool knowledge and resources. The management structure with cross-border, functional responsibilities is very efficient, enables rapid decision-making, enhances transparency and avoids duplication.

There were no changes to the Group Executive Management in the reporting period. The Group Executive Management still consists of six members. The other responsibilities within the Executive Management remain the same.

Changes to subsidiaries

Germany

In Germany, Werner Bauer joined the Executive Management on 1 August 2015 and took over the Sales/Marketing department from Thomas Primnitz. Werner Bauer worked as insurance manager for the former Nationale Suisse. Prior to this he held a number of sales and actuarial positions with different companies. Thomas Primnitz took on a new task within the organisation.

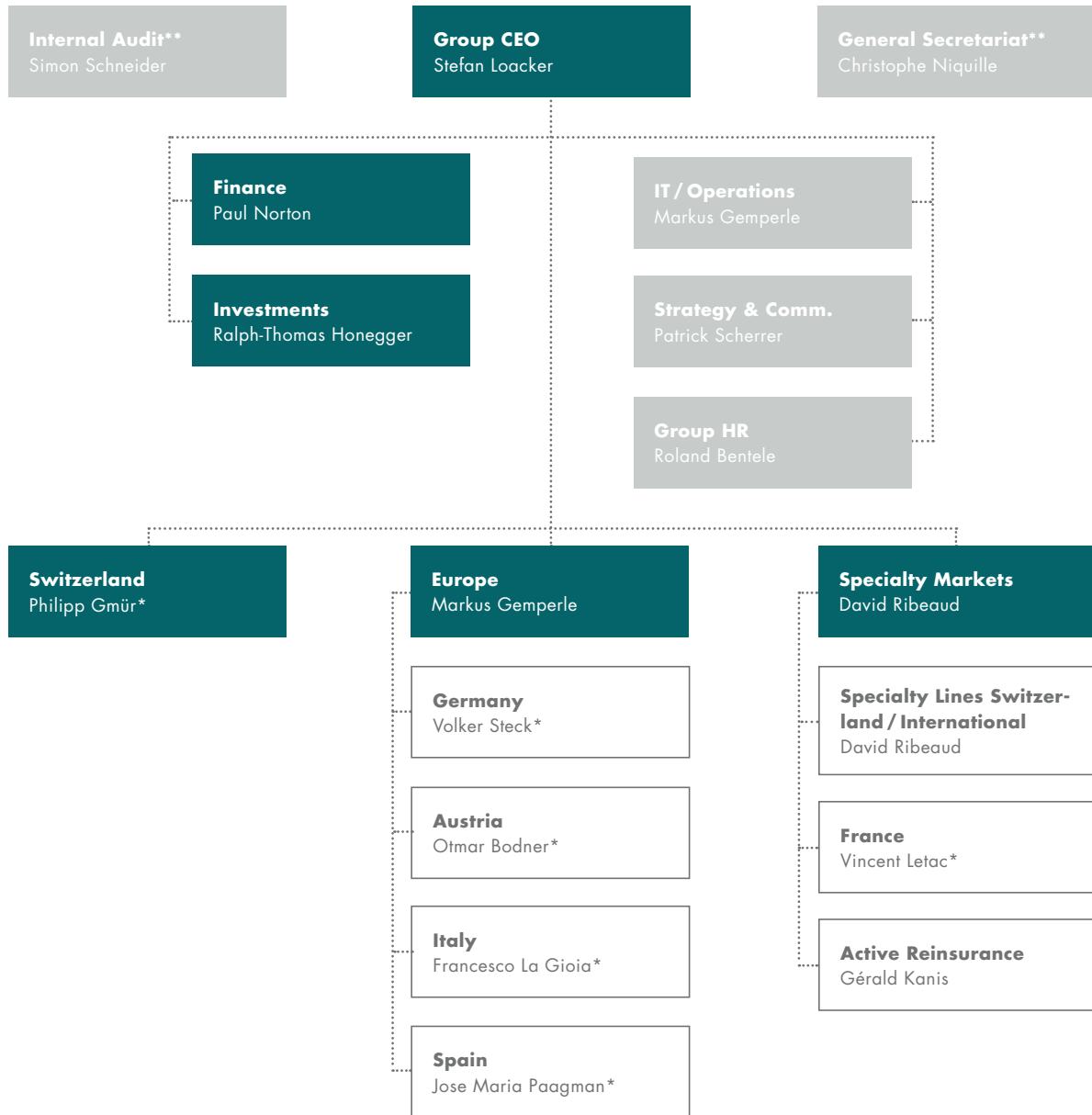
Italy

Fabio Carniol joined the Executive Management of Italy on 1 September 2015. He is responsible for Life/Bank Insurance. Fabio Carniol has many years' experience in the fields of insurance and financial services.

France

On the Executive Management of Helvetia France, Pierre-François Breuneval, who is in charge of IT, also took over the Human Resources department from Jeanne Castaing on 17 July 2015. Jeanne Castaing left the company on this date.

Details concerning the curricula vitae of the new members of the Executive Management can be found in the relevant media releases at <https://www.helvetia.com/corporate/content/en/media-relations/media-releases.html>



■ Members of the Group Executive Management

■ Support functions

* CEOs of the country markets

** Reports to the Chairman of the Board of Directors

As at mid-March 2016



From left to right: David Ribeaud, Ralph Honegger, Philipp Gmür, Stefan Loacker, Paul Norton, Markus Gemperle

Stefan Loacker

Bachelor's degree (lic. oec. HSG); Master's degree (Mag. rer. soc. oec.), Vienna University of Economics and Business, Austrian, Speicher, 1969
Chief Executive Officer of the Helvetia Group (CEO)

Professional background

1994–1997 Rentenanstalt / Swiss Life: Involved in Group planning projects; 1997 joined Helvetia: Assistant to Head of Staff Executive Management, Business Development; Head of Staff Group Executive Management; 2000 Head of Business Development; Director; 2002 ANKER, Vienna: Head of Finance and IT; Member of Executive Board; 2005 ANKER, Vienna: Chief Executive Officer; 2007, since 1 September in his current position.

Appointments

In particular, Member of the Board of the Swiss Insurance Association, Zurich; Member of the Executive Committee and Chairman of the Funding Association of the Institute of Insurance Economics at the University of St Gall.

Markus Gemperle

Doctorate in law HSG, Swiss, Niederteufen, 1961
CEO Europe

Professional background

1986–1988 Legal Counsel Claims Department, Helvetia Feuer, St Gall; 1988–1990 Academic Assistant, Institute of Insurance Economics, University of St Gall; 1990 joined Helvetia Insurance: Head of various departments in the non-life business in Switzerland; 2002 Head of Corporate Centre Helvetia Patria Group; 2004 Member of the Executive Management of Helvetia Switzerland: Head of IT; 2006 Member of the Executive Management of Helvetia Switzerland: Head of Operations & Partners; 2008 Member of the Group Executive Management: Head of Strategy & Operations; 2015 Member of the Group Executive Management in his current position with various appointments with subsidiaries of the Helvetia Group in Switzerland and abroad; Member of the Executive Management of Schweizerische National-Versicherungsgesellschaft AG, Basel, until the merger.

Appointments

In particular, an appointment as Chairman and Member of the Board of Directors at an unlisted company and an appointment as Chairman of a Board of Trustees.

Philipp Gmür

Doctorate in law, lawyer, LL.M.,
Swiss, Lucerne, 1963
Chief Executive Officer of Helvetia Switzerland

Professional background

1988–1990 worked in various courts, administration and law firms; 1991–1993 Court Clerk at the High Court of Lucerne; 1993 joined Helvetia: Head of regional office in Lucerne; 2000 Member of the Executive Management of Helvetia Switzerland: Head of Sales; 2003 Member of the Group Executive Management in his current position with various appointments at the Swiss subsidiaries of the Helvetia Group.

Appointments

In particular, Chairman of the Campaign Committee of the Swiss Insurance Association; Member of the Board of Trustees of the pension funds of Helvetia Insurance; Vice-Chairman of the Helvetia Patria Jeunesse Foundation; Vice-Chairman of the Swisscanto Vested Benefits Foundation of the Cantonal Banks; Member of the Board of Directors of Coop Rechtsschutz AG, Aarau; Member of the Board of Directors of Prevo AG, Basel, and three other board member appointments for non-listed companies and three board of trustee appointments.

Ralph-Thomas Honegger

Doctorate (Dr rer. pol.), Swiss, Arlesheim, 1959
Chief Investment Officer (CIO)

Professional background

1987 joined Patria: various management positions, including: Head of Portfolio Strategy and Portfolio Management; 1997 Member of the Executive Management, Switzerland: initially Head of Investment Clients, then Head of Individual Life; 2002 Member of the Group Executive Management in his current position with various appointments at foreign subsidiaries of the Helvetia Group.

Appointments

In particular, Board of Trustees of the pension funds at Helvetia Insurance; Head of the Investment Commission of the Raiffeisen Pension Fund; Honorary Consul General for Austria in Basel; Vice-Chairman, Member of the Board of Directors of Allreal Group, Zurich.

Paul Norton

B.A. History (University of Reading / UK);
Chartered Accountant, British and
Swiss national, Zurich, 1961,
Chief Financial Officer (CFO) of the Helvetia
Group

Professional background

1983–1992 Price Waterhouse, London; 1992–1994 Revisuisse Price Waterhouse, Zurich; 1994–1996 Price Waterhouse, London; 1996–1999 Zurich Financial Services (ZFS), Centre Solutions, Head of Transaction Tax and Accounting Europe; 1999–2002 ZFS: Head of External Reporting; 2002–2007 Winterthur Insurance: Head of Corporate Development and Capital Management; 2007: since 1 July 2007 in his current position; Member of the Group Executive Management with various appointments at the subsidiaries of the Helvetia Group in Switzerland and abroad.

Appointments

Member of the Economic and Financial Affairs Committee of the Swiss Insurance Association, Zurich.

David Ribeaud

Dipl. natural sciences ETH Zurich, actuary SAV
Swiss, Zurich, 1970
CEO Specialty Markets

Professional background

Joined Swiss Re in 1995, last position as Senior Underwriter Property & Casualty; 2001 moved to Zurich Global Corporate Switzerland as Head of Actuarial Department; 2005 Chief Pricing Actuary Europe General Insurance; 2009–2011 Chief Underwriting Officer at Zurich Italy; 2012 joined Executive Management at Nationale Suisse as Head of Customer Service & Non-Life Switzerland and from 2013 as Head of Specialty Lines & Foreign Countries; since 1 January 2015 Member of the Group Executive Management in his current position with an appointment at one foreign Helvetia subsidiary.

No further appointments

Corporate governance

Helvetia is committed to meeting the high legal and ethical expectations of its shareholders and all other stakeholder groups to the best of its knowledge and in good faith. This applies in particular with respect to comprehensive, transparent reporting and responsible, value-oriented corporate governance. The main objectives are to further strengthen confidence in the Helvetia Group, to safeguard the interests of our customers, and thus ultimately to ensure and sustainably enhance the value of the Group, while also taking account of the best interests of the public. We successfully ensure that the principles of good corporate governance are consistently implemented and continually optimised throughout the Group. For the Board of Directors, Executive Management and all employees of Helvetia, corporate governance is an ongoing process that is periodically reviewed and used to integrate new developments, findings and requirements into daily professional life and responsibility structures. Good corporate governance can only be truly effective if it is constantly aligned to the Group's strategy and positioning. For more information, please refer to pages 14 et seq.

This strategic focus expresses Helvetia's commitment to comply as fully as possible with the applicable standards of the "Swiss Code of Best Practice for Corporate Governance" of the SIX Swiss Exchange Corporate Governance Guidelines of 28 August 2014, and the Ordinance Against Excessive Compensation in Swiss Listed Companies (VegüV) of 20 November 2013. Information on Helvetia's compensation system and the compensation paid to the Board of Directors and Group Executive Management is again contained in a compensation report that forms part of the Annual Report (see page 72 et seq. below). If relevant information is provided elsewhere in the Annual Report or in other documents, reference is made to the location or document concerned. Important documents such as the articles of incorporation and the organisation rules with appendices are also available on our website at www.helvetia.com/en/gruppe/governance.

This website also contains plenty of additional interesting and up-to-date information.

1. Group structure and shareholder base

1.1 Group structure

Helvetia is an international Swiss all-lines insurance group. The parent company, Helvetia Holding AG, is organised in accordance with Swiss law. The management structure is shown on page 54. This structure is intended to create the best possible legal, financial, fiscal and regulatory framework and to ensure smooth, efficient and flexible business operations.

On 20 October 2014, as part of a public purchase and exchange offer, Helvetia acquired 96.29 % of the registered shares of Schweizerische National-Versicherungs-Gesellschaft AG ("Nationale Suisse") and integrated the company as a subsidiary into the Group. The legally prescribed process to acquire 100 % ownership and to delist Nationale Suisse from the SIX Swiss Exchange was successfully concluded in the first half of 2015. Since then, Helvetia has finalised the merger of Nationale Suisse (the former parent company of the Nationale Suisse Group) and Nationale Leben with its counterparties, thus laying the foundation for the focused and consistent future growth of the business combination by exploiting the considerable synergies arising from the merger. In other countries, the substantially smaller local Nationale Suisse offices will be merged with Helvetia's offices in 2016.

The complete list of Group companies, including investments, is shown from page 218.

Helvetia Holding AG has its head office in St Gall and is listed on the SIX Swiss Exchange in Zurich: security no./ticker 1 227 168/HELN. Key data for investors is given on pages 38 to 40 under "Investor information". Following the planned delisting of Nationale Suisse in 2015, Helvetia Holding AG is now the only listed company within the Group. The Group's subsidiaries included in the scope of consolidation are listed on pages 218 to 220.

Reports on the main subsidiaries – Helvetia Schweizerische Versicherungsgesellschaft AG, St Gall (Helvetia Versicherungen), and Helvetia Schweizerische Lebensversicherungsgesellschaft AG, Basel (Helvetia Leben) – can be found in the Notes on page 225.

1.2 Major shareholders

In addition to a strong, long-term and, in view of the positive development of the Group, very successful relationship with our major pool of shareholders, Patria Genossenschaft (founding partner), Raiffeisen and Vontobel (cooperation partners), we maintain an open and shareholder-friendly strategy in an effort to build up a widely diversified and informed shareholder base. On the reporting date, 13,203 (previous year: 11,991) shareholders were registered in the share register of Helvetia Holding. This renewed year-on-year increase in the number of registered shareholders underscores the attractiveness of our stock. It is also the result of the share exchange carried out at the beginning of the year in connection with the takeover of Nationale Suisse.

As regards our shareholder base, the holdings of the pool are worthy of special mention. The pool still holds a combined stake of 38.1% of Helvetia Holding's equity and comprises the following three partners:

- Patria Genossenschaft, Basel, with 30.1%
- Vontobel Beteiligungen AG, Zurich, with 4.0% and
- Raiffeisen Schweiz, St Gall, with 4.0%.

The pool agreement strengthens and promotes Helvetia's strategic focus on cooperation in areas outside its core business (insurance), and supports the activities of the Group in crucial areas such as sales. It unites the cooperation partners of the Helvetia Group in their capacity as strategically oriented, long-term shareholders who are interested in the successful development of the company. Pool members may only sell their Helvetia shares with the consent of the other members, who also enjoy a right of first refusal at market conditions. Beyond the scope of normal cooperation activities relating to consulting and the sale of financial, insurance and fund management products and services –

always at market conditions – there are no significant business relationships between pool members and the Helvetia Group.

1.3 Cross-holdings

There are no cross-holdings that exceed 3.0% of the capital or voting rights.

2. Capital structure

2.1 Share capital

Helvetia Holding AG has a share capital of CHF 994,513.70, consisting of 9,945,137 registered shares with a par value of CHF 0.10 each. At the year-end price of CHF 566.00 per share, this equals a market capitalisation of CHF 5,628.9 million.

2.2 Treasury shares

On 31 December 2015, Helvetia held 47,951 treasury shares (0.48%).

2.3 Authorised capital

The option to create authorised capital pursuant to Art. 3 of the articles of incorporation was exercised with the takeover of Nationale Suisse. The share capital therefore increased year-on-year by 55,606 shares or CHF 5,560.60.

2.4 Contingent capital

The share capital can be increased by a maximum of CHF 129,793.20 by issuing a maximum of 1,297,932 fully paid-up registered shares with a par value of CHF 0.10 each. The conditions for this are set out in Art. 4 of the articles of incorporation.

2.5 Changes in capital

- In December 2004, an authorised share capital increase of CHF 23,598,750 was carried out by issuing 2,359,875 registered shares with a par value of CHF 10.00 each, as a result of which the share capital increased from CHF 62,930,000 to CHF 86,528,750.
- Conditional share capital was created in 2007: see section 2.4.
- Helvetia celebrated its 150th anniversary in 2008. To celebrate this event and recognise the confidence in and loyalty of the shareholders to Helvetia and at the same time to optimise the capital structure of the company, Helvetia reduced the par value of the registered shares from CHF 10.00 to CHF 0.10 and paid out the difference of CHF 9.90 to its shareholders in the form of a par value dividend.
- At the Extraordinary Shareholders' Meeting in September 2014, for the partial financing of the takeover of Nationale Suisse, authorised capital of a maximum of CHF 130,000 was created by issuing a maximum of 1,300,000 registered shares with a par value of CHF 0.10 each, which must be fully paid up. Of this authorised capital, 1,236,656 fully paid up registered shares were issued in October 2014 and 55,606 in March 2015 with a par value of CHF 0.10 each or CHF 129,226.20 in total. The share capital of Helvetia Holding AG thereby increased to CHF 994,513.70, consisting of 9,945,137 registered shares with a par value of CHF 0.10 each. As at 31 December 2015, the remaining authorised capital amounted to CHF 773.80 or 7,738 fully paid-up registered shares with a par value of CHF 0.10 each.

2.6 / 2.7 Shares, participation certificates and dividend right certificates

The share capital comprises 9,945,137 fully paid-up registered shares with voting and dividend rights with a par value of CHF 0.10 each. There are no preferential rights, participation certificates or dividend right certificates. For more details concerning Helvetia shares, please refer to pages 38 to 40.

2.8 Restriction on transferability and nominee registrations

The Board of Directors may refuse to approve registration with voting rights if an individual would then own more than 5% of the voting rights of the entire share capital recorded with the Commercial Register. Here the term "individual" also includes buyers of shares who are connected to each other either by way of capital or votes, or by united management, or in any other form. This restriction also applies if, for example, shares were subscribed or acquired by means of convertible rights associated with instruments issued by the company or third parties. In the reporting year, no new exceptions were declared regarding the restriction of transferability (for major shareholders: see section 1.2).

Private individuals who do not declare in the application for registration that they have acquired the shares on their own behalf (= nominees) will only be entered in the share register for a maximum of 3% of the total share capital. The registration regulations are described in detail in Art. 7 and 8 of the articles of incorporation. Any amendment by the Shareholders' Meeting to the statutory restriction of transferability referred to above requires a two-thirds majority of votes represented.

2.9 Convertible bonds and options

- a) Convertible bonds
No convertible bonds have been issued since 2004.
- b) Options
The Helvetia Group has not issued any options.
- c) Employee options
The Helvetia Group has not issued any employee options.





Celia Rung has an experienced colleague in Group Reinsurance by her side in Laurent Fauré. He has been working for Helvetia for 15 years. He gained a new colleague with the acquisition of Nationale Suisse, and his responsibilities also changed.

As part of the reorganisation of Group Reinsurance, Celia Rung, a former Nationale Suisse employee, assumed responsibility for France as well as marine and art within the Specialty Markets area. Laurent Fauré, who was formerly responsible for France, now works on Group Contracts, Switzerland and Spain. The transfer of responsibility enabled both employees to gain deeper insight into their counterpart's organisations. Their work was enriched by new ideas and alternating between the St Gall and Basel sites. Celia Rung and Laurent Fauré quickly came together as a team: "Our collaboration during a joint trip to Helvetia France laid the foundation for successfully renewing the reinsurance contracts."

Their work was rounded out by new ideas and they benefited from their flexibility.

3. Board of Directors

See also the diagram and information provided on pages 47 to 52.

3.1 Members of the Board of Directors

As of the end of financial year 2015, the Board of Directors of Helvetia Holding AG consists of 13 members. Dr Pierin Vincenz has been the Chairman of the Board of Directors since 1 October 2015. The Board of Directors of Helvetia Holding AG is identical to the Boards of Directors of the two subsidiaries, Helvetia Leben and Helvetia Versicherungen. All the members of the Board of Directors have experience and knowledge of a wide variety of fields. They have the requisite expertise to represent their personal opinion in discussions with the Executive Management. Since the Helvetia Group conducts a significant proportion of its business abroad, the Board of Directors also includes citizens of different countries and members who have extensive international experience. Members of the Board of Directors should possess strong personal values (including integrity), specialised financial, business and insurance knowledge, experience in strategic and executive management, the ability to think in a visionary manner, social skills and a belief in sustainability. They must also have the necessary amount of time at their disposal for the efficient and proper performance of a director's term of office. As far as the independence of Board members is concerned, Helvetia follows the requirements of the Swiss Code of Best Practice for Corporate Governance.

For example, the Board consists only of members whose personal and business skills enable them to form an independent opinion and take decisions that are in the best interests of the company. Its committees consist of non-executive members. The members of the Nomination and Compensation Committee and the Audit Committee have never been members of the Executive Management. The members of the Nomination and Compensation Committee have neither personal relationships with Helvetia nor any business relationships through the companies and organisations represented by them; nor do they have any cross-involvements. Anti-conflict of interest rules are consistently applied by all committees. Every year, the Board of Directors assesses the level of compliance with these require-

ments and the quality of the services it has performed, both in its entirety and within each committee, and – where necessary – identifies any improvements that may be required.

The composition of the Board of Directors is shown on pages 47 to 52. None of the members of the Board of Directors holds any executive function. With the exception of Hans Künzle (CEO of Nationale Suisse until 31 December 2014 and a Board member from 1 January 2015), no Board member belonged to the Executive Management of the Helvetia Group or any of its Group companies in the financial years preceding the reporting period. No member of the Board of Directors has any significant business relationships with Helvetia other than as a policyholder.

3.2 Other activities and interests

The following business relationships exist with companies represented by members of the Board of Directors:

- In the shareholder pool, Doris Russi Schurter and Jean-René Fournier represent Patria Genossenschaft; Dr Patrik Gisel represents the Raiffeisen Group; and Herbert J. Scheidt represents the Vontobel Group.
- Doris Russi Schurter is the Chairwoman and Jean-René Fournier the Vice Chairman of the Board of Directors of the Patria Genossenschaft, Basel, the statutory objectives of which are to promote the conclusion and execution of life insurance contracts with Helvetia in the interests of its members, and to secure and promote its independence and development by means of financial participation in Helvetia.
- Helvetia, the Vontobel Group and the Raiffeisen Group are cooperation partners in the areas of consulting and the sale of financial services.

3.3 Cross-involvements

See section 3.2.

The cooperation agreement between the Raiffeisen Group and the Vontobel Group has been terminated with effect from the end of June 2017. Until it expires, the interests of the Raiffeisen Group will be represented on the Board of Directors of the Vontobel Group by a person who has no relationship with Helvetia.

Andreas von Planta, Philipp Gmür, Balz Hösly and Stefan Loacker were members of the Board of Directors of Nationale Suisse until the delisting of Nationale Suisse in the spring of 2015. Andreas von Planta and Balz Hösly were also on the Board of Directors of Helvetia and Philipp Gmür and Stefan Loacker were part of Helvetia's Group Executive Management at the time.

There are no further interlocking directorates within the Boards of Directors of listed companies.

3.4 Election and term of office

All Board members, the Chairman and the members of the Nomination and Compensation Committee are individually elected at the Shareholders' Meeting each year. Re-election of existing Board members is possible. The option of re-election ends at the latest with the Ordinary Shareholders' Meeting in the year in which a Board member turns 70. No Board member will reach the statutory age limit of 70 before or after the 2016 Shareholders' Meeting.

To implement the reduction in the number of Board members decided previously, Messrs Balz Hösly, Peter Kaemmerer and John Martin Manser will resign from the Board of Directors at the 2016 Shareholders' Meeting. The other Board members, the Chairman and the other members of the Nomination and Compensation Committee will stand for re-election. Andreas von Planta is proposed as a new member of the Nomination and Compensation Committee to the 2016 Shareholders' Meeting.

The table on page 47 contains information on the first time each member of the Board of Directors of Helvetia Holding AG was elected to that body.

3.5 Internal organisation

Corporate governance at Helvetia is based on the relevant legal provisions (in particular company law and stock market legislation) and on internal directives and regulations. The functions intended to be carried out by the Board of Directors and the allocation of duties are set out on page 47. The Board of Directors appoints the Vice-Chairmen, the Chairman and members of the various committees (exception: the members of the Nomination and Compensation Committee) as well as the secretary of the Board of Directors.

Board committees

In order to employ the broad business experience of its individual members in its decision-making processes and to meet its supervisory reporting obligations, the Board of Directors has formed special committees from among its own members to assist the Board in close cooperation with the Executive Management in its management and control activities: the Strategy and Governance Committee, the Nomination and Compensation Committee, the Investment and Risk Committee, and the Audit Committee. The duties and powers of these committees are described in detail in the organisational regulations, and the composition of each committee is presented on page 47.

a) The Strategy and Governance Committee (SGC) prepares the resolutions to be passed by the Board of Directors in the event of a change or redefinition of strategy, monitors the strategic risks within the framework of the defined strategy and the related measures, deals with mergers, acquisitions and disposals of companies or major portfolios, and prepares the required resolutions by the full Board of Directors. It also ensures good corporate governance within the Helvetia Group, assumes duties and powers that have been assigned to the SGC by the Board of Directors, deals with issues entrusted to it by the Chairman that are not reserved for the full Board of Directors in accordance with the law, the articles of incorporation or Group regulations, and discusses important and urgent issues. The SGC convenes as often as business requires. In order to deal with specific issues, it may call on internal or external specialists to attend its meetings, which is regularly the case. The CEO participates in an advisory capacity. In 2015, the SGC had three meetings, all of

which were attended by all its members. Most of the meetings lasted half a day.

b) The Nomination and Compensation Committee (NCC) puts forward proposals regarding the structure of the compensation system that applies to the members of the Board of Directors and to the salaries and compensation of the members of Group Executive Management, and submits proposals on the fixed and variable salaries and remuneration of the members of the Executive Management to the Shareholders' Meeting. It approves the concept and strategy of the employee pension funds in Switzerland on behalf of the employer and takes note of their annual financial statements. It prepares the resolutions by the Shareholders' Meeting regarding the appointment and dismissal of members of the Board of Directors, puts forward proposals regarding personnel decisions and appointments and dismissals of members of the Group Executive Management, handles the appointment and dismissal of the country CEOs and other members of the country market Executive Management boards, and periodically reviews plans and measures to retain and promote senior managers. The NCC convenes as often as business requires. In order to deal with specific issues, the Committee may call on internal or external specialists to attend its meetings, which is regularly the case. The CEO takes part in an advisory capacity where topics that affect the Executive Management are concerned. The NCC met five times in 2015. One member was absent from one of the meetings. Most of the meetings lasted half a day.

c) The Investment and Risk Committee (IRC) formulates the investment concept, basic guidelines and investment strategy, proposes the strategic ranges of asset allocation, approves the investment strategy, supervises the investment activities of the Helvetia Group and decides on investments to the extent that the Board of Directors has delegated this task to it. It determines the most important risk strategies, the risk tolerance, risk appetite and applicable risk limits, and monitors all non-strategic and non-operational risks as well as the related risk management measures and compliance with limits. It convenes as often as business requires. The CEO, CFO, CIO as well as the Head of Risk Management attend the meetings in an advisory capacity; in 2015, they attended all meetings. In order to deal with specific issues, the Committee may call on in-

ternal or external specialists to attend its meetings, which is regularly the case. The IRC met four times in 2015. One of the Board members was absent from one of the meetings. Most of the meetings lasted half a day.

d) The Audit Committee (AC) assists the Board of Directors in its duties with regard to overall supervision and financial control. It examines the accounts from the perspective of completeness, integrity and transparency, and verifies their compliance with applicable accounting standards and external reporting requirements, assesses risk governance and risk organisation, and monitors the functional capacity and effectiveness of the internal control systems (ICS). It monitors the operational risks and related risk management measures and verifies the independence and quality of the audits by the internal and external auditors. It ensures optimal cooperation between internal and external control units, the AC, the Chairman and the Executive Management. The AC approves the internal audit plan and assists with the development of external audit plans, examines the results of audits, comments on them for the attention of the Board of Directors, and may, if necessary, award special audit assignments. It also prepares the election of the statutory auditors, and submits the necessary proposals to the Board of Directors. It verifies the consistency of auditing activities with any existing consulting mandates and examines the overall fee structure. The Chairman may, at his own request, take part in the meetings in an advisory capacity. The CEO, CFO, representatives of the external auditors and the head of Internal Audit attend its meetings in an advisory capacity. The attendance rate was 100% at meetings held to discuss the financial statements. In order to deal with specific issues, the Committee may call on internal or external specialists to attend its meetings, which is regularly the case. The AC met four times in 2015. One member was absent from two of the meetings. Most of the meetings lasted half a day.

Chairman of the Board of Directors

The Chairman heads the Board of Directors. He convenes the meetings of the Board, prepares the agenda for the Board meetings and chairs these meetings. He prepares the Shareholders' Meeting and the invitation to the Shareholders' Meeting, and also chairs this meeting. He draws up the strategic objectives that are discussed by the Board of Directors and represents the shareholders in important strategic projects in consultation with the CEO. He ensures that shareholders receive timely and correct information on the Group's business operations and nurtures relationships with major investors. Together with the other executive bodies of the Group, the Chairman ensures good corporate governance and an effective internal control system. He serves as line manager to the CEO and acts in consultation with the CEO whenever possible. He and the CEO prepare the CEO's annual agreement on objectives, and he assesses the CEO's performance every year. The Chairman may take part in important meetings of the Executive Management as a guest; to this end he receives the agenda and accompanying documents for all meetings. He manages the Group's internal audit team as well as the head of the secretariat, assesses requests for information, meetings or inspection of documents from members of the Board of Directors as well as their acceptance of new Board or similar mandates (the Nomination and Compensation Committee decides on such mandates of the Chairman), signs Commercial Register applications and handles other tasks delegated to him by the Board of Directors. He may inspect any and all documents at all times.

Full Board of Directors

The Board of Directors convenes as often as business requires, as a rule five to six times a year. Most of its meetings, which usually last half a day, are held at the Group head office in St Gall, and the executive seminar, which usually lasts two days, is generally held at external premises. The Board of Directors is quorate if the majority of its members are present. Its resolutions are carried with a majority of the votes of the members in attendance. Resolutions may also be passed by circular letter, which was the case eight times in 2015. As a rule, all members of the Board of Directors and (in an advisory capacity) all members of the Executive Management attend its meetings. In the reporting year, four half-day meetings were held as well as a two-day

seminar, two in the absence of two directors. All the members of the Executive Management attended all meetings. In order to deal with specific issues, it may call on specialists to attend its meetings, which is regularly the case. Members of the Board of Directors and all executive bodies are obliged to abstain if business is being dealt with that involves their own interests or the interests of related parties (natural persons or legal entities).

3.6 Delineation of powers

The Board of Directors possesses the following powers based on its inalienable and non-transferable duties stipulated in the provisions of Swiss company law, the articles of incorporation and the internal organisational regulations of the Helvetia Group:

- overall management of the Group;
- definition of the organisational principles;
- definition of the structure and principles of accounting, financial control and financial planning;
- appointment and dismissal of members of the Group Executive Management;
- overall supervision of the management of the Group's business activities;
- preparation of the business and compensation report;
- preparation of the Shareholders' Meeting;
- implementation of its resolutions; and
- approval of major legal transactions.

Appendix I of the organisational regulations contains a detailed description of the division of powers between the Board of Directors, the Board Committees and the Executive Management: www.helvetia.com/en/gruppe/governance.

3.7 Information tools and control instruments regarding the Executive Management

The Board of Directors is kept up-to-date in a variety of ways concerning the activities of Helvetia, its course of business and trends in the market. At its meetings, it requests information concerning:

- content and outcome of matters dealt with by the various Board Committees, including all resolutions and proposals – all committees are required to submit copies of their minutes without delay;
- course of business and market trends, to be provided by the CEO and the individual national managers and division heads, as well as the main projects, to be provided by the persons responsible, as necessary;
- status of compliance with budget and other annual objectives as well as strategic plan values for several years;
- results and findings of the audits conducted by the external and internal auditors which are in particular discussed by the Audit Committee and recorded in its minutes;
- the most important strategic, financial and operational risks, any changes to them and risk management measures that have been taken or are planned;
- compliance with legal and regulatory provisions and internal regulations;
- significant developments and events that could influence the interests of stakeholders, spontaneously on the occurrence of special events, otherwise in a detailed annual report and a condensed interim report.

Every month, the members of the Board of Directors receive key data concerning the course of business. They also periodically receive reports on current issues relating to governance as well as selected analyses and situation reports concerning market trends, market players and noteworthy occurrences. The regular reports submitted to the Board of Directors and its committees are listed in Appendix II of the organisational regulations: www.helvetia.com/en/gruppe/governance.

At the meetings, every member of the Board of Directors may ask other members and members of the Executive Management for information concerning all matters pertaining to the Group. Outside of meetings, every member of the Board of Directors

may ask the Executive Management to provide information about the general course of business or the course of specific business cases, and/or may inspect any business documents as required. The Board of Directors also has the Internal Audit unit at its disposal as an auditing and supervisory body that monitors compliance with legal and regulatory provisions, internal guidelines and directives systematically, purposefully and in a risk-oriented manner. It also receives reports concerning the general development and specific activities of Helvetia in the areas of corporate governance and compliance.

4. Executive Management

See pages 53 to 56.

4.1 Members of the Executive Management

The members of the Executive Management are presented on page 55 et seq. The Executive Management at the Helvetia Group has been chaired by Stefan Loacker since 1 September 2007. Together with division heads at Group level and the management boards of the country markets, he is responsible for the operational management of the Group. Further information is available on pages 53 and 54.

4.2 Other activities and interests

See pages 55 and 56.

4.3 Management contracts

There are no management contracts with external parties that have to be disclosed.

5. Co-determination rights of shareholders

Helvetia observes the principle of equal treatment of shareholders.

5.1 Voting right restrictions and proxy voting

Certain restrictions on voting rights that are identical to the restrictions relating to the transferability of registered shares of Helvetia Holding AG are described in section 2 above.

The Board of Directors specifies the rules that govern participation in the Shareholders' Meeting and the determination of voting rights. For representatives of executive bodies, independent voting rights and custody proxies (who do not necessarily have to be shareholders themselves), it may stipulate regulations that deviate from the restriction of proxy voting to 10% of the share capital.

At the 2015 Shareholders' Meeting, no individual shareholder or group of shareholders consisting of pool members with voting rights represented more than 10% of the voting rights, except for Patria Genossenschaft. No specific exceptions with respect to voting right restrictions or proxy voting were granted in the reporting year.

Shareholders who possess voting rights but who do not attend the Shareholders' Meeting may assign their voting rights to a third party (who does not necessarily have to be a shareholder) by means of a written power of attorney. However, he or she may only represent the voting rights of third parties if, together with his or her own shares, they do not exceed 10% of the total share capital. Here, too, shareholders who are connected to each other by way of capital or votes or by united management or in any other form count as one shareholder.

5.2 Statutory quorum

The Shareholders' Meeting is quorate regardless of the number of shareholders in attendance and votes represented by proxy. Unless stipulated otherwise by legal provisions or the articles of incorporation, the Shareholders' Meeting passes resolutions by an absolute majority of the votes cast. In addition to the resolutions cited in Art. 704, para. 1 of the Swiss Code of Obligations, a two-thirds majority of represented votes is required for amendments to the articles of incorporation, the premature termination of office of more than one member of the Board of Directors, and the liquidation of the company. The exceptions for Patria Genossenschaft as individual

shareholder and for the group of pool members mentioned in section 5.1 also apply here.

5.3 Convening the Shareholders' Meeting

The Shareholders' Meeting is convened by the Board of Directors, or, if necessary, by the statutory auditors. Liquidators and representatives of creditors also have the right to call a meeting.

As a rule, the Ordinary Shareholders' Meeting is held in April/May, but at the latest within six months after the end of the financial year. Extraordinary Shareholders' Meetings take place if the Board of Directors or the statutory auditors consider it necessary, if this is passed by a Shareholders' Meeting or if shareholders who represent at least 10% of the share capital jointly request in writing an Extraordinary Shareholders' Meeting, whilst stating the items on the agenda and the motions to be put forward and choosing the names of the proposed candidates.

Each shareholder receives a personal invitation no later than 20 days before the meeting, including a detailed agenda, a brief explanation of the motions to be put forward, plus other explanations concerning significant occurrences in the reporting year. The invitation and agenda are also published in the "Schweizerischen Handelsamtsblatt".

5.4 Addition of items to the agenda

Shareholders with voting rights who together represent shares with a par value of at least CHF 2,000 may request the addition of items to the agenda in writing, stating the motions to be put forward, no later than 45 days before the Shareholders' Meeting.

5.5 Registration of shares

The right to attend the Shareholders' Meeting (22 April 2016) and exercise voting rights is reserved for persons who were registered in the share register as shareholders with voting rights as of the cut-off date (12 April 2016) specified by the Board of Directors and announced in the "Schweizerischen Handelsamtsblatt". In exceptional cases, guest tickets for the Shareholders' Meeting may be issued, but holders of such tickets do not have any voting rights. Every share registered in the register entitles the holder to cast one vote.

6. Change in control and protection measures

6.1 Obligation to announce takeover bids

Art. 26 of the articles of incorporation states that the obligation to announce a takeover bid in accordance with Art. 32 of the Stock Market Act only applies if a shareholder acquires 40% or more of the voting rights.

6.2 Clauses regulating a change in control

Employment contracts of Helvetia do not contain any agreements regarding a change in control. The practice of “golden parachutes” does not apply at Helvetia. Normal periods of notice apply (maximum twelve months for members of the Executive Management, six months for other managerial staff), during which the rules for contractual and variable compensation components remain applicable.

7. Statutory auditors

7.1 Term of office and tenure of office of lead auditor

The independent auditors KPMG AG, Zurich, have served as the auditors of Helvetia Holding AG and its consolidated subsidiaries since 2005. The statutory auditors' term of office must be renewed by the Shareholders' Meeting every year. The KPMG AG audit team for the financial year 2015 consisted of:

- Bill Schiller (since 2014), ACA, Partner Audit Financial Services;
- Andrea Bischof (since 2015), Certified Accountant, Senior Manager Audit Financial Services.

7.2 Audit fees

In the reporting year, the fees charged by the auditors amounted to: CHF 3,793,179.00.

7.3 Fees for additional consultancy services

CHF 63,501.00.

These fees covered legal and tax advisory services.

7.4 Supervision and control of the audit

a) External auditors

The Audit Committee prepares the election of the statutory auditors. It monitors and assesses their activities. This supervision is predominantly carried out by means of the external auditors' reports on audit results, the reporting process, decisions, for example on IFRS issues, and statements in the local audits. Important findings are summarised in a management letter.

b) Internal auditors

In addition to an external auditor, the Helvetia Group has an internal auditing department that reports its audit results directly to the Audit Committee and the Chairman of the Board of Directors. The Head of Internal Audit reports directly to the Chairman of the Board of Directors. This ensures the independence of the internal auditors.

c) External and internal auditors

Representatives of the external auditors and the Head of Internal Audit attend meetings of the Audit Committee in an advisory capacity. Copies of the minutes are sent to all members of the Board of Directors. Reports on the activities of the Audit Committee are provided at the meetings of the full Board of Directors. In the reporting year, four meetings were held and the external auditors attended all four meetings. Discussions between the external auditors, the Chairman of the Board of Directors, the Chairman of the Audit Committee, the CEO and the CFO take place annually. Meetings or an exchange of experience with specialists from the areas of Group finance, corporate finance and risk management, legal and compliance, general secretariat and corporate governance are held periodically. The external and internal audit teams also liaise frequently regarding issues such as audit planning, audits and results as well as current problems.

8. Information policy

Helvetia communicates with shareholders, potential investors, retail investors and the general public comprehensively and on a regular basis. Shareholders receive a short information brochure about the previous business year and most important key figures along with the invitation to the Shareholders' Meeting. The Annual Report and the interim report are both made available to the general public. Both documents are available on the website. Upon request the documents can also be sent to investors or interested parties free of charge. Other current and archived information on the Helvetia Group is available on our website www.helvetia.com/en. Topics include corporate governance, Group structure and strategy, employees, charitable activities and history as well investor interests such as the key figures, equity story, bonds, rating, annual and interim results and information about the stock including the current share price performance. In addition, further publications, media releases and important dates can be found here. Interested parties may also register online to receive the latest information on the company directly and to request particular publications.

Helvetia periodically meets with institutional investors and presents the published financial results at special roadshows. Our Investor Relations team will be pleased to assist with any personal enquiries; contact details are provided at the end of this report as well as on our website.

Prior to the Shareholders' Meeting, shareholders have the option of paperless communication with the share register of Helvetia. Services such as ordering admission cards, notices to Helvetia, valid issuance of proxies, voting instructions to independent proxies and corrections of data can be processed online. Access is via www.shapp.ch. Instructions regarding initial registration are included in the invitation to the Shareholders' Meeting. Shareholders who are already registered are issued with the respective documentation electronically until further notice.





The merger between Helvetia and Nationale Suisse created the basis for better supporting the new Helvetia on its path towards digital change.

We are thrilled at how quickly the cultures have merged.

Thomas Bachmann and Christoph Fuhri-
mann are new colleagues in the IT depart-
ment. The strengthening of the IT archi-
tecture was an important first joint step
in the wake of the merger. In the process,
Christoph Fuhri-
mann and Thomas Bach-
mann relied on their own positive experi-
ences in their respective companies. “As
the individuals responsible for the IT archi-
tecture in the Switzerland country market
and at Group level, it is our job to drive the
development of the IT landscape forward. However, with re-
gard to the acquisition of Nationale Suisse by Helvetia, we are
pleased to look back and celebrate how quickly the cultures of
the two companies have merged.” It has been quite some time
since they have felt in their daily routines as though they came
from two different companies. Both are convinced that the
merger has given way to a new Helvetia that will position itself
in the market even more strongly in future. “We are pleased to
play an active role in this.”

Compensation report

The first section of the compensation report of Helvetia Holding AG sets out the general principles, main components and criteria regarding the compensation concept and participation rights as well as the loan and credit terms and conditions for members of the Board of Directors and the Executive Management teams. It provides an overview of the philosophy, guiding principles and processes pertaining to the compensation paid by Helvetia that apply to all operational and executive levels. Unless stated otherwise, the implementation of the general principles in the financial year, the specific payments and the information relevant to the vote on compensation, which must be disclosed pursuant to the VegüV, are presented in the second and third sections for the Board of Directors and the Group Executive Management only. All sections comply with the Corporate Governance Guidelines (RLCG) of SIX, the “Swiss Code of Best Practice for

Corporate Governance” as amended on 28 August 2014, Circular 2010/1 “Compensation Systems” by the Swiss Financial Market Supervisory Authority FINMA, the Swiss Code of Obligations and the Ordinance Against Excessive Compensation in Swiss Listed Companies (VegüV) of 20 November 2013, which entered into force on 1 January 2014.

I. General compensation principles

The Helvetia Group applies a multi-level and yet simple and transparent compensation system for all employees in Switzerland as well as for its governing and executive bodies with a reporting duty (Board of Directors and Group Executive Management). As shown below, this system is composed of fixed and variable compensation components. At Helvetia, compensation is deliberately fixed so that:

- it is transparent, fair and appropriate for the members of the Board of Directors and Group Executive Management and for all managers and employees. Those who do good work should also be paid well;
- it takes account of the responsibility carried by the function holder, the quality of his or her work and the effort and time involved in carrying out the work;
- there is an appropriate relationship between the fixed and variable compensation components to ensure that the variable compensation is not so high that it has a negative impact on employees’ risk tolerance and motivates them to focus on short-term criteria only;
- it is function-appropriate and shaped to a considerable extent by individual targets and the overall result of the company; it is reasonable and competitive compared to the salaries paid by other companies in the same labour market and business sector; and
- it is reasonable when the lowest and highest salaries within Helvetia are compared.

Helvetia remuneration model

Board of Directors			
Group Executive Management / CEO			
All employees in Switzerland			
Fixed component		Variable component	
Base salary / basic remuneration	Long-term compensation component (LTC) as % of base salary / basic remuneration	Results-based compensation component as % of base salary	Individual target achievement as % of base salary
Board of Directors: uniform basic remuneration (exception: Chairman of the Board of Directors) with allowances for committees and committee councils (cash)	Long-term investment instrument (Executive Management: calculation basis: shares; transfer of ownership in shares or in cash / Board of Directors: transfer of ownership in shares only)	Compensation paid depending on the general business performance (cash)	Variable compensation component based on personal target achievement (cash)
ExM and employees: fixed salary based on individual function (position, skills, responsibility, etc.) incl. fringe benefits (cash)			

The Board of Directors continues to be in charge of general compensation issues and compensation models. It is supported in its work by the Nomination and Compensation Committee, which provides assistance to the Board of Directors in the decision-making process in accordance with the internal organisational regulations and has final decision-making power in some areas. Pursuant to the Ordinance Against Excessive Compensation in Swiss Listed Companies (VegüV), the Board of Directors compiles a yearly compensation report submitting the total amounts of fixed and variable compensation of the Board of Directors and the Group Executive Management to the Shareholders' Meeting for approval. No payment/share allocations may take place before the final approval of the compensation for the Board of Directors and the Executive Management by the Shareholders' Meeting.

The Shareholders' Meeting therefore has the following powers in matters concerning compensation:

- a) As regards the general report on business performance: review of the compensation report and thus the principles and conditions under which the compensation for the members of the Board of Directors and the Group Executive Management are determined.
- b) Approval of the following total amounts by way of individual voting:
 - fixed compensation of the Board of Directors for the period from the current Shareholders' Meeting to the next Shareholders' Meeting (prospective);
 - fixed compensation of the Group Executive Management for the period from 1 July following the current Shareholders' Meeting to 30 June of the next year (prospective);
 - variable compensation of the Board of Directors for the past financial year (retrospective);
 - variable compensation of the Group Executive Management for the past financial year (retrospective).

The delineation of powers for compensation matters is defined in Appendix I of the organisational regulations: www.helvetia.com/en/gruppe/governance.

Fixed compensation components

The Nomination and Compensation Committee defines the principles on which compensation decisions are based. With regard to the Shareholders' Meeting that takes place in April/May and the subsequent compensation period (Board of Directors: Shareholders' Meeting to Shareholders' Meeting; Group Executive Management: 1 July to 30 June), the compensation concepts are reviewed by the Nomination and Compensation Committee to ensure that they are still appropriate and in line with the market; a proposal for appropriate adjustments to the total sum is then submitted to the Board of Directors and subsequently to the Shareholders' Meeting at which final approval will be granted.

Various documents are used as the basis for ensuring that the fixed compensation components are appropriate and in line with the market. For example, renowned independent institutes are commissioned from time to time to prepare comparative studies that can serve as a benchmark. The compensation reports of comparable competitors are also analysed. Publications by different interest groups such as "Ethos", information obtained from advisors specialising in personnel issues, and articles that appear in the media also provide an important basis for comparison.

Variable compensation components

The variable compensation components for members of the Board of Directors and the Group Executive Management – and all Helvetia employees in Switzerland – are determined by the Nomination and Compensation Committee during the first quarter of every year once the key figures for the past financial year and the individual target achievement results are available to the Board of Directors for final approval by the Shareholders' Meeting (total amounts for the Board of Directors and Group Executive Management). The Nomination and Compensation Committee uses a criteria matrix to assess the results-based target achievement; this matrix is discussed in detail below in conjunction with the long-term compensation component (LTC) that has been in force since 2010.

When discussing a variable compensation component for the Board of Directors, the competent committee decided that the provision of some incentive to the Board of Directors is not detrimental to the company's healthy and successful development and that the scope and calculation of the variable

compensation (which, depending on business performance, can range from CHF 0 to a maximum of CHF 30,000 per Board member or CHF 225,000 for the Chairman of the Board of Directors and is paid in shares that are only transferred three years later in full knowledge of the longer-term business performance) will not serve as a false incentive.

Other compensation components

Helvetia also offers employee benefits packages, which are attractive in a market comparison, to all its employees and managerial staff. The employee benefits insurance provides employees and their dependants with the assurance that they will be financially secure on retirement or in the event of illness, the incapacity to work or death, in a way befitting employees who work for a leading insurance company.

Helvetia's compensation systems as well as the employee benefits programmes, some of which can be optimised at an individual level, have proved their value; they are correct and fair, balanced and competitive, and the amounts that are paid can be justified at all times.

1. Compensation for the Board of Directors

The compensation principles relevant for the Board of Directors and individual components of the compensation concept as well as the procedure used for determining performance-related payments are set out in the compensation regulations approved by the full Board of Directors.

The compensation paid to the members of the Board of Directors consists of the following components, whereby the fixed cash component is the largest component by far.

a) Fixed compensation

Each member of the Board of Directors receives the same basic fixed salary determined in advance, except for the Chairman whose higher fixed salary takes into account his greater involvement in management and operational activities of the company. The Vice-Chairmen, members of the committees and Chairmen of the committees also receive an allowance in addition to their basic remuneration. These payments take account of the responsibility and specific functions of each of the individual Board members. The compensation for each individual Board member calculated annually in this way

is paid out in cash. When a Director leaves the Board, the fixed compensation is paid on a pro rata basis up to the end of the month in which he or she leaves the Board of Directors.

b) Variable compensation

The variable compensation paid to a Board member is calculated based on a reference value of 30 percent of the fixed compensation. This reference value is multiplied by the extent of target achievement that applies to the LTC (for the calculation of the percentage of target achieved, see the explanations on the LTC below). The Board member is then allocated a prospective number of shares (deferred shares) for this amount. The relevant share price is calculated as the average stock exchange price for the Helvetia Holding share for five consecutive trading days from the day on which the business result is announced. Ownership of the resulting number of shares is transferred after three years. When a Director leaves the Board, the LTC is calculated on a pro rata basis up to the end of the month in which he or she leaves the Board of Directors. The deferred allocation of LTC shares applicable to each member of the Board of Directors takes place only after the approval of the total amount by the Shareholders' Meeting (retrospective determination).

c) Meeting attendance fees

No attendance fee is paid.

d) Expenses

The members of the Board of Directors receive lump-sum expense allowances of CHF 10,000 per member as part of their fixed compensation for each term of office. This lump-sum expense allowance covers minor expenditures and travel expenses for the members of the Board of Directors within Switzerland. Costs for accommodation at the place where a meeting takes place and for foreign trips are paid by the company.

e) Shares and options

The variable compensation is paid to the members of the Board of Directors in the form of shares (see b). They do not participate in any employee share purchase plans. They also did not participate in any previous share option programmes.

f) Severance pay, loans and discounts

No provision is made for severance payments, and no such payments were made or promised in the past or in the reporting year. Loans are granted at usual market conditions. As a rule, Board members also do not benefit from the discounts (premium discounts, etc.) that are offered to Helvetia employees (for 2015, individual discounts were granted for the Board members who transferred from Nationale Suisse to the Board of Directors of Helvetia).

2. Compensation for the Group Executive Management

The compensation of the members of the Group Executive Management comprises the components described below:

a) Fixed compensation

The members of the Group Executive Management are paid a fixed compensation in cash which is determined every year by the Nomination and Compensation Committee for the period from 1 July to 30 June of the following year and the total amount of which is approved by the Shareholders' Meeting. This is determined individually using a valuation system applied by the Hay Group, a company specialising in compensation issues, and takes account of the function and responsibility assumed by each Executive Management member as well as the compensation paid by the Group's competitors. It also includes all child or education allowances and long-service bonuses.

b) Variable compensation

The final amount of the variable compensation, the total amount of which must also be approved by the Shareholders' Meeting before it is paid out, is dependent on the following three factors:

Individual target achievement (20% of fixed compensation): This reference value is multiplied by the degree of achievement of the personal targets agreed with the line manager in advance. The result of this multiplication is paid out to the Executive Management member in cash. The individual targets of a member of Executive Management can include quantitative and/or qualitative components and depend on his or her operational responsibility. Compensation for individual target achievement is

due to the Executive Management member regardless of the general business result.

Results-based compensation component (reference value 20% of fixed compensation): This compensation component based on the annual result is multiplied by the percentage of target achievement, which also applies for establishing the results-based variable compensation for all employees in Switzerland. The resulting amount is paid out to the member of Executive Management in cash. The amount of the results-based compensation is based on the operating result and the achievement of the budget goals for the relevant financial year with a special consideration of developments in Switzerland.

Long-term results-based compensation component (LTC, maximum of 40% of fixed compensation): This compensation component with a longer-term orientation is multiplied by the percentage of strategic target achievement. In contrast to the regular results-based compensation component, the amount calculated in this way is not paid out to the Executive Management member in cash, but in the form of a deferred claim to a certain number of shares. The relevant share price is calculated as the average of the stock exchange prices for the Helvetia Holding share for five consecutive trading days from the day on which the business result is announced. The relevant number of shares is transferred to the ownership of the Executive Management member after three years either in the form of shares or as a cash payment based on the share price at that time, provided that there were no negative developments in this period that were triggered in the reporting year and can be attributed to the conduct of the Executive Management member in question. If the person in question leaves the Executive Management, his or her deferred claim lapses as follows: cancellation of all claims for the year in which notice of termination was given, cancellation of one half of the claims in the first preceding year, and no cancellation of any claims from the second preceding year. This concept establishes a direct link between the members of the Executive Management and the long-term development of the company in two ways: positive or negative share price trends over the three-year period, and the possibility that the number of allocated shares can be reduced retroactively.

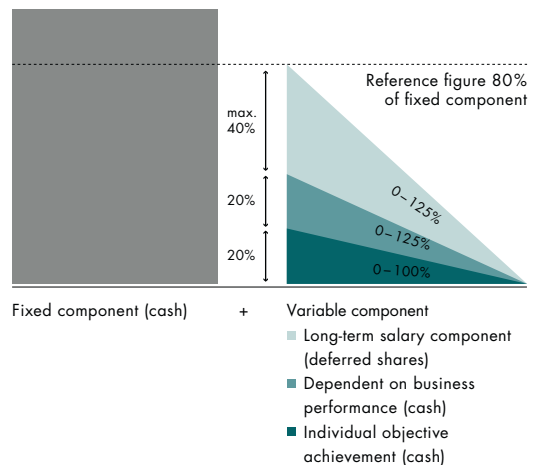
On the date of allocation, the company and the Shareholders' Meeting approving these payments are fully aware of the cost of these LTC. The company buys the corresponding number of shares on the allocation date and transfers these shares to a frozen custody account. After three years the exact same number of shares deposited in this frozen custody account is transferred to the ownership of the member of the Board of Directors/Executive Management. Helvetia does not incur any additional costs at this time. The price may change in the period between the allocation of deferred shares and the transfer of the shares to the ownership of the member of the Board of Directors/Executive Management. The member of the Board of Directors/Executive Management, and not the company, has exposure to price change risk (both positive and negative developments). In contrast with other systems, the number of shares allocated per financial year does not change over time if business is good. However, if business is bad, the member of the Board of Directors/Executive Management can lose out after three years (claw-back).

The extent to which strategic objectives have been achieved (ranging from 0 to 125%) is fixed annually during the first quarter following the end of a financial year by the Nomination and Compensation Committee of the Board of Directors on the basis of the criteria below. The Committee has additional room for discretion, allowing it to take additional criteria and an overall assessment into account, while remaining within the established upper limit of 125%:

- Profit: The reference figure is the annually reported Group profit for the period relative to the previous year.
- Growth: The reference figure is the growth in business volume in the active business sectors relative to the relevant market segment achieved in the financial year.
- Risk-adjusted return: The calculation is based on the return on equity (ROE) in the reporting year relative to the important sector-relevant solvency figures.
- Shareholder value: The reference figure is the overall performance (total return; share performance incl. dividends) of the Helvetia registered share compared with the performance of the

Stoxx Europe 600 Insurance index (index of comparable European insurance stocks).

Compensation for Executive Management



For the LTC (Group Executive Management, Switzerland, and Board of Directors), there is an additional restriction in that no deferred shares are allocated if the Group as a whole reports a loss and/or the solvency figures are insufficient.

The percentage of target achieved (LTC, results-based component), as calculated by the Nomination and Compensation Committee of the Board of Directors, is multiplied by the respective target figure (percentage of the fixed compensation). The results-based component calculated in this way and the result of the individual target achievement together comprise the total variable compensation of the employees and the Group Executive Management and Executive Management Switzerland. These variable compensation components (individual, results-based and LTC) are an important feature of Helvetia's performance culture, under which every individual employee is compensated according to the quality and quantity of his or her work as well as his or her responsibility and workload and also the result achieved by the company as a whole. The variable compensation components are paid out in cash and only the LTC is paid in the form of deferred shares after three years or in the equivalent amount in cash, if desired.

c) Expenses and benefits in kind

The reimbursement of expenses is governed by written regulations. The members of the Group Executive Management are entitled to a Helvetia company car which they may also use for private purposes for a fixed fee. The employer does not grant any other benefits in kind.

d) Shares and options

The members of the Group Executive Management can, on a voluntary basis, acquire the maximum number of shares available to them under the employee share purchase plan. The same conditions apply as for all other employees of Helvetia in Switzerland (see para. 3). They therefore also benefit from the discount of 16.038% that is granted because these shares are blocked for three years. There have not been any share option programmes since 2003.

e) Severance pay and loans

No provision is made for severance payments, and no such payments were made or promised in the past or in the reporting year. Loans are granted at usual employee conditions.

f) Pension benefits

The benefits to which members of the Executive Management are entitled under occupational pension plans are in line with the model for the internal pension regulations that apply to all employees. The employer pays the standard joint contribution. The employer also finances the option for members of the Executive Management to retire from the age of 60. These additional contributions are presented as part of the overall pension contributions made to members of the Executive Management. No extraordinary benefits are paid.

Local Executive Management Boards

Analogous compensation regulations apply as described previously for the Executive Management Switzerland as for the Group Executive Management. The Executive Management abroad is compensated according to the local market conditions governing the compensation systems. The local compensation systems can include fixed and variable salary components. At Group level, members of the local Executive Management abroad are also paid a results-based bonus in the form of shares, based on a reference figure of 10% of the local basic compensation. The reference figure is also multiplied by the LTC percentage of target achievement. This Group bonus has been designed to promote a sense of belonging to the Group of the Executive Management teams abroad.

3. Helvetia employees in Switzerland: share purchase plan

In 2005, an employee share purchase plan was introduced in Switzerland to allow employees to participate in the performance of Helvetia and thus to strengthen their personal ties to the company. Employees can purchase registered shares of Helvetia Holding AG at reduced prices. The number of available shares is specified by the Board of Directors, taking account of the financial results and the functions of the employees concerned. The purchase price is calculated on the basis of the average stock market price during the five trading days following the publication of the financial results. Participation in this scheme is voluntary. As these shares are subject to a mandatory vesting period of three years, they can be sold by the company at a tax-exempt discount of 16.038%. The members of the Group Executive Management can also take part in this programme, but the members of the Board of Directors may not. The share purchase plan is not open to employees abroad. The costs associated with the share purchase plan in 2015 were recognised in the income statement at CHF 0.9 million (previous year: CHF 0.9 million).

Compensation for the Board of Directors

	Fixed compensation ¹		Variable compensation		Total compensation	
	2015	2014	2015 ²	2014	2015	2014
in CHF						
Erich Walser (Chairman until 30.12.2014)	0	715 020	0	189 467	0	904 487
Pierin Vincenz (Chairman since 1.10.2015)	286 534	157 725	73 622	25 262	360 156	182 987
Doris Russi Schurter (Vice-Chairwoman) (Chairwoman a.i. from 30.12.2014 until 30.9.2015)	487 195	205 043	28 183	25 262	515 378	230 305
Hans Künzle (Vice-Chairman since 1.1.2015) ³	198 734	0	28 183	0	226 917	0
Hans-Jürg Bernet (Member)	178 755	178 755	28 183	25 262	206 938	204 017
Jean-René Fournier (Member)	126 180	126 180	28 183	25 262	154 363	151 442
Paola Ghillani (Member until 31.12.2014)	0	126 180	0	25 262	0	151 442
Patrik Gisel (Member since 1.10.2015)	31 545	0	7 477	0	39 022	0
Balz Hösly (Member since 20.10.2014) ^{1/3}	170 556	78 337	28 183	6 568	198 739	84 905
Peter Kaemmerer (Member since 20.10.2014)	84 120	21 030	28 183	6 568	112 303	27 598
Christoph Lechner (Member)	157 725	157 725	28 183	25 262	185 908	182 987
John Martin Manser (Member)	185 765	182 260	28 183	25 262	213 948	207 522
Gabriela Maria Payer (Member since 20.10.2014) ³	126 180	23 659	28 183	6 568	154 363	30 227
Herbert J. Scheidt (Member)	157 725	157 725	28 183	25 262	185 908	182 987
Andreas von Planta (Member since 20.10.2014) ^{1/3}	321 512	162 983	28 183	6 568	349 695	169 551
Total	2 512 526	2 292 622	391 112	417 835	2 903 638	2 710 457

¹ Additionally contains the fees paid to Mr A. von Planta and B. Hösly from 1.1.2015 until end of April for remaining on the Board of Directors of Nationale Suisse of CHF 132,500 for 2014 and CHF 177,000 for 2015 (A. von Planta) and CHF 52,000 for 2014 and CHF 69,000 for 2015 (B. Hösly).

² In deferred LTC shares

³ Includes discounts on insurance products for the former Board of Directors of Nationale Suisse amounting to CHF 4,000.

II. Compensation paid to the Board of Directors and the Group Executive Management in 2015

This section provides information on the compensation, shares and loans granted to the members of the Board of Directors and the Executive Management of the Helvetia Group in the 2015 financial year.

1. Compensation paid to the Board of Directors

In the reporting year, the members of the Board of Directors received fixed compensation of CHF 2,512,526. The fixed compensation includes all allowances and expenses set out in the compensation regulations as well as the contributions to social insurance schemes (employer contributions AHV/IV/EO). A variable payment (including AHV/IV/EO) of CHF 391,112 in the form of a total

of 680 deferred shares at a stock exchange price of CHF 547.00 on 7 March 2016 was granted to the Board of Directors. This is subject to approval by the Shareholders' Meeting. These shares will pass to the ownership of the beneficiaries in three years. In the previous year, the members of the Board of Directors received fixed remuneration of CHF 2,292,622 and variable remuneration of CHF 417,835 paid in the form of a total of 814 deferred shares at a stock exchange price of CHF 480.50. At the reporting date a mortgage loan had been granted to Jean-René Fournier for CHF 765,000 (previous year: CHF 765,000). In the reporting year the loan, a fixed mortgage at normal customer conditions, had an interest rate of 2.0%. There are no other insurance contracts, loans or guarantees.

All compensation and fees paid to the Board of Directors are shown in the above table. Resigning Board members did not receive any payments.

2. Compensation paid to the Group Executive Management

In the reporting year, the members of the Group Executive Management received fixed remuneration of CHF 4,781,450. The fixed remuneration includes all scheduled allowances, meeting attendance fees and expenses. Variable remuneration of CHF 3,358,127 was granted to the Executive Management. This is subject to approval by the Shareholders' Meeting. In the previous year the members of the Executive Management received fixed remuneration of CHF 4,755,224 and variable remuneration of CHF 3,095,672.

As part of this variable remuneration the Executive Management was allocated LTC shares of CHF 1.44 million (previous year: CHF 1.25 million). This consisted of 2,635 shares at a price of CHF 547.00 on 7 March 2016 (previous year: 2,599 shares at CHF 480.50).

Members of the Group Executive Management may conclude insurance contracts, loans and other services under the terms and conditions currently in effect for employees. At the reporting date two mortgage loans had been granted to Philipp Gmür for CHF 1,000,000 (previous year: CHF 1,000,000) and David Ribeaud (CHF 595,000). In the reporting year, the loan to Philipp Gmür, which is a fixed mortgage at normal customer conditions, had an interest rate of 1.65% (previous year: 1.65%) and the loan to David Ribeaud had an interest rate of 0.89%. There are no other insurance contracts, loans or guarantees.

During the reporting year, members of the Group Executive Management received non-monetary benefits as part of the company car programme valued at CHF 25,910 (previous year: CHF 22,158). All other benefits that the members of the Executive Management receive as employees (e.g. discounts on insurance products, etc.) are included in the fixed remuneration listed above. They did not receive additional benefits in kind or bill the company for any additional services.

3. Highest individual compensation

The highest individual amount paid out in the reporting year was paid to Stefan Loacker (CEO). Subject to approval by the Shareholder's Meeting, the total amount is CHF 1,952,416 (previous year: CHF 1,758,678), comprising the following: cash payment of CHF 1,339,112 (fixed CHF 946,410, variable CHF 392,702), share-based payments of CHF 411,891 in the form of deferred shares and employer contributions to pension funds of CHF 201,413.

Compensation for Executive Management

as of 31.12.	2015	2014
Salaries and other short-term benefits:		
– Fixed remuneration (incl. expenses allowances, child/education allowances, long-service awards, company car)	3 874 299	3 745 927
– Employer contributions to pension funds with respect to the fixed compensation (incl. AHV / IV / EO)	907 151	1 009 297
Total fixed salaries paid out	4 781 450	4 755 224
– Variable compensation ¹	1 594 087	1 466 006
– Special bonus ²	0	104 375
– Share-based compensation in the form of deferred shares acquired during the financial year (LTC) ³	1 441 345	1 248 820
– Employer contributions to pension funds with respect to the variable compensation (incl. AHV / IV / EO)	322 695	276 471
Total variable compensation	3 358 127	3 095 672
Total compensation	8 139 577	7 850 896

¹ Total bonus amount based on personal and results-based target achievement

² Special bonus "Nationale Suisse Project"

³ Comprises the value of the deferred shares allocated as part of the LTC

III. Compensation for the Board of Directors and the Group Executive Management to be approved by the 2016 Shareholders' Meeting

Under the VegüV and the articles of incorporation, the Shareholders' Meeting must approve the following compensation for the Board of Directors and the Group Executive Management:

- Total amount of the fixed compensation for the Board of Directors for the period from the 2016 Shareholders' Meeting to the 2017 Shareholders' Meeting
- Total amount of the fixed compensation for the Group Executive Management for the period from 1 July 2016 to 30 June 2017
- Total amount of variable compensation for the Board of Directors for the past financial year 2015

- Total amount of variable compensation for the Group Executive Management for the past financial year 2015

As regards fixed compensation, these total amounts refer to different time periods in comparison to the figures given in section II and in reference to financial year 2015: Shareholders' Meeting to Shareholders' Meeting or 1 July to 30 June, respectively, of the year following the Shareholders' Meeting. These figures are therefore not directly comparable. To provide the reader with a comparison, however, the amounts to be approved are compared to the figures from the same period of the previous year (the amounts approved by the Shareholders' Meeting and actually paid out).

1. Approval of the total amount of fixed compensation for the Board of Directors for the period from the 2016 Shareholders' Meeting to the 2017 Shareholders' Meeting

The Board of Directors reviewed its fixed compensation and decided to adjust the rates for the basic and additional payments for the 2016/2017 period to take account of the takeover of Nationale Suisse and the changed framework conditions in the general market environment. This means that the changes in the total fixed compensation submitted to the Shareholders' Meeting for approval refer to these changes as well as personnel changes on the Board of Directors (interim Chairman and new Chairman 2015, new entries 2015, planned resignations 2016). An amount for CHF 100,000 is included for special mandates given to individual Board members for which extra compensation in addition to the regular Board mandate is paid.

The Board of Directors requests approval from the Shareholders' Meeting for fixed remuneration for the Board of Directors in the total maximum amount of CHF 2,740,000 for the period from the Shareholders' Meeting 2016 to the Shareholders' Meeting 2017.

Total fixed compensation amount for the Board of Directors (prospective) Shareholders' Meeting to Shareholders' Meeting

	Prospective 2016/2017	Actual 2015/2016	Approved 2015/2016	Change
Total fixed compensation	2 610 000	2 301 500	2 390 000	13.4 %
Employer contributions AHV / IV / EO	130 000	118 240	123 000	

Total fixed compensation amount Board of Directors	2 740 000	2 419 740	2 513 000	13.2 %
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Total fixed compensation amount Executive Management for the period from 1 July to 30 June

	Prospective 2016/2017	Actual 2015/2016	Approved 2015/2016	Change
Salaries and other short-term benefits:				
- Fixed remuneration (incl. expenses allowances child/education allowances long-service awards company car)	4 095 000	4 070 016	4 217 000	0.6 %
- Employer contribution to pension funds with respect to the fixed compensation (incl. AHV / IV / EO)	966 000	961 100	911 000	
Total fixed compensation	5 061 000	5 031 116	5 128 000	0.6 %

2. Approval of the total amount of fixed compensation for the Group Executive Management for the period from 1 July 2016 to 30 June 2017

The fixed remuneration of the Group Executive Management was reviewed as from 1 July 2016, and function-related adjustments will be made. Provided that there are no personnel changes, this adjustment results in an increase of the total fixed compensation amount of the Group Executive Management of 0.6% compared to the previous period.

The Board of Directors requests approval from the Shareholders' Meeting for the fixed remuneration for the Group Executive Management in the total maximum amount of CHF 5,061,000 for the period from 1 July 2016 to 30 June 2017.

3. Approval of the total amount of variable compensation for the Board of Directors for the past financial year 2015

The calculation of the variable compensation of the Board of Directors was described in para. 2 and the amounts were disclosed in section II. The resulting differences between 2014 and 2015 arose from changes in the extent of target achievement and the Board of Directors' composition (interim Chairman without any separate variable compensation, new entry on 1 October 2015). The method of calculation and the reference figures did not change.

The Board of Directors requests approval from the Shareholders' Meeting for total variable compensation for the Board of Directors in the maximum amount of CHF 392,000 for the past financial year 2015.

4. Approval of the total amount of variable compensation for the Group Executive Management for the past financial year 2015

The variable compensation components of the Group Executive Management and their calculation were described in para. 2 and the amounts were disclosed in section II. The resulting differences between 2014 and 2015 arose from changes in the extent of target achievement and the basic salaries while the calculation, the number of members of the Group Executive Management and the reference figures did not change.

The Board of Directors requests approval from the Shareholders' Meeting for variable compensation for the Group Executive Management in the total amount of CHF 3,359,000 for the past financial year 2015.

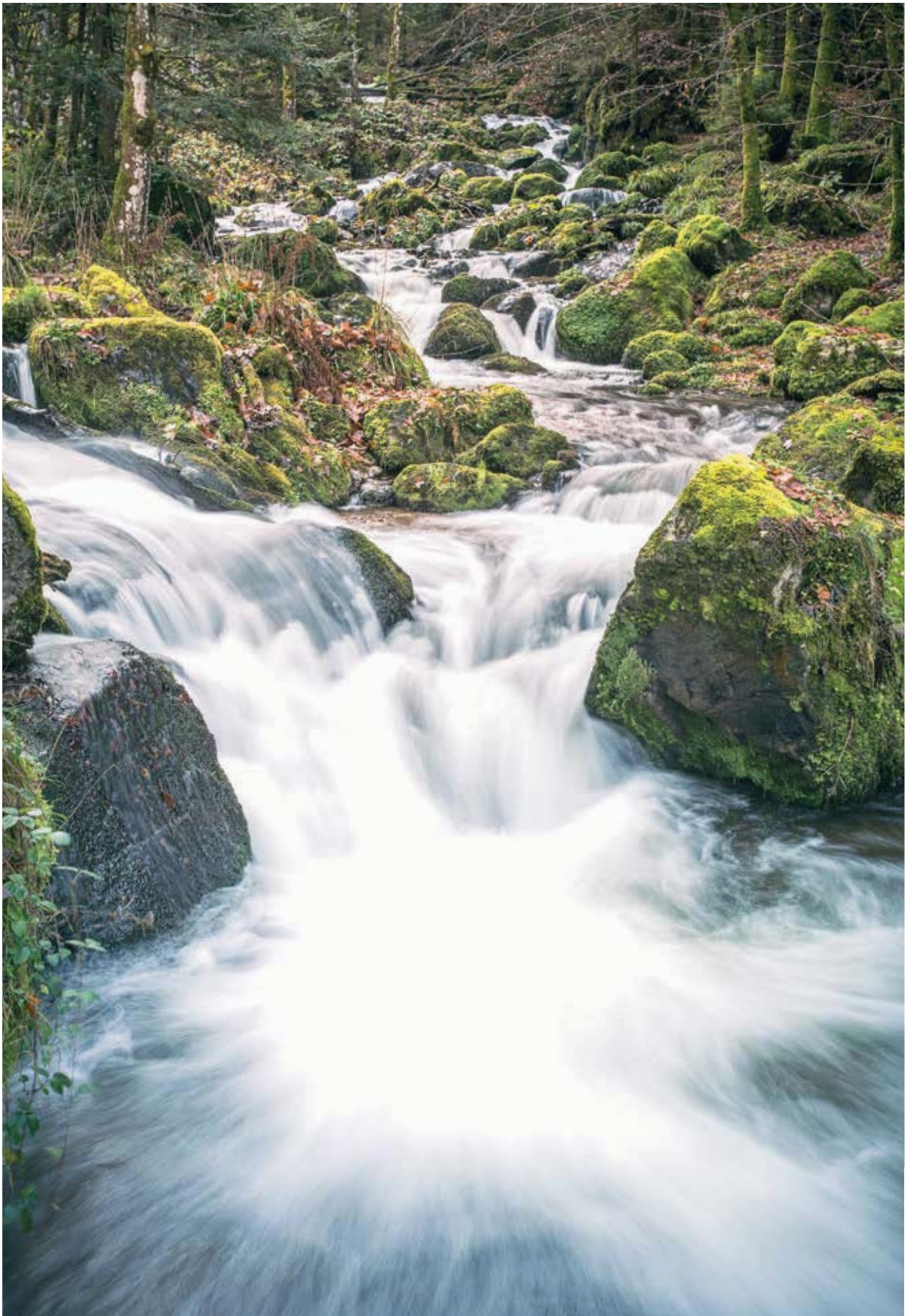
Total sum variable compensation Board of Directors (retrospective) for financial year

	Retrospective 2015	Paid out 2015 for 2014	Approved for 2014	Change
Total variable compensation ¹	372 000	397 374	398 000	-6.4%
Employer contributions AHV / IV / EO	20 000	20 461	21 000	
Total amount variable compensation Board of Directors	392 000	417 835	419 000	-6.2%

Total amount variable compensation Executive Management (retrospective) for financial year

	Retrospective 2015	Paid out 2015 for 2014	Approved for 2014	Change
Variable compensation ¹	3 036 000	2 819 201	2 820 000	7.7%
Employer contributions paid to pension funds with respect to the variable compensation (incl. AHV / IV / EO)	323 000	276 471	277 000	
Total variable compensation	3 359 000	3 095 672	3 097 000	8.5%

¹ Comprises the value of the deferred shares allocated as part of the LTC





Although the systems for concluding life insurance policies are currently still operating in parallel, which makes day-to-day work more cumbersome, the team at the general agency in Baden has coalesced quickly.

Natalie Abegg now provides sales support at the Helvetia general agency in Baden, which is quite a bit larger than the previous Nationale Suisse general agency. The back-office processes in the life insurance business of the two companies differ significantly. “Giovanna Serratore trained me extensively in the new life insurance procedures and processes. I benefited a great deal from her sound knowledge when I first started.” Giovanna Serratore: “Despite the uniform product range, the life insurance systems have not yet been merged. This means we are still operating as though we work for two companies. Thanks to proactive communication, we are able to address problems together and find suitable solutions. This keeps our work diverse and interesting. In addition, spending our lunch breaks together has made us friends outside of work.”

Thanks to proactive communication, we are able to address problems together.

Report of the Statutory Auditor to the General Meeting of

Helvetia Holding AG, St Gall

We have audited the remuneration report dated 9 March 2016 of Helvetia Holding AG for the year ended 31 December 2015. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (the Ordinance) contained in section II on pages 78 and 79 of the compensation report.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report for the year ended 31 December 2015 of Helvetia Holding AG complies with Swiss law and articles 14–16 of the Ordinance.

KPMG AG

Bill Schiller
Licensed Audit Expert
Auditor in Charge

Andrea Bischof
Licensed Audit Expert

Zurich, 9 March 2016

Business development

Market environment

Our market position in competitive markets

In over 150 years, Helvetia Group has grown from a number of Swiss and foreign insurance companies into a successful insurance group that conducts business across Europe. With the integration of Nationale Suisse, Helvetia has been able to strengthen its top 3 position as a leading all-lines insurer in the Swiss insurance market. With the Specialty Markets market area, which includes engineering,

transport, art and active reinsurance, Helvetia is further developing its competence as a specialty insurer. Thanks to the acquisition of Basler Austria, Helvetia ranks among the top ten insurance companies in Austria.

Germany, Italy and Spain are among the highest volume insurance markets in the world, with over 5%, 4% and 1.5% of global market share, respectively¹. As Helvetia's market share in these markets is lower (see figure), we expect further growth in these markets. We utilise this growth potential by focusing on the needs of our customers and sales partners, for whom we are a good match due to our size, sales structures and geographical scope.

Our market positions

Strong potential for growth based on room for growth in market positions abroad

The markets in which Helvetia is active generate a volume of EUR 672 billion, representing 18.4% of the global market¹.

CH No. 3

CHF 4 953.4 million
71 percent life
29 percent non-life

FR Niche position No. 2 (transport/marine)

CHF 217.1 million

DE No. 28

CHF 830.2 million
30 percent life
70 percent non-life

ES No. 29

CHF 416.1 million
30 percent life
70 percent non-life

AT No. 10

CHF 435.0 million
33 percent life
67 percent non-life

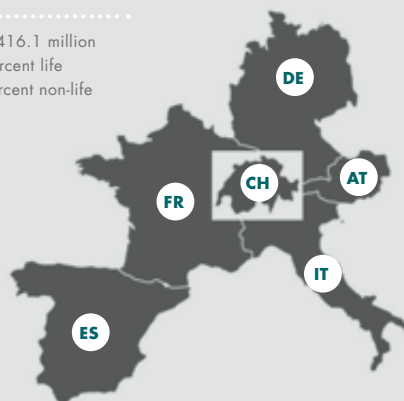
IT No. 22

CHF 925.2 million
46 percent life
54 percent non-life

¹ Source: Sigma 4/2015, Swiss Re and Helvetia estimates

Market positions of country markets as at the end of 2014 (FR as at the end of 2013)

Premium volumes in the country markets in financial year 2015



Market environment in the European insurance market

The current market conditions² in the European markets continued to present a number of challenges to insurers in 2015. As a result of the economic recovery, the global insurance market once again grew at a faster rate in the past financial year. The growth of the global economy was driven primarily by the USA, while recovery in the European markets tended to be slow in comparison.

Market conditions in the insurance sector remained challenging in 2015 due to persistently low interest rates and conditions worsened in Switzerland, for example, owing to the introduction of negative interest rates.

Growth in the **non-life business** slowed in the western European markets overall, despite moderate gains in Germany and France and the turnaround in Spain. The non-life business in Germany was boosted by the economic recovery and private consumption and estimates predict growth of 2.6% compared to 2014³. The Italian non-life market declined by a further 1.5% in 2015, with motor vehicle business expected to be down by 6.5%. In contrast, the trend in Spain⁴ in particular was once again positive. Following the recession in recent years, the Spanish non-life insurance market

staged a turnaround in the past financial year and for the first time in four years generated growth of 2.4%⁵. This was mainly due to gains in motor vehicle insurance, which generated estimated premium growth of 1.7%. According to projections of the Swiss Insurance Association (SVV), premium income in the non-life insurance business in Switzerland increased by 0.5%⁶ in 2015.

Europe was mainly untouched by major storms and natural catastrophes in 2015. In Germany, the Elon and Niklas storms led to considerable weather-related claims, which will be reflected in the combined ratios of European insurers. In addition, the low interest rate environment in the non-life business also had an unfavourable impact on the profitability of insurers, although to a lesser extent than in the life business.

The **life insurance business** in the past financial year was once again dominated by conditions in the capital markets. The greatest challenge to life insurers in 2015 was the low interest rate environment, while Swiss insurers were also faced with the introduction of negative interest rates. The turmoil in the financial markets also increased the demand for yield-oriented financial investments. In most continental European markets, growth in the life business slowed or even entered negative territory. For example, market growth in Italy fell from around 30% in 2014 to an estimated 12% in the year under review. In contrast, the life insurance business in Spain even showed signs of recovery with premium growth of 1.7%. The growth was mainly driven by risk life insurance, which posted gains of 7.4%⁷. Premium growth is expected to stagnate in the Swiss life insurance business.

The global **reinsurance market** remained an open market in 2015 and was characterised by overcapacity. The consolidation phase that took effect in the previous year did not result in significant easing. Moreover, natural catastrophes in 2015 presented the fewest claims in a decade, keeping pressure on the providers of reinsurance solutions high. However, low margins and the maturity of the market led to a decline in premium rebates in many areas – despite overcapacity and few claims. Leading reinsurers believe that this trend is starting to bottom out, the market will stabilise at a low level and there will continue to be numerous mergers and takeovers. Furthermore, the demand for capital-efficient reinsurance solutions will be stimulated thanks to the introduction of and changes in solvency require-

ments and will present new business opportunities for reinsurers.

Market environment in the European capital markets

In the last financial year, the central banks – in particular the Swiss National Bank – once again set the course for the capital markets. The SNB reacted to the European Central Bank's announcement that it would further expand its bond-purchasing programme by unexpectedly scrapping the euro peg on 15 January. The euro and the Swiss equity market collapsed as a result, losing more than 15% of their value. Although equities managed to recover relatively quickly by early summer in the slipstream of the European markets, the Swiss franc remained significantly overvalued compared to the euro all year, even despite a slight decline.

However, even more serious for investors than the trends in exchange rates and equity markets were negative interest rates, which were introduced by the National Bank to control the strength of the franc. They not only impacted short-term interest rates, but long-term rates also took deeper root in negative territory.

European interest rates increased gradually in the wake of the crisis in Greece, which flared up again over the course of the summer. As a result of the European Central Bank's quantitative easing programme, European interest rates nevertheless remained at an historically low level – with slightly higher interest spreads.

The European equity markets started off the year with a pleasing performance. However, political and economic uncertainty in Greece quickly caused price gains to evaporate. In autumn, economic fears, weak growth in China and the high level of indebtedness of the emerging markets weighed heavily on the equity markets. The rising level of uncertainty caused most markets to trend sideways over the course of the year.

Despite attractive valuation levels and slightly rising vacancy rates in the commercial sector, the real estate markets proved to be stable, not only in Switzerland but also in many other parts of Europe.

¹ Source: sigma 4 / 2015, Swiss Re

² Source: Swiss Re, Economic Research & Consulting, Global insurance review 2015 and outlook 2016 / 2017, November 2015

³ Source: Swiss Re, Economic Research & Consulting, Global insurance review 2015 and outlook 2016 / 2017, November 2015

⁴ Versicherungswirtschaft heute (Insurance Studies Today), <http://versicherungswirtschaft-heute.de/unternehmen/spanische-assekuranz-schaft-2015-den-turnaround>

⁵ Source: ICEA Market figures Q4 2014 closing (18 January 2016)

⁶ Source: Swiss Insurance Association (SVV), <http://www.svv.ch/de/medien/medienmitteilungen/die-versicherer-behaupten-sich-trotz-schwieriger-rahmenbedingungen>

⁷ Versicherungswirtschaft heute (Insurance Studies Today), <http://versicherungswirtschaft-heute.de/unternehmen/spanische-assekuranz-schaft-2015-den-turnaround>

Preliminary remark:

Helvetia acquired the Nationale Suisse Group in financial year 2014. It was fully consolidated as at 20 October 2014. Therefore, Nationale Suisse is taken into account as of that date in the 2014 Group financial statements. Basler Austria was also acquired and is included in Helvetia Group financial statements as from 28 August 2014. The comparative figures for the 2014 financial year therefore include the Nationale Suisse Group and Basler Austria from their respective dates of initial consolidation.

The IFRS profit for the period for Helvetia after the acquisitions is temporarily significantly impacted by special effects. These special effects include integration costs, planned amortisation of intangible assets and additional planned write-downs due to the revaluation of interest-bearing securities to fair value resulting from the specific IFRS accounting requirements for acquisitions.

Up until the end of financial year 2017, Helvetia is therefore putting emphasis on “underlying earnings”, which eliminate these temporary effects and therefore reflect the operating performance of the new Helvetia Group.

Helvetia also changed its segment reporting structure under IFRS as from 1 January 2015. The operating segments of Helvetia Group now consist of: “Switzerland”, “Europe”, “Specialty Markets” and “Corporate”.

The “Switzerland” segment comprises the market area of Switzerland. The former segments of Germany, Italy and Spain were merged with Austria to form the new “Europe” segment. The “Specialty Markets” segment comprises transport, art and technical insurance in the Specialty Lines Switzerland/International and France market units as well as the global active reinsurance business. The “Corporate” segment includes all Group activities, the financing companies, Group Reinsurance and Helvetia Holding AG. In its 2015 Annual Report, Helvetia reports on these segments and on the development of the “Non-life”, “Life” and “Other activities” business areas. Unlike in the previous year, “Non-life” now also comprises active reinsurance, which was formerly included in “Other activities”.

Business performance of Helvetia Group

Overview

Helvetia is looking back on a successful year 2015. Thanks to its well-balanced business mix, Helvetia was once again able to grow profitably. The framework conditions remained extremely challenging in 2015. The scrapping of the franc's peg to the euro, the persistently low interest rate environment along with the introduction of negative interest rates in Switzerland, and volatile equity markets impacted the business environment.

In view of this difficult environment, the positive business result can also be significantly attributed to the acquisition of Nationale Suisse and Basler Austria in 2014. The integration of these two companies has largely been completed and the joint management organisation is in place in all market units. Helvetia completed the legal and financial acquisition of Nationale Suisse in the second quarter and the operating legal units in Switzerland were merged in May. The merger of Helvetia and Basler in Austria took place in August 2015 and regulatory approval was granted in Spain at the end of the year; the operating units in Germany and Italy will be merged by the end of 2016 and the merger of the life units in Italy is expected to be completed in 2017. The integrated and expanded product range with attractive insurance and pension solutions was introduced in Switzerland under the Helvetia brand on 1 May 2015. And the first major step was taken towards migrating the customer portfolios with the successful transfer of household, personal liability and motor vehicle insurance into the systems of Helvetia in Switzerland at the end of September. Helvetia also offers a harmonised product range from a single brand in its foreign units.

Thanks to the rapid progress of the integration, Helvetia is also on track with its synergy targets: annual savings of CHF 45 million were generated in the 2015 financial year.

Group business volume: Increase of 11.1% (in OC) thanks to acquisitions, currency effects hinder growth in the foreign units in CHF

In financial year 2015, Helvetia Group generated a business volume of CHF 8,235.3 million compared to the previous year (financial year 2014: CHF 7,766.6 million), which represented an increase of CHF 468.7 million or 11.1% in the original currency¹. Growth was mainly driven by Nationale Suisse and Basler Austria, which were acquired in financial year 2014.

By **business area**, Non-life premiums rose by 34.7% (in OC). In the Life segment, the volume of investment-linked insurance solutions and deposits increased by 4.9% (in OC) overall, while traditional insurance solutions declined. The development of the premium volume in the non-life and life segments is described in detail on pages 91 to 93.

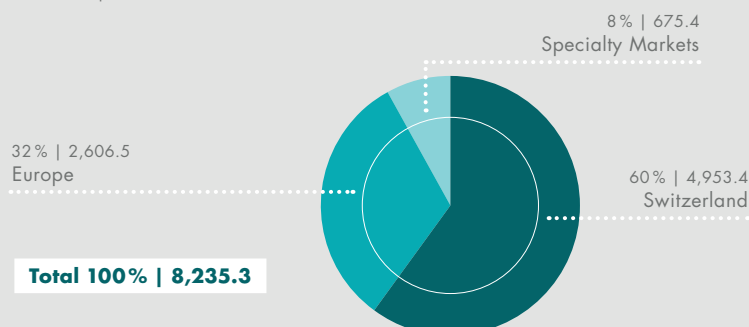
¹ Original currency is abbreviated to OC in the following.

Helvetia Group key figures

	2015	2014	Growth in % (CHF)	Growth in % (OC)
in CHF million				
Business volume	8 235.3	7 766.6	6.0	11.1
Gross premiums life	4 311.1	4 614.5	-6.6	-4.1
Deposits life	148.0	153.0	-3.3	7.5
Total life	4 459.1	4 767.5	-6.5	-3.7
Gross premiums non-life	3 776.2	2 999.1	25.9	34.7

Business volume by segment

Share in % | in CHF million



By **segment**, the Switzerland market area generated the greatest growth with an increase of CHF 583.9 million or 13.4%. The Europe segment was also able to generate growth of 5.1% (in OC). However, expressed in CHF, the business volume declined by 7.7% due to the negative exchange rate effects of the Swiss National Bank scrapping the euro peg in January 2015. Helvetia also generated a significantly higher volume in the Specialty Markets segment compared to the previous year, largely due to the initial consolidation of the Nationale Suisse businesses (+CHF 125.4 million or 28.7% [in OC]).

² Underlying earnings are adjusted for integration costs as well as amortisation of intangible assets, additional planned amortisation due to revaluation of interest-bearing securities at market value and other one-off effects of the acquisitions. Underlying earnings is not an IFRS key figure, and therefore was not audited by Helvetia Group's statutory auditor. Nonetheless, it is derived from the audited IFRS figures.

Group underlying earnings: Improved result thanks to the non-life business, better result in the life business in a difficult, volatile capital market environment

The positive performance resulted in underlying earnings² of CHF 439.0 million after taxes. This corresponds to an increase of CHF 17.3 million or 4.1% compared to the previous year (financial year 2014: CHF 421.7 million).

Viewed by **business area**, there was an increase in both the Non-life result (+CHF 59.3 million or 21.8%) and the Life result (+CHF 24.5 million or 16.1%) compared to the previous year. Both segments benefited from the acquisitions and the improved results at Group level were mainly driven by the technically strong non-life business. In contrast, the result in the Other activities segment declined.

Viewed by **segment**, underlying earnings in Switzerland improved by CHF 80.8 million or 28.4%. In local currency, the result in Europe improved by 10.3%, while exchange rate effects significantly impacted the result in CHF – it was 3.2% below the previous year's figure. The result for Specialty Markets improved by CHF 4.4 million or 11.3% compared to the previous year. The Corporate segment's result fell short of the previous year – in part due to extraordinary charges.

The developments in the individual Life, Non-life and Other activities business areas as well as the IFRS segments of Switzerland, Europe, Specialty Markets and Corporate are described in detail on the following pages.

Thanks to the successful implementation of the integration, underlying earnings include realised synergies of CHF 45.3 million. Of this amount, CHF 27.2 million is attributable to reduced personnel expenses and CHF 18.1 million to other cost reductions. Around 330 employees left the company as at 31 December 2015. The staff reduction was mainly achieved through natural fluctuation.

Helvetia Group's profit for the period reported in accordance with IFRS for financial year 2015 is CHF 309.5 million – compared to CHF 393.3 million in the previous year. The profit reported in accordance with IFRS was primarily influenced by acquisition effects: It comprises integration costs of CHF 74.8 million, amortisation of intangible assets and other planned write-downs due to the revaluation of interest-bearing securities in the total amount of CHF 102.3 million.

Bridge to the IFRS profit for the period

	2015	2014	Growth in % (CHF)
in CHF million			
Group underlying earnings after tax*	439.0	421.7	4.1
Of which life	175.7	151.2	16.1
Of which non-life	331.8	272.5	21.8
Of which other activities	-68.5	-2.0	n. a.
Integration costs	-74.8	-84.9	
Amortisation of intangible assets	-59.8	-70.1	
Additional write-downs due to revaluation at fair value	-42.5	-13.0	
Unrealised gains on investments	4.4	108.9	
Tax effects & other	43.2	30.7	
IFRS profit for the period	309.5	393.3	-21.3
* Underlying earnings include:			
Synergies before taxes CHF million	45.3	-	
Financing costs before taxes CHF million	15.1	-	

Capitalisation and solvency remain sound

Helvetia still maintains a strong capital base. As at 31 December 2015, the Solvency I ratio was 205%. The SST ratio after the first half of 2015 was within the 150–200% range. Equity³ decreased from CHF 4,963.1 million at the end of 2014 to CHF 4,655.3 million. This was due to a reduction in unrealised gains and losses recognised in equity, currency effects from the conversion of the equity of European market units into Swiss francs and the change in benefit obligations in Switzerland as a result of the reduction in the discount rate. The return on equity calculated on the basis of underlying earnings is 8.9%.

³ Equity excluding preferred stock

Development of business areas

Non-life

Non-life business volume: Strong growth thanks to acquisitions (+ approx. 35% in OC), growth driven by the insurance lines of motor vehicle, property and accident/health insurance

In the **Non-life business area**, the premium volume in financial year 2015 increased, mainly due to the two acquisitions, to CHF 3,776.2 million (financial year 2014: CHF 2,999.1 million). Compared to the previous year, this represents an increase of CHF 777.1 million or 34.7% (in OC). Expressed in CHF, the rate of growth fell by 8.8 percentage points due to negative exchange rate effects in the foreign units.

By **segment**, the increase of CHF 605.3 million or 72.9% in Switzerland was the greatest, owing to the acquisitions. Compared to financial year 2014, Europe booked CHF 65.0 million or 18.6% (in OW) more in premiums; all market units contributed to this increase. Austria generated the highest growth rate thanks to the acquisition of Basler Austria. Premiums in the Specialty Markets segment rose by CHF 125.4 million or 28.7% compared to the previous year, with the largest contribution to growth coming from the Specialty Lines Switzerland/International market unit.

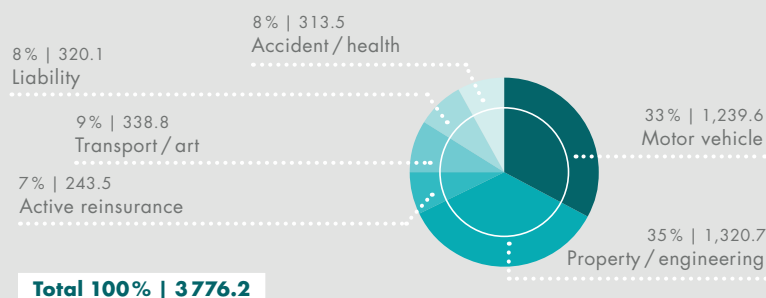
Non-life business volume by segment

	2015	2014	Growth in % (CHF)	Growth in % (OW)
in CHF million				
Group business volume	3 776.2	2 999.1	25.9	34.7
Switzerland	1 436.1	830.8	72.9	72.9
Europe	1 664.7	1 599.7	4.1	18.6
Germany	579.6	564.1	2.8	17.1
Italy	502.8	507.3	-0.9	12.9
Spain	292.7	295.1	-0.8	13.0
Austria	289.6	233.2	24.2	41.5
Specialty Markets	675.4	550.0	22.8	28.7
Specialty Lines Switzerland/ International	214.8	88.0	144.2	146.4
France	217.1	252.1	-13.9	-1.9
Active reinsurance	243.5	209.9	16.0	16.0
Other	0.0	18.6	n.a.	n.a.
Belgium ¹	0.0	18.6	n.a.	n.a.

¹ The Belgium insurance business was sold in 2015.

Non-life business volume by sector

Share in % | in CHF million



Viewed by **lines of business**, the increase in premiums was mainly attributable to the major business lines of property (+CHF 271.9 million or +34.2% [in OC]) and motor vehicle insurance (+CHF 268.3 million or 37.2% [in OC]). The accident/health insurance business of Helvetia also generated CHF 136.6 million or 90.4% (in OC) more in premiums during financial year 2015 than in the previous year. This increase is largely due to the accident/health insurance portfolio acquired from Nationale Suisse.

Underlying earnings: Increase in earnings of 21.8% thanks to improved technical results and the acquisitions

Underlying earnings in the non-life segment amounted to CHF 331.8 million (financial year 2014: CHF 272.5 million). The increase in earnings of CHF 59.3 million or 21.8% is the result of an improved technical result and the volume contributions of the two acquisitions. Exchange rate effects had a negative effect and curbed earnings growth in CHF.

Net combined ratio: The net combined ratio again clearly beats the Group target range of 94% to 96%

The **net combined ratio** improved from 93.5% in financial year 2014 to 92.1% in financial year 2015. Thanks to favourable claims development – supported by the reinsurance structure – the claims ratio fell from 62.9% in financial year 2014 to 62.7% in the year under review. The cost ratio was 29.4%, compared to 30.6% in the previous year. This was due, among other things, to the realisation of already marked synergies, and enabled Helvetia once again to considerably surpass the target range of a combined ratio of between 94% and 96%.

The profit for the period reported in accordance with IFRS was CHF 240.3 million (financial year 2014: CHF 193.0 million). The difference from underlying earnings is due to the planned amortisation of intangible assets and interest-bearing securities required under IFRS acquisition accounting as well as integration costs.

Life

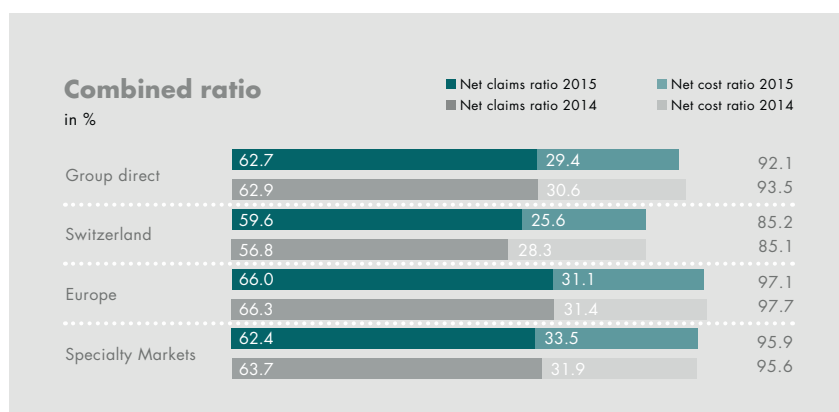
Life business volume: Positive developments for investment-linked products and deposits, slowdown in the traditional business

At Group level, the volume of the Life business area decreased by CHF 308.4 million or 3.7% (in OC) to CHF 4,459.1 million (financial year 2014: CHF 4,767.5 million). Expressed in CHF, this was a decline of 6.5% due to negative exchange rate effects.

Helvetia is focused on selling modern, capital-efficient products while reducing the sales of traditional products with interest rate guarantees. Modern, investment-linked products developed well during the period under review. Premiums from traditional insurance solutions decreased compared to the previous year – this decline could not be fully compensated for despite the strong performance of the modern products.

By **segment**, the business volume in the Switzerland market area remained stable at CHF 3,517.3 million (financial year 2014: CHF 3,538.7 million) in an environment of persistently low interest rates.

In contrast, and despite very good demand for investment-linked insurance solutions (+ CHF 8.7 million or 18.4% in OC) and deposits (+ CHF 25.9 million or 45.7%) – the volume in the Europe



segment of Helvetia declined overall, in particular due to the slowdown in traditional business in Italy and Germany.

By **lines of business**, the group life business posted a moderate decline compared to the previous year (-3.1% in OC). As a result of prudent underwriting policies, which Helvetia pursues in the Swiss occupational pension business in view of the low interest rate environment, single premiums fell by 8.1%. However, recurring premiums, which are important for evaluating the business, rose by 2.7% in financial year 2015.

The volume in the individual life insurance business also fell short of the previous year's figure (-4.6% in OC). The business in traditional insurance solutions declined, in particular in Italy. In contrast, investment-linked products and deposits generated an overall gain of 4.9% (in OC), but were nevertheless only able to compensate for part of the decline in the traditional business.

Underlying earnings: strong earnings in a difficult investment environment

Underlying earnings in the Life segment were CHF 175.7 million, which corresponds to an increase of CHF 24.5 million or 16.1% compared to the previous year. An analysis by profit source shows that the risk result posted a pleasing increase of 9.5%, while the savings and investment result for account to the shareholders declined due to the performance of the capital markets. Further drivers of the growth in profits included the reduction in Switzerland and Spain of the costs of interest-related reserves compared to the previous year.

The profit for the period reported in accordance with IFRS was CHF 149.8 million (financial year 2014: CHF 115.0 million). The IFRS result includes integration costs as well as planned write-downs due to the revaluation of interest-bearing securities under acquisition accounting.

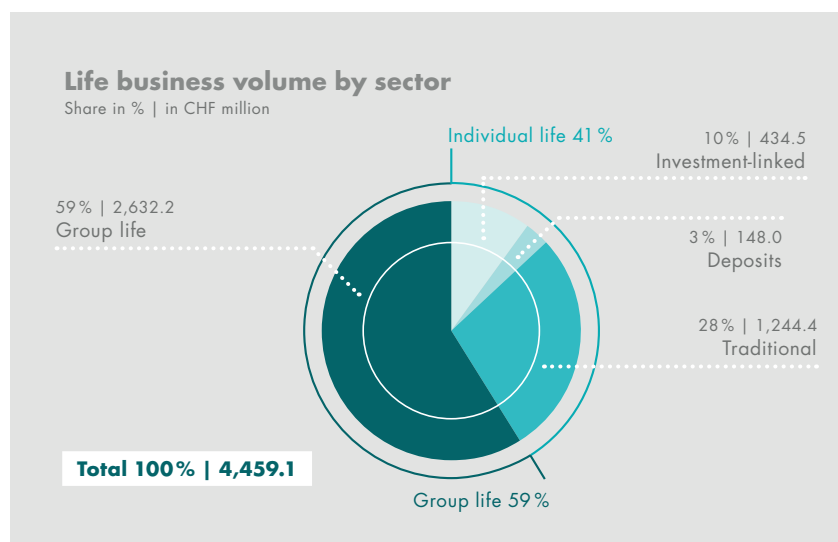
Embedded value

At the end of 2015, the embedded value of Helvetia Group amounted to CHF 3,195.7 million, which represents an increase of CHF 216.4 million or 7.3% compared to December 2014, or an increase of CHF 7.6 million or 0.2% compared to the adjusted embedded value as at 1 January 2015. It was necessary to adjust the embedded value as the life units of Nationale Suisse in Switzerland and Italy acquired in the second half of the previous year and the life business of the former Basler Austria could only be reported at their respective adjusted shareholders'

Life business volume by segment

	2015	2014	Growth in % (CHF)	Growth in % (OC)
in CHF million				
Group business volume	4 459.1	4 767.5	- 6.5	- 3.7
Switzerland	3 517.3	3 538.7	- 0.6	- 0.6
Europe	941.8	1 225.5	- 23.1	- 12.4
Germany	250.6	300.4	- 16.6	- 4.9
Italy	422.4	641.5	- 34.1	- 25.0
Spain	123.4	141.1	- 12.5	- 0.3
Austria	145.4	142.5	2.0	16.3
Other	0.0	3.3	n.a.	n.a.
Belgium ¹	0.0	3.3	n.a.	n.a.

¹ The Belgium insurance business was sold in 2015.







Helvetia Italy not only benefited from the merger through an expanded product portfolio, but also a consolidation of the sales network. The optimisation of the IT structure can be seen as a further opportunity.

*New energy
has been
generated
since the merger.*

Piero Martini, COO Nationale Suisse Italy, and Roberto Lecciso, COO Helvetia Italy, knew one another before the acquisition of Nationale Suisse and went from being competitors to colleagues. “Even though we had common interests when it came to IT, we were still competitors in the insurance market.” Since the founding of GE.SI.Ass., a joint IT services company, 30 years ago, Helvetia and Nationale Suisse have been exploiting the benefits of shared systems. Forward-looking decisions in the IT architecture became increasingly complex over time due to the differing interests of the two companies. The merger served to increase independence, the speed of decision-making and efficiency. Roberto Lecciso believes that: “New energy has been generated since the merger – together with Piero, we are shaping the future of IT services at Helvetia Italy.”

net asset value as of the end of 2014, without accounting for the value in force of the insurance portfolio or the solvency costs. In view of the planned sale at the beginning of 2015, the life business of Nationale Suisse in Belgium was also not included. As at 1 January 2015, the portfolios of the former Nationale Suisse and Basler Austria were modelled and included with all components in the 2015 embedded value. In addition, all burial insurance policies in Spain are now allocated to the life business, which is consistent with the practice of the IFRS and the various solvency metrics. All of these adjustments increased the embedded value as at 1 January 2015 by CHF 208.8 million compared to 31 December 2014.

The analysis of the changes shows that these mainly derive from economic factors, as the decision by the Swiss National Bank to scrap the euro floor resulted in a sharp decline in investment yields and negative exchange rate differences for the EU units. Dividend payments in the first half of the year also reduced the shareholder value of the life insurance portfolio. In contrast, operating profit improved due to more favourable cost assumptions and a positive contribution by new business.

Other activities

Alongside Corporate (financing companies, the Corporate Centre, the centrally managed investments [funds] and Group reinsurance), “**Other activities**” also includes various immaterial foreign service companies that cannot be allocated to the Life or Non-life business areas.

At CHF - 68.5 million, the underlying earnings of “Other activities” were below that of the previous year’s figure of CHF - 2.0 million, largely due to the lower technical result of Group reinsurance. In addition to bad weather events, this was in particular impacted by an unfavourable claims history in the foreign portfolios of the former Nationale Suisse, which ceded many claims to Group reinsurance due to the reinsurance structure. As a result of the current restructuring of these claims-heavy portfolios and the completed and planned adjustments to the reinsurance structure, it can be expected that Group reinsurance will not be impacted to the same extent in future. Alongside the decline in the technical result of Group reinsurance, gains and losses on investments (net) also decreased compared to the previous year, in particular in the wake of the SNB’s decision in January 2015. Furthermore, the result

in the “Other activities” segment also for the first time includes financing costs for an entire year for debt instruments related to the acquisition of Nationale Suisse. Finally, Nationale Suisse did not pay a dividend in the reporting year due to the full takeover.

The decline is therefore also in part due to extraordinary circumstances which Helvetia assumes will not have the same impact in future.

The profit for the period reported in accordance with IFRS was CHF - 80.6 million (financial year 2014: CHF 85.3 million).

Investments

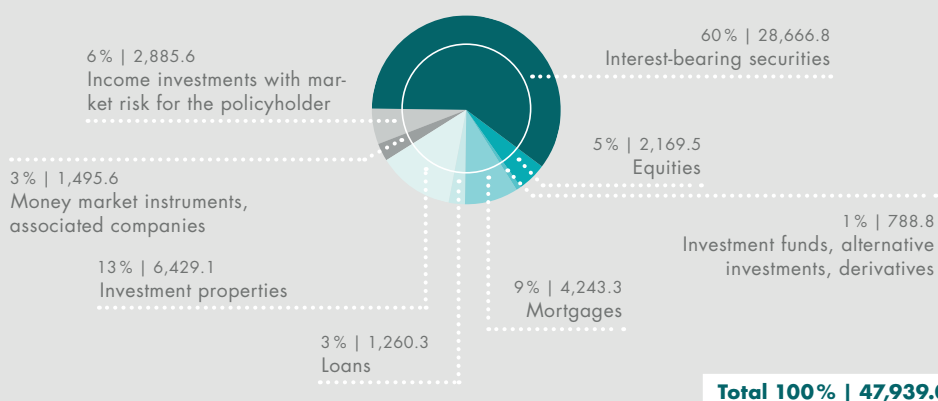
Despite net new investment needs of CHF 1.5 billion net, which mainly originated in the group life business of the Swiss business unit, the investment volume of CHF 48 billion remained practically unchanged from the previous year. This is due to the devaluation of the euro following the scrapping of the peg by the Swiss National Bank. The insurance reserves of the European business units outside Switzerland, which are essentially invested in matching currencies, were consequently reported in the Swiss-franc-denominated consolidated balance sheet at lower values.

Fixed-income securities were the most important asset class, amounting to a volume of CHF 28.7 billion and a share of 60% of total investments. Mortgages, which increased by some CHF 300 million compared to the previous year due to the favourable market situation for insurance companies in Switzerland, increased their weighting by one percentage point to 9% at the expense of fixed-income products. Loans maintained their 3-percent share, while money market instruments posted slight gains due to the illiquid investment markets at year-end. Investments in nominal assets once again accounted for around three quarters of the total volume. Real assets were dominated by the volume of investment properties, which amounted to CHF 6.5 billion or 13% of the portfolio, followed by equities, investment funds and alternative investments with just under CHF 3 billion and a total weighting of 6%. Financial assets, which were held for the risk and return of policyholders, amounted to CHF 2.9 billion or 6%.

Current investment income amounted to CHF 988.4 million, which was down CHF 5 million on the previous year owing to falling interest rates

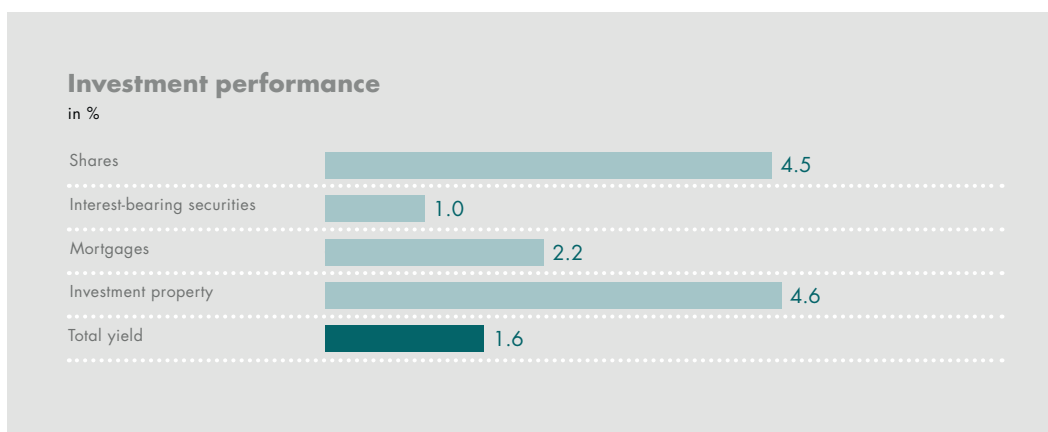
Investment structure 2015

Share in % | in CHF million



Performance of Group investments

	2015	2014
in CHF million		
Current income on Group financial assets	751.3	783.9
Rental income on Group investment property	237.1	209.0
Current income on Group investments (net)	988.4	992.9
Gains and losses on Group financial assets	61.0	279.7
Gains and losses on Group investment property	56.2	2.8
Gains and losses on Group investments (net)	117.2	282.5
Result from financial assets and Group investment property (net)	1 105.6	1 275.4
Change in the unrealised gains / losses recognised in equity	- 370.6	1 677.0
Total result from financial assets and investment property of the Group	735.0	2 952.4
Average Group investment portfolio	44 801.5	39 286.0
Direct yield annualised	2.2%	2.5%
Investment performance	1.6%	7.7%



and the weaker euro. The attractive real estate class made a disproportionately high contribution to the result in the amount of CHF 237.1 million. The performance of 1.6% was in line with the market and generated a current investment result of CHF 1.1 billion. All asset classes made a positive contribution. With a total return of 4.6%, real estate delivered the best result, followed by equities with 4.5%. In the wake of the extraordinary, interest-driven increase in the previous year, unrealised gains in equity declined by CHF 370.6 million. The decrease was mainly due to slightly higher interest spreads and, once again, the weaker euro.

Shares were largely hedged with put options throughout the whole year, which enabled their volatility to be cushioned to the desired extent.

Negative interest rates present a major challenge for the reinvestment of new funds. In order to generate the required minimum returns, somewhat higher credit, currency or liquidity risks have to be assumed on individual investments. However, these additional risks can be well absorbed within the context of the entire portfolio by taking account of diversification effects and applying consistent risk management.

Business development in the segments Switzerland

Overview

In 2015, the domestic market once again emerged as the solid foundation of the Group. Helvetia grew profitably and further solidified its position as the strong number three in the market. Business volume grew to a pleasing CHF 4,953.4 million, which corresponds to an increase of 13.4%. Premiums in the non-life business increased by CHF 605.3 million or 72.9%. This rise is mainly due to the acquisition of Nationale Suisse, which was for the first time fully consolidated for an entire year in 2015. The volume in the life business remained stable in a persistently difficult interest rate environment.

Underlying earnings amounted to CHF 364.9 million, which was CHF 80.8 million or 28.4% above the previous year's figure. This, too, reflected the success of the acquisition of Nationale Suisse. Both the life and, in particular, the non-life business contributed to this pleasing result. The improved result in the non-life business was mainly the result of increased volume from the acquisition. The life result improved compared to the previous year owing to a positive development in the risk result, reduced expenses for reserve strengthening and higher investment income. This compensated for the impact of lower interest rates on net savings.

Despite integration costs and the charging of acquisition effects (amortisation of intangible assets, additional planned write-downs due to the

revaluation of interest-bearing securities to fair value) and other one-off effects, the recorded profit for the period according to IFRS for the country market of Switzerland increased by CHF 67.4 million or 31.8% to CHF 279.2 million (financial year 2014: CHF 211.8 million).

Non-life: Acquisition of Nationale Suisse as key growth driver (+72.9%)

In the profitable non-life business, the anticipated positive volume effects of the acquisition of Nationale Suisse was noticeable in 2015: Premiums increased by CHF 605.3 million or 72.9% compared to the previous year. Growth was driven in particular by motor vehicle (+CHF 258.3 million or 82.6%) and property insurance (+CHF 165.5 million or 42.0%) as well as the new accident/sickness daily allowance portfolio (+CHF 135.7 million). All sales channels contributed to this growth. The most important sales channel in Switzerland in 2015 was once again Helvetia's own sales force. However, Helvetia was also able to generate pleasing growth in the online sales channel through smile.direct. smile.direct once again earned top marks in customer satisfaction surveys in financial year 2015, which means it is already very well positioned in the strategically significant online segment.

The **net combined ratio** of 85.2% (financial year 2014: 85.1%) remained very strong. As a result of the changed portfolio structure following the acquisition of Nationale Suisse, the claims ratio increased from the previous year to 59.6% (financial year 2014: 56.8%). This is in particular due to the integration of the accident/sickness daily allowance portfolio, which accounts for a substantial share of the volume of the overall portfolio and also has a higher claims ratio than the rest of the portfolio. The accident/sickness daily allowance portfolio is currently being optimised and the efforts will continue over the coming quarters. In contrast, the cost ratio fell to 25.6% from 28.3% in the previous year, mainly owing to synergies that have been realised. As a result of the integration, Helvetia also sees additional opportunities for measures to improve efficiency with the potential to achieve corresponding cost reductions.

Life: Stable business volume in a challenging environment, sustained group life business, growth in individual life business

Persistently low interest rates, the introduction of negative interest rates in Switzerland, volatile equity markets and the difficult investment environment shaped the conditions in the life business in 2015. Against this background, Helvetia was able to further solidify its market position and maintain a consistent business volume.

The volume in the **group life business** was CHF 84.3 million or 3.2% below that of financial year 2014. Helvetia continued to pursue its full-range strategy in 2015. Although the demand for full insurance solutions remained high, single premiums fell as Helvetia is selectively underwriting new business in the current low interest rate environment. On the other hand, regular premiums, which are important for assessing business performance, increased by CHF 32.1 million or 2.7% due to an increase in aggregate wages.

Helvetia Switzerland generated growth of CHF 63.0 million or 7.1% in the **individual life insurance business**. This growth was driven by traditional life insurance policies from the portfolio of the former Nationale Suisse.

Key figures Switzerland

	2015	2014	Growth in %
in CHF million			
Business volume	4 953.4	4 369.5	13.4
Life	3 517.3	3 538.7	-0.6
Non-life	1 436.1	830.8	72.9
Combined ratio	85.2%	85.1%	0.1 % pts.
Underlying earnings	364.9	284.1	28.4
IFRS result	279.2	211.8	31.8

The guarantee plan developed well as part of the sale of modern insurance solutions. However, overall Helvetia was not able to achieve the growth from prior periods. Extraordinarily low interest rates made it practically impossible to create products for customers that were as attractive as they had been in previous years. Although sales of the tranche product issued in autumn were strong, they were not able to compensate for the shortfall in the first half of the year.

Europe

Overview

As expected, the Europe segment also benefited from the acquisitions in financial year 2015: The business volume in original currency rose by 5.1% to CHF 2,606.5 million, with the non-life business serving as the key driver of growth. Negative exchange rate effects caused the business volume expressed in CHF to decrease by 7.7% compared to the previous year. Underlying earnings of CHF 98.4 million in the original currency represented an increase compared to the previous year of 10.3% (financial year 2014: CHF 101.6 million). Expressed in Swiss francs, the result was 3.2% below the previous year's figure, due to negative exchange rate effects.

Viewed by **business area**, the non-life result amounted to CHF 64.3 million (financial year 2014: CHF 71.4 million). The decline was solely due to exchange rate effects; in the original currency the result improved by 2.6%. The gains are due to the earnings contribution of Basler Austria and the re-insurance structure. The life result amounted to CHF 34.2 million, which was CHF 4.3 million or 14.4% above the previous year's figure (financial year 2014: CHF 29.9 million), mainly because of improved risk results.

Viewed by **market unit**, nearly all units contributed to the earnings growth of the Europe segment in the original currency. Only in Italy did the result decrease compared to the previous year, which is due to the non-life business of the former Nationale Suisse, the restructuring of which has already begun.

The recorded profit for the period according to IFRS for the Europe segment was CHF 64.6 million and therefore 6.7% higher than in the previous year (financial year 2014: CHF 60.5 million).

Key figures Europe

	2015	2014	Growth in % (CHF)	Growth in % (OW)
in CHF million				
Group business volume	2 606.5	2 825.2	-7.7	5.1
Life	941.8	1 225.5	-23.1	-12.4
Germany	250.6	300.4	-16.6	-4.9
Italy	422.4	641.5	-34.1	-25.0
Spain	123.4	141.1	-12.5	-0.3
Austria	145.4	142.5	2.0	16.3
Non-life	1 664.7	1 599.7	4.1	18.6
Germany	579.6	564.1	2.8	17.1
Italy	502.8	507.3	-0.9	12.9
Spain	292.7	295.1	-0.8	13.0
Austria	289.6	233.2	24.2	41.5
Underlying earnings	98.4	101.6	-3.2	10.3
Germany	20.3	14.5	40.1	59.6
Italy	21.1	32.4	-35.0	-25.9
Spain	28.3	28.3	-0.1	13.9
Austria	28.7	26.4	8.7	23.8
IFRS result	64.6	60.5	6.7	21.6

Non-life: Acquisition of Nationale Suisse as key growth driver (+18.6%)

The non-life premium income generated in the Europe segment increased to CHF 1,664.7 million (financial year 2014: CHF 1,599.7 million). The pleasing growth of CHF 65.0 million or 18.6% (in OC) was mainly the result of the acquisitions of Nationale Suisse and Basler Austria.

All **market units** allocated to this segment generated pleasing double-digit growth rates in the original currency. The Austrian subsidiary posted the greatest gains. Here, Helvetia was able to increase the premium volume in the non-life business thanks to the acquisition of Basler Austria by CHF 56.4 million or 41.5% (in OC) to CHF 289.6 million.

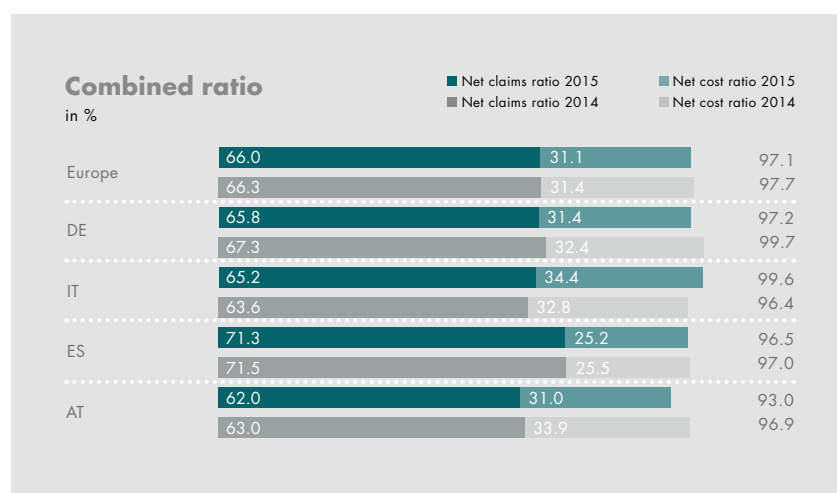
Viewed by **lines of business**, the increase was mainly driven by the major business lines of motor vehicle (+CHF 22.5 million or 18.1% [in OC]), property (+CHF 19.6 million or 17.8% [in OC]) and transport insurance (+CHF 15.9 million or 34.5% [in OC]). The growth in motor vehicle insurance in Germany was supported by increases in portfolio rates and increasing business resulting from a major account. The motor vehicle insurance business in Austria also turned in a pleasing performance. The market in Italy experienced a tough price war and low volume market-wide. Helvetia achieved a higher premium volume thanks to its acquisitions. All market units contributed to the positive development in the property insurance business.

The **net combined ratio** of the Europe segment improved from 97.7% in the previous year to 97.1, with both the claims and cost ratios improving. The main reason for the improvement in the claims ratio was the reinsurance structure; the decrease in the cost ratio is largely due to realised synergies. All market units generated net combined ratios under 100% and improved compared to the previous year. Only in Italy did the net combined ratio increase slightly year over year, mainly due to the portfolio of the former Nationale Suisse.

Life: Individual life declined due to interest rate environment, good growth in deposits, decrease in traditional insurance solutions only partially compensated for

The business volume in the life insurance area decreased by CHF 283.7 million or 12.4% (in OC) from CHF 1,225.5 million in the previous year to CHF 941.8 million. The main reason for this decline by **market unit** was a reduction in the volume of traditional life insurance products in Italy and Germany, which could not be fully compensated for by the improved performance of modern insurance solutions. All other market units were able to increase, or at least maintain, their business volume from the previous year.

Viewed by **lines of business**, capital-efficient investment-linked insurance products and deposits generated pleasing growth of 26.4% (in OC) overall. The gains were supported by higher premiums from unit-linked life insurance policies in Germany, Austria and Spain and the successful marketing of burial insurance in Spain. In Italy, deposits increased significantly compared to the previous year. The traditional individual life business declined due to the reduction in volume in Italy and Germany mentioned above.



Specialty Markets

The premium volume generated in the Specialty Markets segment rose from CHF 550.0 million in financial year 2014 to CHF 675.4 million in the reporting period, which corresponds to an increase of CHF 125.4 million or 28.7% (in OC). The Specialty Lines Switzerland/International market unit, into which the specialty lines business in Switzerland and international markets is bundled, made the greatest contribution to growth as a result of the full-year consolidation of the business of Nationale Suisse. In France, Helvetia generated slightly fewer premiums than in the previous year due to portfolio optimisations in the original currency. With a premium volume of CHF 243.5 million (financial year 2014: CHF 209.9 million), active

reinsurance posted an increase of CHF 33.6 million or 16.0%. This growth is the result of targeted diversification by region and business line as well as the selected expansion of existing business relationships.

Helvetia pursues an income-oriented underwriting policy in the Specialty Markets segment.

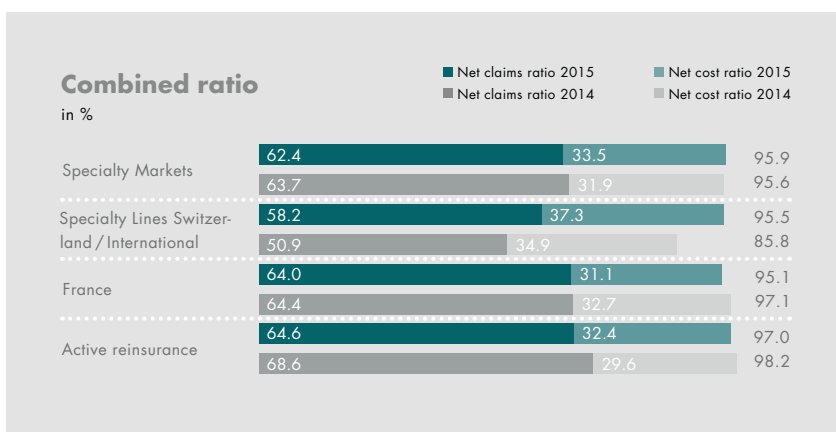
The **net combined ratio** was 95.9% (financial year 2014: 95.6%). France and active reinsurance improved their combined ratios by 2.0 and 1.2 percentage points, respectively. This positive development is due to the decreased claims ratio year over year and also, in France, to the improved cost ratio. Specialty Lines Switzerland/International increased its net combined ratio. This was due to the fact that the Engineering Large and Special Risks business, which has a higher combined ratio, was only included for three months of the previous year and additionally benefited from a very favourable claims experience. Helvetia has been restructuring this business since mid-2015.

Key figures Specialty Markets

	2015	2014	Growth in % (CHF)	Growth in % (OW)
in CHF million				
Business volume	675.4	550.0	22.8	28.7
Non-life				
Specialty Lines Switzerland/ International	214.8	88.0	144.2	146.4
France	217.1	252.1	-13.9	-1.9
Active reinsurance	243.5	209.9	16.0	16.0
Underlying earnings	43.4	39.0	11.3	n. a.
IFRS result	43.4	37.9	14.6	19.7

Corporate

In addition to the financing companies and the holding company, the Corporate segment also includes the Corporate Centre and Group reinsurance. This segment's underlying earnings of CHF -67.8 million was below the previous year's figure of CHF -3.1 million. The decrease in earnings was the result of a weaker result from Group reinsurance, currency losses related to the scrapping of the euro peg in January 2015 and financing costs for debt instruments in connection with the acquisition of Nationale Suisse, which were taken into account for an entire year for the first time in 2015. In addition, Nationale Suisse did not pay a dividend in financial year 2015 due to the full takeover. The profit for the period reported in accordance with IFRS was CHF -77.7 million (financial year 2014: CHF 83.1 million).



Consolidated income statement

	Notes	2015	2014
in CHF million			reclassified
Income			
Gross premiums written	3	8 087.3	7 613.6
Reinsurance premiums ceded		-326.4	-298.9
Net premiums written		7 760.9	7 314.7
Net change in unearned premium reserve		20.3	126.3
Net earned premiums		7 781.2	7 441.0
Current income from Group investments (net)	7.1.1	988.4	992.9
Gains and losses on Group investments (net)	7.1.3	117.2	282.5
Income investments with market risk for the policyholder	7.1.5	78.9	200.5
Share of profit or loss of associates		0.9	1.0
Other income		136.1	73.3
Total operating income		9 102.7	8 991.2
Expenses			
Claims incurred including claims handling costs (non-life)		-2 388.6	-1 933.1
Claims and benefits paid (life)		-3 290.1	-4 142.4
Change in actuarial reserves ¹		-1 159.6	-823.3
Reinsurers' share of benefits and claims		125.1	136.9
Policyholder dividends and bonuses ¹		-127.5	-109.1
Income attributable to deposits for investment contracts		-43.7	-73.8
Net benefits to policyholders and claims		-6 884.4	-6 944.8
Acquisition costs		-1 016.6	-906.2
Reinsurers' share of acquisition costs		62.2	59.0
Operating and administrative expenses		-552.7	-477.6
Interest payable		-21.9	-24.9
Other expenses		-272.3	-220.4
Total operating expenses		-8 685.7	-8 514.9
Profit or loss from operating activities		417.0	476.3
Financing costs		-21.0	-13.0
Profit or loss before tax		396.0	463.3
Income taxes	10.1	-86.5	-70.0
Profit or loss for the period		309.5	393.3
Attributable to:			
Shareholders of Helvetia Holding AG		307.8	391.7
Minority interests		1.7	1.6
Earnings per share:			
Basic earnings per share (in CHF)	11.5	28.98	42.98
Diluted earnings per share (in CHF)	11.5	28.98	42.98

¹ Change in presentation (see section 2.3 on page 114)

Consolidated statement of comprehensive income

	2015	2014
in CHF million		
Profit or loss for the period	309.5	393.3
Other comprehensive income		
May be reclassified to income		
Change in unrealised gains and losses on investments	-370.1	1 669.5
Share of associates' net profit recognised directly in equity	1.0	-0.5
Change from net investment hedge	28.2	-35.7
Foreign currency translation differences	-166.2	16.8
Change in liabilities for contracts with participation features	161.8	-989.0
Deferred taxes	55.7	-171.9
Total that may be reclassified to income	-289.6	489.2
Will not be reclassified to income		
Revaluation from reclassification of property and equipment	-0.5	7.5
Revaluation of benefit obligations	-157.7	-213.9
Change in liabilities for contracts with participation features	20.4	35.1
Deferred taxes	28.9	43.2
Total that will not be reclassified to income	-108.9	-128.1
Total other comprehensive income	-398.5	361.1
Comprehensive income	-89.0	754.4
Attributable to:		
Shareholders of Helvetia Holding AG	-88.9	748.6
Minority interests	-0.1	5.8

Consolidated balance sheet

	Notes	2015	2014
in CHF million			reclassified
Assets			
Property and equipment	5	495.9	545.6
Goodwill and other intangible assets	6	1 176.9	1 273.2
Investments in associates	7.4.1	17.1	39.9
Investment property	7.5	6 429.1	6 317.8
Group financial assets	7.2	38 607.2	38 525.6
Investments with market risk for the policyholder	7.2	2 885.6	3 134.7
Receivables from insurance business	9.7	1 316.0	1 281.5
Deferred acquisition costs	9.6	467.6	504.4
Reinsurance assets	9.5	553.4	636.6
Deferred tax assets	10.5	28.0	23.3
Current income tax assets		25.1	28.6
Other assets		297.9	272.4
Accrued investment income		342.0	394.9
Cash and cash equivalents		1 503.0	2 090.4
Total assets		54 144.8	55 068.9

	Notes	2015	2014
in CHF million			reclassified
Liabilities and equity			
Share capital	11.1	1.0	1.0
Capital reserves		660.9	657.8
Treasury shares		-6.5	-8.2
Unrealised gains and losses (net)	11.2.4	232.0	321.7
Foreign currency translation differences		-457.9	-322.2
Retained earnings		2 994.7	2 997.6
Valuation reserves for contracts with participation features	11.2.5	1 215.8	1 261.1
Equity of Helvetia Holding AG shareholders		4 640.0	4 908.8
Minority interests		15.3	54.3
Equity (without preferred securities)		4 655.3	4 963.1
Preferred securities	11.3	700.0	700.0
Total equity		5 355.3	5 663.1
Actuarial reserves (gross) ¹	9.1	33 802.6	33 420.9
Provision for future policyholder participation ¹	9.1	1 925.7	2 135.3
Loss reserves (gross)	9.1	4 616.0	4 863.9
Unearned premium reserve (gross)	9.1	1 304.6	1 434.7
Financial liabilities from financing activities	8.1	935.2	913.8
Financial liabilities from insurance business	9.8	1 909.0	2 240.3
Other financial liabilities	8.2	231.7	222.6
Liabilities from insurance business	9.7	1 975.2	2 040.4
Non-technical provisions	12.1	152.8	168.3
Employee benefit obligations	13.2	866.3	750.8
Deferred tax liabilities	10.5	788.2	878.2
Current income tax liabilities		32.4	33.2
Other liabilities and accruals		249.8	303.4
Total liabilities		48 789.5	49 405.8
Total liabilities and equity		54 144.8	55 068.9

¹ Change in presentation (see section 2.3 on page 114)

Consolidated statement of equity

	Share capital	Capital reserves	Treasury shares	Unrealised gains and losses (net)
	11.1			11.2.4
Notes				
in CHF million				
Balance as of 1 January 2014	0.9	128.8	- 11.3	198.4
Profit or loss for the period	-	-	-	-
Income and expense that may be reclassified to income	-	-	-	117.9
Income and expense that will not be reclassified to income	-	-	-	5.4
Total other comprehensive income	-	-	-	123.3
Comprehensive income	-	-	-	123.3
Transfer from / to retained earnings	-	-	-	-
Acquisition of subsidiaries	-	-	-	-
Change in minority interests	-	-	-	0.0
Purchase of treasury shares	-	-	-8.0	-
Sale of treasury shares	-	2.2	11.1	-
Share-based payment	-	-2.3	-	-
Dividends	-	-	-	-
Share capital increase	0.1	535.3	-	-
Costs of share capital increase	-	-3.8	-	-
Shareholders' contributions	-	45.0	-	-
Allocation of shareholders' contributions	-	-45.0	-	-
Issuance of preferred securities	-	-2.4	-	-
Balance as of 31 December 2014	1.0	657.8	-8.2	321.7
Balance as of 1 January 2015	1.0	657.8	-8.2	321.7
Profit or loss for the period	-	-	-	-
Income and expense that may be reclassified to income	-	-	-	-89.6
Income and expense that will not be reclassified to income	-	-	-	-0.3
Total other comprehensive income	-	-	-	-89.9
Comprehensive income	-	-	-	-89.9
Transfer from / to retained earnings	-	-	-	-
Change in minority interests	-	-	-	0.2
Purchase of treasury shares	-	-	-9.2	-
Sale of treasury shares	-	3.4	10.9	-
Share-based payment	-	1.5	-	-
Dividends	-	-	-	-
Share capital increase	0.0	-	-	-
Shareholders' contributions	-	45.0	-	-
Allocation of shareholders' contributions	-	-45.0	-	-
Issuance of preferred securities	-	-1.8	-	-
Redemption of preferred securities	-	-	-	-
Balance as of 31 December 2015	1.0	660.9	-6.5	232.0

Foreign currency translation differences	Retained earnings	Valuation reserves for contracts with participation features	Equity of Helvetia Holding AG shareholders	Minority interests	Equity (without preferred securities)	Preferred securities	Total equity
	11.2.2	11.2.5					
-302.7	2939.0	863.5	3816.6	14.6	3831.2	300.0	4131.2
-	342.7	49.0	391.7	1.6	393.3	-	393.3
-19.5	-	386.8	485.2	4.0	489.2	-	489.2
-	-100.9	-32.8	-128.3	0.2	-128.1	-	-128.1
-19.5	-100.9	354.0	356.9	4.2	361.1	-	361.1
-19.5	241.8	403.0	748.6	5.8	754.4	-	754.4
-	-10.8	-0.4	-11.2	0.0	-11.2	11.2	0.0
-	-	-	-	49.9	49.9	-	49.9
0.0	-22.3	-5.0	-27.3	-14.7	-42.0	-	-42.0
-	-	-	-8.0	-	-8.0	-	-8.0
-	-	-	13.3	-	13.3	-	13.3
-	-	-	-2.3	-	-2.3	-	-2.3
-	-150.1	-	-150.1	-1.3	-151.4	-11.2	-162.6
-	-	-	535.4	-	535.4	-	535.4
-	-	-	-3.8	-	-3.8	-	-3.8
-	-	-	45.0	-	45.0	-	45.0
-	-	-	-45.0	-	-45.0	-	-45.0
-	-	-	-2.4	-	-2.4	400.0	397.6
-322.2	2997.6	1261.1	4908.8	54.3	4963.1	700.0	5663.1
-322.2	2997.6	1261.1	4908.8	54.3	4963.1	700.0	5663.1
-	272.1	35.7	307.8	1.7	309.5	-	309.5
-135.8	-	-62.4	-287.8	-1.8	-289.6	-	-289.6
-	-76.7	-31.9	-108.9	0.0	-108.9	-	-108.9
-135.8	-76.7	-94.3	-396.7	-1.8	-398.5	-	-398.5
-135.8	195.4	-58.6	-88.9	-0.1	-89.0	-	-89.0
-	-20.5	-1.0	-21.5	0.0	-21.5	21.5	0.0
0.1	0.6	14.3	15.2	-37.6	-22.4	-	-22.4
-	-	-	-9.2	-	-9.2	-	-9.2
-	-	-	14.3	-	14.3	-	14.3
-	-	-	1.5	-	1.5	-	1.5
-	-178.4	-	-178.4	-1.3	-179.7	-21.5	-201.2
-	-	-	0.0	-	0.0	-	0.0
-	-	-	45.0	-	45.0	-	45.0
-	-	-	-45.0	-	-45.0	-	-45.0
-	-	-	-1.8	-	-1.8	300.0	298.2
-	-	-	-	-	-	-300.0	-300.0
-457.9	2994.7	1215.8	4640.0	15.3	4655.3	700.0	5355.3

Consolidated cash flow statement

	2015	2014
in CHF million		reclassified
Cash flow from operating activities		
Profit before tax	396.0	463.3
Reclassifications to investing and financing activities (affecting cash)		
Realised gains and losses on property, equipment and intangible assets	-1.2	-1.0
Realised gains and losses on sale of affiliated and associated companies	-7.6	-
Dividends from associates	-0.7	-0.5
Adjustments		
Depreciation / amortisation of property, equipment and intangible assets	128.5	114.3
Realised gains and losses on financial instruments and investment property	-258.2	-213.0
Unrealised gains and losses on investments in associates	-0.1	-0.5
Unrealised gains and losses on investment property	-44.5	-2.5
Unrealised gains and losses on financial instruments	134.3	-148.3
Share-based payments for employees	1.5	-2.3
Foreign currency gains and losses	128.6	-34.3
Other income and expenses not affecting cash ¹	27.6	42.7
Change in operating assets and liabilities		
Deferred acquisition costs	10.4	10.6
Reinsurance assets	38.3	20.0
Actuarial reserves ²	1 159.5	823.3
Provisions for future policyholder participation ²	-56.8	-17.2
Loss reserves	36.1	3.1
Unearned premium reserve	-21.1	-131.8
Financial liabilities from insurance business	-203.3	-57.8
Changes in other operating assets and liabilities	-274.2	225.5
Cash flow from investments and investment property		
Purchase of investment property	-202.5	-296.1
Sale of investment property	126.0	27.6
Purchase of interest-bearing securities	-5 255.2	-3 801.2
Repayment / sale of interest-bearing securities	4 780.7	2 818.7
Purchase of shares, investment funds and alternative investments	-1 347.2	-979.4
Sale of shares, investment funds and alternative investments	1 289.1	1 084.1
Purchase of structured products	-13.8	-14.4
Sale of structured products	0.8	0.5
Purchase of derivatives	-17 769.5	-9 130.8
Sale of derivatives	17 744.1	9 096.9
Origination of mortgages and loans	-579.6	-377.3
Repayment of mortgages and loans	399.8	326.1
Purchase of money market instruments	-4 292.0	-4 094.5
Repayment of money market instruments	3 679.2	4 489.1
Cash flow from operating activities (gross)	-247.0	242.9
Income taxes paid	-71.0	-61.0
Cash flow from operating activities (net)	-318.0	181.9

	2015	2014
in CHF million		reclassified
Cash flow from investing activities		
Purchase of property and equipment	-35.5	-22.2
Sale of property and equipment	4.6	1.7
Purchase of intangible assets	-28.0	-24.1
Sale of intangible assets	2.4	0.1
Purchase of investments in associates	0.0	-0.3
Sale of investments in associates	0.2	0.1
Purchase of investments in subsidiaries, net of cash and cash equivalents	-	-603.5
Sale of investments to former subsidiaries, net of cash and cash equivalents	7.8	-
Dividends from associates	0.7	0.5
Cash flow from investing activities (net)	-47.8	-647.7
Cash flow from financing activities		
Increase of share capital	0.0	-3.8
Sale of treasury shares	14.3	13.3
Purchase of treasury shares	-9.2	-8.0
Shareholders' contributions	45.0	45.0
Purchase of investments in subsidiaries	-22.4	-42.0
Issuance of preferred securities	297.8	397.0
Redemption of preferred securities	-300.0	-
Issuance of debt instruments	26.0	624.1
Repayment of debt	-2.6	-2.1
Dividends paid	-206.9	-165.6
Lease payments under finance lease	-2.2	-2.4
Cash flow from financing activities (net)	-160.2	855.5
Effect of exchange rate differences on cash and cash equivalents	-61.4	-7.4
Total change in cash and cash equivalents	-587.4	382.3
Cash and cash equivalents		
Cash and cash equivalents as of 1 January	2 090.4	1 708.1
Change in cash and cash equivalents	-587.4	382.3
Cash and cash equivalents as of 31 December	1 503.0	2 090.4
Composition of cash and cash equivalents		
Cash	0.3	0.7
Due from banks	1 463.3	1 975.0
Other cash equivalents with a maturity of less than three months	39.4	114.7
Balance as of 31 December	1 503.0	2 090.4
Other disclosures on cash flow from operating activities:		
Interest received	847.8	755.7
Dividends received	83.9	75.2
Interest paid	21.8	10.5

¹ "Other income and expenses not affecting cash" primarily contains the change to interest-accruing profit participation of owners of contracts with discretionary participation features.

² Change in presentation (see section 2.3 on page 114)

1. General information

The Helvetia Group is an all-lines insurance group which operates in many sectors of the life and non-life insurance business as well as in reinsurance. The holding company, Helvetia Holding AG, with headquarters in St Gall, is a Swiss public limited company listed on the SIX Swiss Exchange.

Through branch offices and subsidiaries, the Group operates in the insurance markets of Switzerland, Germany, Austria, Spain, Italy and France, and worldwide in the active reinsurance business. Helvetia also has branches in Singapore and Malaysia and representative offices in Liechtenstein, the USA and Turkey. Some of Helvetia's investment and financing activities are managed through subsidiaries and fund companies in Luxembourg, Ireland and Jersey.

The Board of Directors approved the consolidated financial statements and released them for publication at its meeting on 9 March 2016. The financial statements will be submitted to the shareholders for approval at the Shareholders' Meeting on 22 April 2016.

2. Summary of significant accounting policies

The consolidated financial statements of Helvetia Group were prepared in accordance with the International Financial Reporting Standards (IFRS) and under the historical cost convention with the exception of adjustments resulting from the IFRS requirement to recognise investments at fair value. Fair value measurement methods are explained in section 2.6 (page 115).

2.1 Standards applied for the first time in the reporting year

The following published sector-relevant standards (IAS/IFRS), interpretations (IFRIC) and amendments to the standards were applied by the Group for the first time in the reporting year:

- Changes to IAS 19: Employee benefits: Defined benefit plans: Employee contributions
- Annual improvements to IFRS (cycle 2010–2012)
- Annual improvements to IFRS (cycle 2011–2013)

The adoption of these amendments did not have any material impact on Helvetia Group's asset, financial and income situation.

2.2 Standards not yet applied in the reporting year

Due to their effective dates, the following published sector-relevant standards, interpretations and amendments to standards were not applied to the 2015 consolidated financial statements:

Changes in accounting policies	to be applied for annual periods beginning on / after:
Annual improvements to IFRS (2012–2014)	1.1.2016
Disclosure initiative – Amendments to IAS 1: Presentation of financial statements	1.1.2016
IFRS 11: Acquisition of interests in joint operations	1.1.2016
IAS 12: Recognition of deferred tax assets for unrealised losses	1.1.2017
Disclosure initiative – Amendments to IAS 7	1.1.2017
IFRS 15: Revenue from contracts with customers	1.1.2018
IFRS 9: Financial instruments	1.1.2018
IFRS 16: Leasing	1.1.2019

In connection with the planned amendment to IFRS 4: Insurance contracts, IFRS 9 is first expected to become binding for insurance companies as of 1 January 2021. Helvetia is looking at a coordinated introduction of IFRS 9 and IFRS 4.

The effects of IFRS 9 cannot yet be predicted. The other recently published standards and amendments to standards are not expected to have any material impact on the financial statements.

2.3 Change in presentation

Provisions for future terminal bonus participations and constant surplus annuities are now no longer included in the actuarial reserve and are instead reported under "Provision for future policyholder participation".

A terminal bonus participation refers to the participation of a policyholder in the free reserves that have been formed over the term of a contract and that are credited to the policyholder upon the contract expiring.

Current annuity insurance policies sometimes receive a supplementary pension as a bonus, the amount of which is not guaranteed. A reserve must be formed for this constant surplus annuity.

As according to actuarial expertise both positions have the character of a participation feature, it was decided to reclassify these positions from the actuarial reserve to the participation feature in order to improve the quality of presentation.

Earlier reporting periods have been adjusted accordingly. The following table summarises the effects on the consolidated balance sheet and income statement:

in CHF million	Initially reported	Adjustments	After adjustments
Consolidated balance sheet	31.12.2014		
Liabilities and equity			
Actuarial reserves (gross)	33 530.3	– 109.4	33 420.9
Provision for future policyholder participation	2 025.9	109.4	2 135.3
Consolidated income statement	31.12.2014		
Change in actuarial reserves	– 823.2	– 0.1	– 823.3
Policyholder dividends and bonuses	– 109.2	0.1	– 109.1
Profit or loss for the period	393.3	–	393.3
Earnings per share	31.12.2014		
Basic earnings per share (in CHF)	42.98	–	42.98
Diluted earnings per share (in CHF)	42.98	–	42.98

Helvetia Group redefined its operating segments on 1 January 2015 (see section 3, page 127 in this regard).

2.4 Consolidation principles

All the material companies included in the consolidation have the same reporting periods. Smaller Group companies with different financial years prepare interim financial statements as of the reporting date of 31 December.

2.4.1 Subsidiaries

The consolidated financial statements include the financial statements of Helvetia Holding AG, its subsidiaries and its own investment funds. Consolidation applies when Helvetia Holding AG exercises indirect or direct control over the company's operations. Subsidiaries acquired during the course of the financial year are included in the consolidated financial statements from the date on which Helvetia Group took effective control. Acquisitions of companies are recorded using the purchase method. Intergroup transactions and balance sheet items are eliminated.

Non-controlling interests (minority interests) are valued at the time of acquisition with their proportionate share of the identifiable net assets of the company.

Any changes in Helvetia Group's percentage of shares held in a subsidiary, without losing control, are treated as transactions among shareholders. The adjustments of minority interests are based on the proportional net assets of the subsidiary. Goodwill is not adjusted and no gains or losses are recognised in the income statement.

- 2.4.2 Associates
- Associates of Helvetia Group are accounted for using the equity method if significant influence is exercised by Helvetia Group. The goodwill resulting from the equity valuation is recognised in "Investments in associates". The book value of all investments is tested for impairment if there is objective and substantial evidence for impairment at the balance sheet date. Associates of Helvetia Group are listed together with the fully consolidated subsidiaries from the table in section 18 (from page 215).
- 2.5 Foreign currency translation**
- The reporting currency of Helvetia Group is the Swiss franc (CHF).
- 2.5.1 Translation of financial statements prepared in foreign currency
- Items included in the financial statements of such entities that do not have the Swiss franc as their functional currency were translated using the applicable closing rate. Items in the income statement are translated at the average exchange rates for the reporting period. The resulting translation differences are recorded in "Reserve for foreign currency translation differences" in equity, not affecting profit or loss. Upon (partial) disposal of a subsidiary, these currency differences, attributable to the subsidiary in question and accumulated in equity, are released through income. The rates applied in these financial statements are given in section 4.1 (page 139).
- 2.5.2 Translation of foreign currency transactions
- Foreign currency transactions in the individual entities are accounted for using the exchange rate on the date of the transaction.
- The individual entities translate balance sheet items denominated in foreign currencies at the balance sheet date as follows: monetary and non-monetary balance sheet items recorded at fair value, at closing rates, and non-monetary balance sheet items recorded at cost, at historical rates. "Monetary items" include cash and cash equivalents, assets and liabilities for which Helvetia Group either receives or pays a fixed or determinable amount of money.
- For non-monetary financial assets classified as available-for-sale investments, such as shares and shares in investment funds, the unrealised foreign currency result is recognised in equity without affecting the income statement until the financial instrument is sold. However, for monetary financial assets such as bonds and loans, the unrealised foreign currency result is immediately recognised in the income statement.
- 2.6 Estimate uncertainties and key assumptions**
- Preparing the financial statements in accordance with IFRS requires Group management to make assumptions and estimates that affect the reported amounts of assets and liabilities for the ongoing financial year. All estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual figures and estimates may differ as a result. The following information conveys which of the assumptions needed for the preparation of the financial statements require particular management judgement.

2.6.1 Fair value of financial assets and financial liabilities

The fair value of financial assets is equal to the price at which an asset could be sold on the valuation date in a normal business transaction between market participants.

Financial instruments measured at the prices quoted on an active market belong to the "Level 1" category of valuation methods. Quoted in an "active market" means that the prices are made available regularly, either by a stock exchange, a broker or a pricing service, and that these prices represent regular market transactions.

If a market value in an active market is not available, the fair value is determined using valuation methods. Such methods are considerably influenced by assumptions, which can lead to varying fair value estimates. Financial instruments for which the model assumptions are based on observable market data are allocated to the "Level 2" valuation category. This category includes comparisons with current market transactions, references to transactions with similar instruments, and option price models. This concerns the following items, in particular:

- Mortgages and loans: The fair value of mortgages and borrower's note loans is determined on the basis of discounted cash flows. Mortgages are measured by applying the current interest rates of Helvetia Group for comparable mortgages that have been granted. The Swiss franc swap curve is used to measure borrower's note loans.
- Interest-bearing securities without an active market, including own bonds: The fair value is based on rates set by brokers or banks, which are validated through comparison with current market transactions and in consideration of transactions with similar instruments, or determined by means of the discounted cash flow (DCF) method.
- Money market instruments: The fair value is based on rates set by brokers or banks or determined by means of the discounted cash flow method.
- Derivative financial instruments: The fair value of equity and currency options is determined using option price models (Black-Scholes option pricing), while the fair value of forward exchange rate agreements is determined on the basis of the forward exchange rate on the reporting date. The fair value of interest rate swaps is calculated using the present value of future payments.
- Financial liabilities: There is no active market for financial liabilities. The fair value is derived from the fair values of the underlying assets or determined by means of the discounted cash flow method.
- Minority interests in own funds and deposits for investment contracts: The fair value is derived from the fair values of the underlying assets.

If the valuation assumptions are not based on observable market data, the financial instrument in question falls into the "Level 3" valuation category. This applies in particular to alternative investments. The fair value of private equity investments is calculated using the discounted cash flow method and applying the internal rate of return.

If the range of possible fair values is very large and reliable estimates cannot be made, the financial instrument is measured at cost, less any value adjustments (impairment).

2.6.2 Impairment of available-for-sale investments

The judgement as to whether an equity instrument classified as available-for-sale is subject to impairment depends on the existence of objective indications. One decisive criterion is a constant or considerable decrease in the value of an instrument: at Helvetia Group, instruments are considered impaired if their fair value remains below cost for longer than nine months or falls 20% or more below cost irrespective of the period of time. In addition, ratings and analyst reports can serve as an indication that a company's circumstances have changed with respect to technology, the market, economy or law, to such an extent that the cost can probably no longer be recovered. In these cases, the need for impairment is examined and – if justified – recorded.

- 2.6.3 Fair value of investment property
In Switzerland and Austria, investment properties are valued in accordance with the discounted cash flow (DCF) method. The method is described in section 2.12.1 (page 119).
The choice of the discount rate plays an important role in the DCF valuation method. The discount rates are based on a long-term, risk-free average rate plus a premium for market risk plus regional and property-related surcharges and discounts based on the current condition and location of the property in question. The discount rates applied in the reporting period are set out in section 7.5 (page 151). The portfolio is regularly reviewed on the basis of appraisal reports prepared by independent experts. All other countries use independent experts to determine market estimates at intervals of no more than three years.
- 2.6.4 Insurance-specific estimate uncertainties
The uncertainties regarding estimates in the area of technical results are explained in section 2.16 (from page 122). Any material change to the parameters used for the calculation of the provisions is documented in sections 9.3 from page 164 (non-life business) and 9.4 on page 166 (life business).
- 2.6.5 Impairment of goodwill
Capitalised goodwill is tested annually for impairment. The method is described in section 2.11 (page 119). The recoverable amount is calculated on the basis of several assumptions, which are disclosed in section 6 (from page 142).
- 2.7 Current and non-current distinction**
Assets and liabilities are classified as current if they are expected to be realised or settled within twelve months after the reporting date. All other assets and liabilities are considered to be non-current.
The following items are basically classified as non-current: "Property and equipment", "Goodwill and other intangible assets", "Investments in associates", "Investment property" and "Deferred tax assets and liabilities".
The following items are fundamentally classified as current: "Current income tax assets and liabilities", "Accrued financial assets" and "Cash and cash equivalents".
All other items are of a mixed nature. The differentiation between the current and non-current balances of relevant items is explained in the Notes. The maturity schedule of financial assets, financial liabilities and provisions for insurance and investment contracts is described in section 16.4 (from page 199) as part of the risk assessment process.
- 2.8 Property and equipment**
Property and equipment are carried at cost less accumulated depreciation and accrued impairment. Depreciation is normally calculated using the straight-line method over the estimated useful life as follows:

Furniture	4–15 years
Technical equipment	4–10 years
Vehicles	4–6 years
Computer hardware	2–5 years

The following rates of depreciation apply to owner-occupied property:

Supporting structure	1.0–3.5%
Interior completion	1.33–8.0%

Land is not depreciated. Useful life is adjusted if the pattern of consumption of the economic benefit has changed. Value-adding investments are added to the current carrying value in the period and are depreciated over the entire term if an increase in the economic benefit is expected from the investment and reliable estimates exist for the cost. Depreciation is recognised in the income statement under "Operating and administrative expenses". Repairs and maintenance are charged to the income statement as incurred. Tangible assets are regularly tested for impairment (see section 2.11, page 119).

2.9 Leasing

If a lease agreement transfers all risks and rewards incidental to the ownership to Helvetia Group, the lease is classified and treated as a finance lease. The finance lease agreements of Helvetia Group are limited to lessee agreements. At inception of the lease agreement, recognition occurs at the lower of the present value of the minimum lease payments and the fair value of the lease object. The leasing liability is recognised in the same amount. The leasing instalment is broken down into an amortisation component and a financing component. Financing costs are apportioned over the term so as to achieve a constant rate of interest on the remaining balance of the liability. The depreciation of the asset follows the rules for depreciating tangible assets. All other lease agreements are classified as operating leases. Payments – less any reductions – made under operating lease agreements are charged to the income statement on a straight-line basis over the term of the lease.

2.10 Goodwill and other intangible assets

Acquired intangible assets are recognised at cost and amortised over their useful life. If a portfolio of insurance contracts or investment contracts is acquired, an intangible asset is recognised for an amount that equals the present value of all expected future gains minus the solvency costs included in the acquired contracts. This item includes the present value for the income across the whole contract period, even if the premiums have not yet been billed. The so-called "present value of future profit" (PVFP) is amortised in proportion to the gross gains or gross margins over the actual term of the acquired contracts. This term is usually between one and ten years. Helvetia has capitalised PVFP in respect of both the life business and non-life business. This is tested for impairment every year.

Included in the other intangible assets are purchased distribution agreements. Their value corresponds to the present value of all expected future profit. The distribution agreements are amortised in proportion to the gross gains or gross margins over the actual term of the future contracts. The term is usually between five and fifteen years.

The other intangible assets also include intangible assets developed by the company, principally proprietary software that is recorded at cost and amortised on a straight-line basis from the time of commissioning. Depreciation is recognised in the income statement under "Operating and administrative expenses". The useful life is usually between three and ten years.

Intangible assets with an indefinite useful life are not amortised, but are reviewed annually for impairment (see section 2.11). Goodwill is recognised as of the acquisition date and comprises the fair value purchase price plus the amount of any non-controlling interest in the acquired company and, in a business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquired company, minus the net of the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company.

A positive balance is accounted for as goodwill. If the value of the acquired entity's net assets exceeds the acquisition costs at the purchase date, this surplus is immediately recognised in the income statement. Goodwill acquired in a business combination is recognised at cost, net of accumulated impairment loss, and is tested annually for impairment. It is carried as an asset in the local currency of the acquired entity and translated at the applicable closing rate on each balance sheet date.

2.11 Impairment of tangible assets, goodwill and other intangible assets

The carrying value of tangible assets or an intangible asset amortised using the straight-line method is tested for impairment if there is evidence for impairment. Goodwill and intangible assets with an indefinite useful life are reviewed for impairment annually in the second half of the year. They are also tested for impairment again if there is evidence of impairment.

An intangible asset is impaired if its carrying value exceeds its recoverable amount. The recoverable amount is measured as the higher of fair value less cost to sell and value in use. Fair value less cost to sell is the amount obtainable from the sale of an asset at current market conditions after deducting any direct disposal costs. Value in use is the present value of estimated future cash flows expected to be generated from the continuing use of an asset and from its disposal at the end of its useful life. For the purpose of impairment testing, the value in use is measured under realistic conditions, with consideration given to planned activities and their resulting cash in and outflows. If the recoverable amount is less than the carrying value, the difference is charged to the income statement as an impairment loss. This is reported in the position "Other expenses".

A reversal of the impairment loss is recognised if there has been a change in the estimates used to determine the recoverable amount since the impairment loss was accounted for. If the new circumstances result in a decreased impairment loss, the reversal impairment is reported up to the maximum of the historical cost and recorded in the income statement in "Other expenses".

For the purpose of impairment testing, goodwill is allocated at the time of acquisition to those cash-generating units (CGU) that are expected to benefit from the business combination. To calculate any impairment loss, the value in use of the CGU is determined and compared to the carrying value. The value in use is calculated by applying the discounted cash flow method, with future operating cash flows less necessary operating investments (free cash flows) being included. Alternatively, the fair value less cost to sell is used for impairment testing. If an impairment loss arises, the goodwill is adjusted accordingly. An impairment loss for goodwill cannot be reversed.

2.12 Investments

At Helvetia Group, investments comprise investments in associates, investment property and financial assets (securities, derivative financial assets, loans and money market instruments). The treatment of investments in associates is described in section 2.4.2 (page 115), as part of "Consolidation principles".

2.12.1 Investment property

The aim of the investment property portfolio is to earn rental income or achieve long-term capital appreciation. Property held for investment purposes includes both land and buildings and is carried at fair value.

Changes in fair value are recognised in the income statement. The fair value of companies in Switzerland and Austria is measured using a generally accepted discounted cash flow (DCF) valuation method. The portfolio is regularly reviewed on the basis of appraisal reports prepared by independent experts. All other countries use independent experts to determine market estimates, at the most, every three years. These estimates are updated between valuation dates.

The DCF valuation method is a two-tier gross rental method based on the principle that the value of a property equals the total of future earnings on the property. In the first phase, the individual annual cash flows for a property over the next ten years are calculated and discounted as of the valuation date. In the second phase, the unlimited capitalised income value for the time following the first ten years is calculated and also discounted as of the valuation date. The risk-adjusted discounted rates used for the DCF valuation are based on the current condition and location of the property in question. The cash flows used for the forecast are based on the rental income that can be earned in the long term.

Helvetia Group does not capitalise properties where it acts as tenant in an operating lease relationship. Rental income is recognised on a straight-line basis over the lease term.

2.12.2 Financial assets

The recognition and measurement of financial assets follow the IFRS categories: “loans” (loans and receivables, LAR), “held-to-maturity” (HTM), “at fair value through profit or loss”, “available-for-sale” (AFS) and “derivatives for hedge accounting”.

Financial assets are initially recognised at fair value. Directly attributable transaction costs are capitalised with the exception of financial assets at fair value through profit or loss, for which the transaction costs are charged to the income statement. Helvetia Group records all acquisitions and disposals of financial instruments at the trade date. Derecognition of a financial investment occurs on expiry of the contract or at disposal if all risks and control have been transferred and if no rights to cash flows from the investment are retained.

Loans (LAR) and financial assets that the Group has the intention and ability to hold to maturity (HTM) are carried at amortised cost (AC). LAR are not traded on an active market. Helvetia Group usually generates them by directly providing funds to a debtor.

“Financial assets at fair value through profit or loss” comprise “financial assets held for trading” and “financial assets designated as at fair value through profit or loss”. An instrument is classified as “held for trading” if it is held with the aim of making short-term gains from market price fluctuations and dealer margins. Upon initial recognition, financial investments are irrevocably classified as “designated as at fair value” only if they are a component of a particular group of financial assets that, according to a documented investment strategy, are managed on a fair value basis, or their recognition as at fair value serves to compensate for market value fluctuations of liabilities due to policyholders. The value fluctuations that result from the fair value valuation are directly recognised in the income statement and for Group investments are reported separately from current income in the item “Gains and losses on Group investments (net)”.

Financial assets held for an indefinite period and which cannot be classified to any other category are classified as “available-for-sale” (AFS). AFS investments are carried in the balance sheet at fair value. Unrealised gains and losses are recognised directly in equity with no impact on profit or loss. Upon disposal or impairment, the gains and losses accumulated in equity are released through income.

Interest income is recognised on an accruals basis subject to the asset’s effective rate of interest (including “Financial assets at fair value through profit or loss”). Dividends are recorded when a legal right arises. Depreciation and appreciation resulting from the amortised cost method are included in interest income in the income statement. Interest and dividend income from Group financial assets that are designated as “at fair value through profit or loss” are included in the item “Current income on Group investments (net)”.

2.12.3 Impairment of financial assets

The carrying values of financial assets that are not classified as “at fair value through profit or loss” (LAR, HTM, AFS) are regularly reviewed for impairment. If objective and substantial evidence indicates permanent impairment at the reporting date, the difference between cost and the recoverable amount is recognised as an impairment through profit or loss. An equity instrument is impaired if its fair value is considerably or constantly below cost (see also section 2.6, page 115). Debt instruments are impaired or sold if it is probable that not all amounts due under the contractual terms will be collectible. This usually happens when contractually agreed interest or redemption payments are stopped or are in arrears, if the debtor suffers from serious financial difficulties and / or if the rating falls below a specific threshold value. If, in order to avoid impairment, new conditions are negotiated for mortgages or loans, the mortgages or loans in question continue to be recognised in the balance sheet at amortised cost.

For LAR and HTM financial assets, the recoverable amount at the reporting date is equivalent to the present value of estimated future cash flows discounted at the original interest rate. Impairments are booked using an allowance account. The impairment is reversed through profit or loss if a subsequent event causes a decrease in the impairment loss.

For AFS financial assets, the recoverable amount at the reporting date equals the fair value. For non-monetary AFS financial assets, such as shares and investment fund units, any additional impairment loss after the initial impairment is immediately recognised in the income statement. The impairment is not reversed, even if the circumstances causing the impairment cease to apply. Valuation gains are recognised in equity until disposal. For monetary AFS financial assets, such as bonds, the impairment is reversed through profit or loss if the circumstances causing the impairment cease to apply.

Financial assets are derecognised no later than when the bankruptcy proceedings end or, in the case of ongoing bankruptcy proceedings, when the outstanding debt plus interest is received. If a settlement is agreed, derecognition takes place at the end of the agreed period after receipt of the payment.

2.13 Financial derivatives

Derivative financial instruments are classified as “Financial assets held for trading” and are shown in the item “Financial assets at fair value through profit or loss” or are carried as “Derivatives for hedge accounting”. The hedging strategies used by Helvetia Group for risk management purposes are described in section 16 (from page 189).

Derivatives may also be embedded in financial instruments, insurance contracts or other contracts. They are measured either together with their host contract or separately at fair value. The underlying security and derivative are measured and recognised separately if the risk characteristics of the embedded derivative are not closely related to those of the host contract. Changes in the fair value of derivatives are recognised in the income statement.

2.14 Net investment hedge

For hedges of currency gains and losses on investments in subsidiaries with a foreign reporting currency, the hedge-effective portion of the gain or loss on the valuation of the hedging instrument is recognised in equity, while the ineffective portion is recognised directly in the income statement.

When a net investment hedge ends, the hedge instrument continues to be recognised in the balance sheet at fair value. All gains and losses reported in equity remain a component of equity until the company is (partially) sold. Upon the (partial) sale of the company, the unrealised gains and losses recognised in equity are transferred to the income statement.

2.15 Financial liabilities

Financial liabilities are initially recognised at fair value. Directly attributable transaction costs are offset, except in the case of financial liabilities at fair value through profit or loss. After initial recognition, financial liabilities are carried at fair value or amortised cost (AC). The financial liability is derecognised when the obligation has been discharged.

Those financial liabilities that are either held for trading or are irrevocably classified upon initial recognition as “designated as at fair value through profit or loss” are recognised at fair value. The latter classification is given to deposits if they are associated with investment funds or products for which the policyholder benefit is almost identical with the investment return. For these deposits for investment contracts without a discretionary participation feature (see section 2.16) only the withdrawals and allocations that are part of the operating result are recorded in the income statement. The risk and cost portions of premiums from policyholders are recognised in the income statement and recorded in the item “Other income”. The policyholder’s deposit is directly credited or debited with the investment portion of the premium.

Those financial liabilities not held for trading and also not designated as at fair value through profit or loss are recognised at amortised cost. Interest expenses for financial liabilities that are used for financing purposes are recognised in the income statement as “Financing costs”. Depreciation and appreciation resulting from the amortised cost method are offset against interest expenses in the income statement.

2.16 Insurance business

Direct business comprises assumed primary business and business ceded to reinsurers. Indirect business consists of active reinsurance business and business retroceded to reinsurers. The technical items are described as “gross” before deduction of ceded business and as “net” after the deduction.

Insurance contracts as defined by IFRS comprise all products containing a significant technical risk. The significance is assessed at product level.

Contracts that are considered insurance products in the formal sense of the law and mainly carry financial risk rather than any significant technical risk are not insurance contracts but are treated as financial instruments unless they carry a discretionary participation feature (DPPF), in which case they are classified as insurance contracts. Under IFRS, discretionary participation features are contractual benefits where, in addition to the guaranteed benefit, the policyholder has a claim to the realised or unrealised investment returns on certain assets or to a share of the insurance company’s profit or loss. This additional benefit must form a significant proportion of the overall contractual benefit, and its amount or timing must be at the insurance company’s discretion.

2.16.1 Non-life business

The technical items in non-life business are established Group-wide on the same principles. All non-life insurance products of Helvetia Group contain significant technical risks and are recognised as insurance contracts.

Loss reserves are set aside for all claims incurred by the end of the accounting period. The reserves also include provisions for claims incurred but not yet reported. Actuarial methods that take account of uncertainties are applied to determine the amount of reserves. Reserves are not discounted, except for those provisions for claims for which there are payment arrangements.

Reserve estimates and the assumptions on which they are based are reviewed continuously. Valuation changes are entered as profit or loss on the income statement at the time of the change.

A Liability Adequacy Test (LAT) is carried out on every reporting date to determine whether, taking into consideration expected future cash flows, the existing liabilities of each sector (property, motor vehicle, liability, transport and accident / health insurance) at all Group companies are adequately covered up to the reporting date in order to ensure a loss-free valuation. Expected future premium income is compared to expected claims expenses, expected administration and acquisition costs and expected policyholder dividends. If the expected costs exceed the expected premium income, the loss reserves are increased – without prior amortisation of the deferred acquisition costs.

Helvetia Group defers acquisition costs. These are calculated from the commission that was paid and are depreciated over the term of the contracts or, if shorter, the premium payment period.

Premiums are booked at the beginning of the contract period. Earned premiums are calculated pro rata per individual contract and recorded as income for the relevant risk periods. Premium proportions relating to future business periods are accounted for as unearned premium reserves. The cost of claims is assigned to the relevant period.

2.16.2 Life business

Helvetia Group classifies all life products containing significant technical risk as insurance contracts.

The technical items in life business are determined in accordance with the local valuation and accounting principles for the respective companies. The assumptions made in setting the reserves are based on best estimate principles that, firstly, take account of the business-specific situation, such as existing investments and the market situation, as well as, for example, possible yields from reinvestments, and secondly, local actuarial bases of calculation (e.g. interest rates, mortality). The assumptions vary according to country, product and year of acceptance, and take account of country-specific experiences.

Unearned premium reserves and actuarial reserves are calculated using local methods. Zillmerisation is not applied to actuarial reserves in any country market apart from Germany and Austria.

All Group companies defer acquisition costs under local accounting rules. Depending on the country, either the effectively incurred acquisition costs or acquisition cost surcharges included in the premium are deferred in part.

A Liability Adequacy Test (LAT) is applied at each reporting date to examine whether existing reserves are sufficient to cover expected future needs. The reserve increases that are shown by the LAT to be necessary are calculated Group-wide according to standard principles. The LAT is based on actuarial principles using best estimate assumptions. The estimate of expected needs is calculated by using the difference between the present value of the benefits (including expected administration costs and expected policyholder dividends) and the present value of expected gross premiums. If expected needs exceed existing reserves (less deferred acquisition costs not included in the actuarial reserve), the actuarial reserve is increased to the required level through profit or loss – without prior amortisation of the deferred acquisition costs. If existing reserves exceed expected needs, the strengthened reserves are reduced again through profit or loss.

Policyholders with contracts containing discretionary participation features may have the right to participate in local investment returns on capital or local company results under local statutory or contractual regulations. Provisions set up for that purpose in accordance with local accounting principles are not changed under IFRS rules and are included under "Provision for future policyholder participation" or under "Actuarial reserve" in the balance sheet.

Portions of the valuation differences in relation to local accounting principles allocated to contracts containing discretionary participation features which affect either the net income or unrealised gains in equity are also reserved under "Provision for future policyholder participation". The portion is equal to the percentage rate which sets the minimum participation level of policyholders in the respective revenues under local statutory or contractual regulations. This participation in income is credited or debited to the item "Provision for future policyholder participation" through profit or loss. Similarly, the portion of unrealised gains or losses is recognised in the provisions without affecting profit or loss.

The remaining gains – either through profit or loss or with no impact on the results – that relate to contracts with a discretionary participation feature (i.e. every share for which no legal or contractual obligations exists) are recorded under "Valuation reserves for contracts with participation features" within equity.

Bonuses already assigned which accrued interest are allocated to the deposits of policyholders and are contained in the balance sheet item "Financial liabilities from insurance business".

If insurance contracts contain both an insurance and a deposit component, unbundling is carried out if the rights and obligations resulting from the deposit component cannot be fully reflected without a separate valuation of the deposit component.

Financial derivatives embedded in insurance contracts that are not closely related to the host contract are recognised at fair value. Option pricing techniques are used to assess embedded derivatives. Such embedded derivatives are accounted for under "Other financial liabilities", separate from the actuarial reserve.

Premiums, insurance benefits and costs arising from life insurance contracts are booked as they fall due. These income and expenses are accrued or deferred so that profit from the contracts is recognised in the appropriate period.

2.16.3 Reinsurance

Reinsurance contracts are contracts between insurance companies. As in primary insurance business, there must be sufficient risk transfer for a transaction to be booked as a reinsurance contract, otherwise the contract is considered a financial instrument.

The direct business transferred to reinsurance companies is called ceded reinsurance and includes cessions from the direct life and non-life businesses. Premiums, unearned premium reserves and premium adjustments for ceded business are recognised and shown separately from primary business in the financial statements. The accounting rules used for primary insurance business apply to ceded business.

Assets from ceded reinsurance business are regularly reviewed for potential impairment and uncollectibility. If there is objective and substantial evidence of permanent impairment at the balance sheet date, the difference between the carrying value and estimated recoverable amount is recognised in the income statement as an impairment loss.

Indirect business accepted from another insurance company is called active reinsurance. As in primary insurance business, technical provisions are included in the respective technical items on the liabilities side, and are similarly estimated as realistically as possible using mathematical-statistical models and the most up-to-date information available. They also reflect uncertainties. Non-traditional insurance contracts are treated as financial instruments and are reported under "Reinsurance assets" or "Financial liabilities from insurance business" if no significant insurance risks have been transferred. Net commission is reported directly in the income statement.

Indirect business ceded to insurance companies outside the Group is reported as a retrocession. The principles of ceded business apply in this instance.

2.17 Income taxes

Actual income tax assets and liabilities are calculated using the currently applicable tax rates. Income tax assets and liabilities are only recognised if a reimbursement or payment is expected.

Reserves for deferred income tax assets and liabilities are calculated using the tax rate changes enacted or announced as of the balance sheet date. Deferred income taxes are recognised for all temporary differences between the IFRS carrying values of assets and liabilities and the tax bases of these assets and liabilities, using the liability method. Deferred tax assets from losses carried forward are recorded only to the extent that it is probable that future taxable profit can be offset against the relevant losses. Deferred tax assets and liabilities are offset when an enforceable legal right was granted by the tax authorities in question to set off actual tax assets against actual tax liabilities.

2.18 Receivables

Receivables from insurance business and other receivables are carried at amortised cost, which is, in general, the nominal value of the receivables. Permanent impairment is recognised in the income statement. The impairment loss is reported under "Other expenses" in the income statement.

Impairment for receivables from insurance business is booked as individual impairment or collective impairment. If the counterparty does not meet its payment obligations during the normal reminder procedure, the claims are impaired on the basis of the historic delinquency ratio for specific risk groups. Individual impairment is also carried out to take account of current default risks, in the event the counterparty is overindebted or threatened by bankruptcy, or in the event of foreclosure.

2.19 Accrued financial assets

Interest income on interest-bearing financial investments and loans that must be allocated to the reporting year are accrued or deferred under financial assets.

2.20 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and short-term liquid investments with a maturity of not more than three months from the date of acquisition.

2.21 Treasury shares

Treasury shares are recorded at cost, including transaction costs, and reported as a deduction from equity. In case of a sale, the difference between cost and sale price is recorded as a change in capital reserves, with no impact on profit or loss. Treasury shares are exclusively shares of Helvetia Holding AG, St Gall.

2.22 Non-technical provisions and contingent liabilities

Non-technical provisions contain current obligations that will probably require an outflow of assets, but the extent of such obligations and the time they will be called have not yet been determined exactly. Provisions are created if, on the balance sheet date and on the basis of a past event, a current obligation exists, the probability of an outflow of assets is high and the extent of the outflow can be reliably estimated.

Any current obligations with a low probability of an outflow of assets or the extent of which cannot be reliably estimated are reported under contingent liabilities.

2.23 Employee benefits

Employee benefits include short-term employee benefits, post-employment benefits, other long-term employee benefits and termination benefits.

Short-term employee benefits are due in full within twelve months after the end of the reporting period. They include salaries, social security contributions, holiday and sickness pay, bonuses and non-monetary benefits for active employees. Expected expenses for entitlements that can be accumulated, such as accrued holiday and overtime entitlements, are recognised as short-term liabilities at the balance sheet date.

Post-employment benefits pertain to defined contribution plans and defined benefit plans. The amount of the employers' contributions for defined contribution plans depends on the employee services rendered during the reporting period and is charged directly to the income statement. For defined benefit plans, pension obligations and related past service cost are calculated at each balance sheet date by a qualified actuary, using the projected unit credit method. The actuarial assumptions applied to the calculations consider the regulations of the respective countries and Group companies. Changes in the assumptions, experience adjustments and differences between the expected and actual return from the plan's assets are actuarial gains and losses. These are recognised as revaluations in comprehensive income with no effect on the income statement. Net interest income from plan assets to be recognised in the income statement is calculated using the same interest rate applied to the calculation of interest on defined benefit obligations.

For funded benefit plans, a surplus in the plan which is recognised in comprehensive income with no effect on the income statement may arise if the fair value of the plan assets exceeds the present value of the defined benefit obligations. Portions of this surplus are only recognised and recorded as an asset if an economic benefit in the form of future reductions in contributions or refunds to the employer arises ("asset ceiling"). There is a contribution reduction as defined by IFRS if the employer must pay lower contributions than service cost.

Other long-term employee benefits are benefits that fall due twelve months or more after the balance sheet date. At Helvetia Group, these consist mainly of long-service awards and are calculated using actuarial principles. The amount recognised in the balance sheet is equal to the present value of the defined benefit obligation less any plan assets.

Termination benefits consist, for example, of severance pay and benefits from social schemes for redundancies. Such benefits are immediately recognised as expenses in the income statement at the time the employment relationship is terminated.

2.24 Share-based payments

Share-based payment transactions include all compensation agreements under which employees receive shares, options or similar equity instruments or the granting Group company assumes obligations that depend on the price of its shares. All share-based payment transactions with employees are recognised at fair value.

A long-term compensation component (LTC) for the Board of Directors and the Executive Management was introduced as part of the variable salary. This consists of Helvetia Holding AG shares allocated prospectively over three years. The objective is to promote a longer-term business perspective. This payment is recognised proportionally in the income statement every year until ownership to the shares is transferred.

Equity instruments granted to employees through employee share purchase plans represent compensation for services already rendered for which compensation expenses arise in the granting company. The amount of the compensation expenses is based on the fair value of the equity instruments at the grant date and is expensed over the vesting period.

2.25 Other liabilities

Other liabilities are carried at amortised cost, which is generally equal to the nominal value.

2.26 Offsetting of assets and liabilities

Assets and liabilities are netted in the balance sheet when there is a legal right to offset the recognised amounts and only the net position has actually been reported.

3. Segment information

The Helvetia Group redefined its operating segments on 1 January 2015. The Group now has the following segments: "Switzerland", "Europe", "Specialty Markets" and "Corporate".

The "Switzerland" segment comprises the country market Switzerland. The former segments Germany, Italy and Spain were merged with Austria to form the "Europe" segment. The "Specialty Markets" segment comprises transport, art and technical insurance in the Switzerland/International and France market units as well as the global active reinsurance business. "Corporate" is a separate reporting segment and includes all Group activities, the financing companies, Group Reinsurance and Helvetia Holding AG.

For additional information, the Helvetia Group classifies its activities as life business, non-life business and other activities.

In life business, the Helvetia Group offers various product lines, such as life insurance, pension plans and annuity insurance.

The non-life business provides property, motor vehicle, liability, transport, health and accident insurance. Non-life business now also includes active reinsurance, which was previously allocated to other activities.

Units without any technical business that can be directly classed as "life" or "non-life" business are presented in the respective segment. All other units are classed as "Other activities".

The accounting principles used for segment reporting correspond to the significant accounting policies for the financial statements. The Helvetia Group treats services and the transfer of assets and liabilities between segments like transactions with third parties. Investments in other companies and dividend income from associated companies between segments are eliminated in the respective segment. All other cross-segment relationships and revenues within the Group are eliminated entirely.

The allocation of the individual Group companies to the regions and segments is set out in section 18 (from page 215).

3.1 Segment information

	Switzerland		Europe	
	31.12.15	31.12.14 reclassified	31.12.15	31.12.14 reclassified
in CHF million				
Income				
Gross premiums written	4 924.6	4 309.4	2 487.8	2 732.4
Reinsurance premiums ceded	- 149.3	- 132.6	- 350.5	- 243.9
Net premiums written	4 775.3	4 176.8	2 137.3	2 488.5
Net change in unearned premium reserve	17.5	102.7	4.4	8.6
Net earned premiums	4 792.8	4 279.5	2 141.7	2 497.1
Current income on Group investments (net)	746.0	721.6	212.8	237.2
Gains and losses on Group investments (net)	82.8	82.3	56.3	77.8
Income investments with market risk for the policyholder	- 3.0	73.2	81.9	127.3
Share of profit or loss of associates	0.4	0.9	0.5	0.1
Other income	40.8	26.3	35.6	37.4
Total operating income	5 659.8	5 183.8	2 528.8	2 976.9
of which transactions between geographical segments	92.1	79.3	276.5	162.1
Total revenues from external customers	5 751.9	5 263.1	2 805.3	3 139.0
Expenses				
Claims incurred including claims handling costs (non-life)	- 803.0	- 491.3	- 1 155.1	- 1 072.3
Claims and benefits paid (life)	- 2 556.4	- 3 419.2	- 733.7	- 718.7
Change in actuarial reserves ¹	- 1 046.9	- 320.5	- 122.8	- 500.0
Reinsurers' share of benefits and claims	- 1.1	32.8	277.2	158.6
Policyholder dividends and bonuses ¹	- 121.1	- 94.1	- 4.8	- 14.5
Income attributable to deposits for investment contracts	- 2.4	- 6.3	- 41.3	- 67.5
Net benefits to policyholders and claims	- 4 530.9	- 4 298.6	- 1 780.5	- 2 214.4
Acquisition costs	- 376.0	- 294.1	- 487.9	- 466.9
Reinsurers' share of acquisition costs	33.1	22.3	95.9	58.1
Operating and administrative expenses	- 291.3	- 233.5	- 172.4	- 181.2
Interest payable	- 19.3	- 21.6	- 8.8	- 6.2
Other expenses	- 129.2	- 102.3	- 77.4	- 68.6
Total operating expenses	- 5 313.6	- 4 927.8	- 2 431.1	- 2 879.2
Profit or loss from operating activities	346.2	256.0	97.7	97.7
Financing costs	-	-	- 0.1	- 0.1
Profit or loss before tax	346.2	256.0	97.6	97.6
Income taxes	- 67.0	- 44.2	- 33.0	- 37.1
Profit or loss for the period	279.2	211.8	64.6	60.5

¹ Change in presentation (see section 2.3 on page 114)

Specialty Markets		Corporate		Elimination		Total	
31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14
	reclassified		reclassified		reclassified		reclassified
675.5	550.1	393.8	262.7	-394.4	-241.0	8 087.3	7 613.6
-56.1	-34.6	-163.2	-129.3	392.7	241.5	-326.4	-298.9
619.4	515.5	230.6	133.4	-1.7	0.5	7 760.9	7 314.7
-7.1	10.5	3.8	5.0	1.7	-0.5	20.3	126.3
612.3	526.0	234.4	138.4	0.0	0.0	7 781.2	7 441.0
21.7	15.5	17.5	21.1	-9.6	-2.5	988.4	992.9
-10.6	22.0	-11.3	100.4	-	-	117.2	282.5
-	-	-	-	-	-	78.9	200.5
-	-	-	-	-	-	0.9	1.0
33.5	5.7	30.1	5.0	-3.9	-1.1	136.1	73.3
656.9	569.2	270.7	264.9	-13.5	-3.6	9 102.7	8 991.2
28.7	10.4	-414.5	-255.9	17.2	4.1	-	-
685.6	579.6	-143.8	9.0	3.7	0.5	9 102.7	8 991.2
-446.3	-364.2	-271.6	-153.8	287.4	148.5	-2 388.6	-1 933.1
0.0	-1.7	-10.3	-13.7	10.3	10.9	-3 290.1	-4 142.4
7.6	-0.3	9.5	0.9	-7.0	-3.4	-1 159.6	-823.3
58.2	31.3	84.1	72.8	-293.3	-158.6	125.1	136.9
-1.6	-0.3	-	-0.2	-	-	-127.5	-109.1
-	-	-	-	-	-	-43.7	-73.8
-382.1	-335.2	-188.3	-94.0	-2.6	-2.6	-6 884.4	-6 944.8
-158.4	-137.7	-111.1	-63.5	116.8	56.0	-1 016.6	-906.2
11.9	4.2	35.1	28.0	-113.8	-53.6	62.2	59.0
-64.3	-36.8	-24.4	-26.3	-0.3	0.2	-552.7	-477.6
-0.5	0.2	-6.7	-0.8	13.4	3.5	-21.9	-24.9
-19.7	-19.6	-46.0	-30.0	0.0	0.1	-272.3	-220.4
-613.1	-524.9	-341.4	-186.6	13.5	3.6	-8 685.7	-8 514.9
43.8	44.3	-70.7	78.3	0.0	0.0	417.0	476.3
-	-	-20.9	-12.9	-	-	-21.0	-13.0
43.8	44.3	-91.6	65.4	0.0	0.0	396.0	463.3
-0.4	-6.4	13.9	17.7	0.0	0.0	-86.5	-70.0
43.4	37.9	-77.7	83.1	0.0	0.0	309.5	393.3

Details on Europe segment

	Germany		Italy	
	31.12.15	31.12.14 reclassified	31.12.15	31.12.14 reclassified
in CHF million				
Income				
Gross premiums written	830.2	864.5	806.5	1 056.0
Reinsurance premiums ceded	-116.6	-88.0	-116.5	-92.2
Net premiums written	713.6	776.5	690.0	963.8
Net change in unearned premium reserve	-5.2	3.3	7.0	5.4
Net earned premiums	708.4	779.8	697.0	969.2
Current income on Group investments (net)	62.8	72.7	87.5	93.6
Gains and losses on Group investments (net)	17.3	20.5	20.2	26.7
Income investments with market risk for the policyholder	34.4	37.9	41.2	67.8
Share of profit or loss of associates	-	-	-	0.0
Other income	5.1	5.0	22.5	23.5
Total operating income	828.0	915.9	868.4	1 180.8
of which transactions between geographical segments	0.5	0.6	-	-
Total revenues from external customers	828.5	916.5	868.4	1 180.8
Expenses				
Claims incurred including claims handling costs (non-life)	-417.9	-379.7	-334.4	-329.9
Claims and benefits paid (life)	-132.1	-138.8	-384.5	-369.0
Change in actuarial reserves ¹	-147.0	-201.4	45.8	-221.5
Reinsurers' share of benefits and claims	112.0	52.4	75.8	58.9
Policyholder dividends and bonuses ¹	-14.2	-11.6	-0.3	-3.3
Income attributable to deposits for investment contracts	-	-	-41.3	-67.5
Net benefits to policyholders and claims	-599.2	-679.1	-638.9	-932.3
Acquisition costs	-170.0	-180.1	-133.3	-126.5
Reinsurers' share of acquisition costs	31.0	26.2	25.3	17.9
Operating and administrative expenses	-53.6	-52.7	-63.3	-67.8
Interest payable	-3.4	-3.1	-4.4	-2.1
Other expenses	-7.5	-7.1	-32.1	-48.3
Total operating expenses	-802.7	-895.9	-846.7	-1 159.1
Profit or loss from operating activities	25.3	20.0	21.7	21.7
Financing costs	-	-	-0.1	-0.1
Profit or loss before tax	25.3	20.0	21.6	21.6
Income taxes	-7.3	-5.9	-11.3	-18.6
Profit or loss for the period	18.0	14.1	10.3	3.0

¹ Change in presentation (see section 2.3 on page 114)

Spain		Austria		Elimination		Total Europe	
31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14	31.12.15	31.12.14
	reclassified		reclassified		reclassified		reclassified
416.1	436.2	435.5	376.3	-0.5	-0.6	2 487.8	2 732.4
-39.2	-27.2	-78.7	-37.1	0.5	0.6	-350.5	-243.9
376.9	409.0	356.8	339.2	0.0	0.0	2 137.3	2 488.5
0.7	-4.0	1.9	3.9	0.0	0.0	4.4	8.6
377.6	405.0	358.7	343.1	-	-	2 141.7	2 497.1
22.1	26.0	40.4	44.9	-	-	212.8	237.2
3.8	5.4	15.0	25.2	-	-	56.3	77.8
1.4	4.7	4.9	16.9	-	-	81.9	127.3
0.6	0.0	-0.1	0.1	-	-	0.5	0.1
4.1	5.9	3.9	3.0	-	-	35.6	37.4
409.6	447.0	422.8	433.2	-	-	2 528.8	2 976.9
-	-	-0.5	-0.6	276.5	162.1	276.5	162.1
409.6	447.0	422.3	432.6	276.5	162.1	2 805.3	3 139.0
-216.9	-212.5	-186.1	-150.1	0.2	-0.1	-1 155.1	-1 072.3
-82.5	-81.7	-134.6	-129.2	-	-	-733.7	-718.7
-4.3	-36.3	-17.3	-40.8	-	-	-122.8	-500.0
35.3	23.2	54.3	24.0	-0.2	0.1	277.2	158.6
-	0.0	9.7	0.4	-	-	-4.8	-14.5
-	-	-	-	-	-	-41.3	-67.5
-268.4	-307.3	-274.0	-295.7	-	-	-1 780.5	-2 214.4
-89.7	-86.1	-94.9	-74.2	0.0	0.0	-487.9	-466.9
15.1	6.2	24.5	7.8	0.0	0.0	95.9	58.1
-26.0	-27.8	-29.5	-32.9	0.0	0.0	-172.4	-181.2
-0.1	-0.2	-0.9	-0.8	-	-	-8.8	-6.2
-15.5	4.1	-22.3	-17.3	0.0	0.0	-77.4	-68.6
-384.6	-411.1	-397.1	-413.1	0.0	0.0	-2 431.1	-2 879.2
25.0	35.9	25.7	20.1	0.0	0.0	97.7	97.7
-	-	-	-	-	-	-0.1	-0.1
25.0	35.9	25.7	20.1	0.0	0.0	97.6	97.6
-6.9	-8.2	-7.5	-4.4	0.0	0.0	-33.0	-37.1
18.1	27.7	18.2	15.7	0.0	0.0	64.6	60.5

3.2 Information by business activities

	Life		Non-life	
	2015	2014	2015	2014
in CHF million		reclassified		reclassified
Income				
Gross premiums written	4 311.1	4 614.5	3 777.3	2 999.9
Reinsurance premiums ceded	-63.7	-66.3	-492.7	-356.6
Net premiums written	4 247.4	4 548.2	3 284.6	2 643.3
Net change in unearned premium reserve	-0.3	-6.9	15.1	129.9
Net earned premiums	4 247.1	4 541.3	3 299.7	2 773.2
Current income on Group investments (net)	865.4	871.7	130.7	117.5
Gains and losses on Group investments (net)	90.3	98.3	39.4	83.8
Income investments with market risk for the policyholder	78.9	200.5	-	-
Share of profit or loss of associates	-0.1	0.2	1.0	0.8
Other income	31.8	36.6	78.3	34.0
Total operating income	5 313.4	5 748.6	3 549.1	3 009.3
Expenses				
Claims incurred including claims handling costs (non-life)	-	-	-2 404.6	-1 937.5
Claims and benefits paid (life)	-3 290.1	-4 140.7	0.0	-1.7
Change in actuarial reserves ¹	-1 169.6	-822.8	7.5	-0.3
Reinsurers' share of benefits and claims	9.1	29.7	325.4	198.6
Policyholder dividends and bonuses ¹	-128.7	-106.4	1.2	-2.7
Income attributable to deposits for investment contracts	-43.7	-73.8	-	-
Net benefits to policyholders and claims	-4 623.0	-5 114.0	-2 070.5	-1 743.6
Acquisition costs	-230.6	-230.5	-791.7	-675.5
Reinsurers' share of acquisition costs	19.1	21.1	121.8	67.8
Operating and administrative expenses	-193.2	-179.9	-334.2	-273.6
Interest payable	-31.6	-33.0	-11.2	-8.8
Other expenses	-54.9	-58.4	-172.0	-135.0
Total operating expenses	-5 114.2	-5 594.7	-3 257.8	-2 768.7
Profit or loss from operating activities	199.2	153.9	291.3	240.6
Financing costs	-	-	-0.1	-0.2
Profit or loss before tax	199.2	153.9	291.2	240.4
Income taxes	-49.4	-38.9	-50.9	-47.4
Profit or loss for the period	149.8	115.0	240.3	193.0

¹ Change in presentation (see section 2.3 on page 114)

Other activities		Elimination		Total	
2015	2014	2015	2014	2015	2014
	reclassified				reclassified
393.8	249.7	-394.9	-250.5	8087.3	7613.6
-163.2	-127.1	393.2	251.1	-326.4	-298.9
230.6	122.6	-1.7	0.6	7760.9	7314.7
3.8	3.9	1.7	-0.6	20.3	126.3
234.4	126.5	-	-	7781.2	7441.0
17.0	20.6	-24.7	-16.9	988.4	992.9
-12.5	100.4	-	-	117.2	282.5
-	-	-	-	78.9	200.5
-	-	-	-	0.9	1.0
30.8	7.1	-4.8	-4.4	136.1	73.3
269.7	254.6	-29.5	-21.3	9102.7	8991.2
-271.6	-149.0	287.6	153.4	-2388.6	-1933.1
-10.3	-11.6	10.3	11.6	-3290.1	-4142.4
9.5	3.2	-7.0	-3.4	-1159.6	-823.3
84.1	72.8	-293.5	-164.2	125.1	136.9
-	-	-	-	-127.5	-109.1
-	-	-	-	-43.7	-73.8
-188.3	-84.6	-2.6	-2.6	-6884.4	-6944.8
-111.1	-59.6	116.8	59.4	-1016.6	-906.2
35.1	27.1	-113.8	-57.0	62.2	59.0
-25.0	-24.3	-0.3	0.2	-552.7	-477.6
-7.6	-1.4	28.5	18.3	-21.9	-24.9
-46.3	-30.0	0.9	3.0	-272.3	-220.4
-343.2	-172.8	29.5	21.3	-8685.7	-8514.9
-73.5	81.8	0.0	0.0	417.0	476.3
-20.9	-12.8	-	-	-21.0	-13.0
-94.4	69.0	0.0	0.0	396.0	463.3
13.8	16.3	0.0	0.0	-86.5	-70.0
-80.6	85.3	0.0	0.0	309.5	393.3

3.3 Additional information

by segment:

as of 31.12. in CHF million	Switzerland		Europe		Specialty Markets	
	2015	2014 reclassified	2015	2014 reclassified	2015	2014 reclassified
Assets by geographical segment	41 140.2	40 180.9	12 680.9	14 018.7	2 141.3	2 061.2
of which investments	35 872.4	34 836.6	10 390.0	11 475.4	1 213.2	1 131.8
– investments in associates	15.4	38.0	1.7	1.9	–	–
– investment property	5 966.2	5 849.0	440.3	444.6	16.4	17.9
– Group financial assets	28 861.5	27 956.6	8 091.7	8 887.2	1 196.8	1 113.9
– financial assets with market risk for the policyholder	1 029.3	993.0	1 856.3	2 141.7	–	–
Liabilities by geographical segment	36 665.3	35 734.3	11 272.3	12 542.1	1 596.2	1 612.4
of which technical provisions (gross)	31 342.5	30 429.9	8 997.4	9 835.1	1 312.0	1 350.9
– life	29 089.8	28 133.9	6 788.8	7 425.8	–	8.5
– non-life	2 252.7	2 296.0	2 208.6	2 409.3	1 312.0	1 342.4
Cash flow from operating activities (net)	–124.9	1 108.4	–32.4	47.3	27.0	–29.0
Cash flow from investing activities (net)	20.3	342.1	–37.5	–139.7	–12.7	32.8
Cash flow from financing activities (net)	85.5	–4.7	46.7	126.9	–20.3	56.4
Acquisition of owner-occupied property, equipment and intangible assets	–5.0	971.0	43.7	230.2	15.7	18.0
Depreciation and amortisation on tangible and intangible assets	–79.0	–41.2	–39.0	–37.9	–2.8	–4.3
Impairment of tangible and intangible assets affecting income	0.0	–	–1.5	–27.1	–0.1	0.0
Reversal of impairment losses on tangible and intangible assets affecting income	–	–	–	–	–	–
Share-based payment transaction costs	–2.1	–1.2	–	–	–	–

by business activity:

as of 31.12. in CHF million	Life		Non-life	
	2015	2014 reclassified	2015	2014 reclassified
Assets by business activity	43 081.1	43 476.9	12 859.7	13 125.7
Liabilities by business activity	40 105.3	40 439.2	9 397.5	9 755.2
Acquisition of owner-occupied property, equipment and intangible assets	0.2	37.2	40.5	1 179.2
Depreciation and amortisation on tangible and intangible assets	–9.4	–11.4	–101.3	–62.4
Impairment of tangible and intangible assets affecting income	–	–27.1	–1.6	0.0
Reversal of impairment losses on tangible and intangible assets affecting income	–	–	–	–
Share-based payment transaction costs	–1.1	–0.6	–1.0	–0.6

Corporate		Elimination		Total	
2015	2014 reclassified	2015	2014 reclassified	2015	2014 reclassified
-874.3	-43.9	-943.3	-1 148.0	54 144.8	55 068.9
490.7	665.1	-27.3	-90.9	47 939.0	48 018.0
-	-	-	-	17.1	39.9
6.2	6.3	-	-	6 429.1	6 317.8
484.5	658.8	-27.3	-90.9	38 607.2	38 525.6
-	-	-	-	2 885.6	3 134.7
199.0	665.0	-943.3	-1 148.0	48 789.5	49 405.8
564.4	867.4	-567.4	-628.5	41 648.9	41 854.8
40.9	183.3	-40.9	-52.5	35 878.6	35 699.0
523.5	684.1	-526.5	-576.0	5 770.3	6 155.8
-288.1	-946.4	100.4	1.6	-318.0	181.9
-18.9	-881.3	1.0	-1.6	-47.8	-647.7
-170.7	676.9	-101.4	-	-160.2	855.5
9.1	19.1	-	-	63.5	1 238.3
-6.0	-3.8	-	-	-126.8	-87.2
-	-	-	-	-1.6	-27.1
-	-	-	-	-	-
-2.2	-0.8	-	-	-4.3	-2.0

Other activities		Elimination		Total	
2015	2014 reclassified	2015	2014	2015	2014
-832.4	-250.8	-963.6	-1 282.9	54 144.8	55 068.9
250.3	494.3	-963.6	-1 282.9	48 789.5	49 405.8
22.8	21.9	-	-	63.5	1 238.3
-16.1	-13.4	-	-	-126.8	-87.2
0.0	0.0	-	-	-1.6	-27.1
-	-	-	-	-	-
-2.2	-0.8	-	-	-4.3	-2.0

3.4 Gross premiums by segment and business area

		Gross premiums before elimination		Elimination		Gross premiums		Change in %	Change in % (FX-adjusted)
		2015	2014	2015	2014	2015	2014		
in CHF million			reclassified		reclassified				
Switzerland	non-life	1 436.6	830.9	-0.5	-0.1	1 436.1	830.8	72.9	72.9
Switzerland	life	3 488.0	3 478.5	-	-	3 488.0	3 478.5	0.3	0.3
Total Switzerland		4 924.6	4 309.4	-0.5	-0.1	4 924.1	4 309.3	14.3	14.3
Europe	non-life	1 664.7	1 599.8	-	-	1 664.7	1 599.8	4.1	18.6
Europe	life	823.1	1 132.6	-	-	823.1	1 132.6	-27.3	-17.2
Total Europe		2 487.8	2 732.4	-	-	2 487.8	2 732.4	-9.0	3.8
Specialty Markets	non-life	675.5	550.1	-0.1	-0.1	675.4	550.0	22.8	28.7
Corporate		393.8	262.7	-393.8	-240.8	-	21.9	-100.0	-100.0
Total gross premiums		8 481.7	7 854.6	-394.4	-241.0	8 087.3	7 613.6	6.2	11.2

3.5 Gross premiums by business line

	Gross premiums		Change in %	Change in % (FX-adjusted)
	2015	2014		
in CHF million				
Traditional individual life insurance	1 244.4	1 440.9	-13.6	-8.6
Investment-linked life insurance	434.5	448.8	-3.2	4.1
Individual insurance	1 678.9	1 889.7	-11.1	-5.6
Group insurance	2 632.2	2 724.8	-3.4	-3.1
Gross premiums life	4 311.1	4 614.5	-6.6	-4.1
Property	1 320.7	1 048.8	25.9	34.2
Transport	338.8	319.2	6.1	18.4
Motor vehicle	1 239.6	971.3	27.6	37.2
Liability	320.1	273.0	17.2	25.5
Accident / health	313.5	176.9	77.3	90.4
Gross premiums non-life	3 532.7	2 789.2	26.7	36.1
Gross premiums reinsurance	243.5	209.9	16.0	16.0
Total gross premiums	8 087.3	7 613.6	6.2	11.2

3.6 Gross premiums and deposits received

	Business volume		Change in %	Change in % (FX-adjusted)
	2015	2014		
in CHF million				
Gross premiums life	4 311.1	4 614.5	-6.6	-4.1
Deposits received from investment contracts life ¹	148.0	153.0	-3.3	7.5
Gross premiums and deposits received life	4 459.1	4 767.5	-6.5	-3.7
Gross premiums non-life	3 532.7	2 789.2	26.7	36.1
Gross premiums reinsurance	243.5	209.9	16.0	16.0
Gross premiums and deposits received	8 235.3	7 766.6	6.0	11.1

¹ Currently, all deposits from investment contracts life relate to the country markets Italy and Switzerland.

In accordance with the accounting policies used, deposits from investment contracts are not recognised in the income statement.

4. Foreign currency translation

4.1 Exchange rates

The euro, Swiss franc, British pound and US dollar are the functional currencies in the individual business units of the Helvetia Group. The following exchange rates applied to the translation of these financial statements and foreign currency transactions:

Exchange rate at reporting date	31.12.2015	31.12.2014
1 EUR	1.0874	1.2024
1 USD	1.0010	0.9937
1 GBP	1.4754	1.5493

Annual average	2015	2014
	Jan-Dec	Jan-Dec
1 EUR	1.0640	1.2125
1 USD	0.9645	0.9193
1 GBP	1.4709	1.5119

4.2 Foreign exchange gains and losses

The foreign exchange results in the 2015 consolidated income statement show a loss of CHF 150.6 million (previous year: gain of CHF 40.4 million).

The foreign exchange loss from financial investments is included in "Gains and losses on Group investments" in the consolidated income statement and amounts to CHF 159.3 million (previous year: gain of CHF 29.4 million), excluding foreign currency translation differences from investments at fair value through profit and loss and non-monetary positions.

Other foreign currency translation gains and losses are reported under the items "Other expenses" and "Other income".

5. Property and equipment

	Undeveloped land		Owner-occupied property		Equipment	
	2015	2014	2015	2014	2015	2014
in CHF million						
Acquisition costs						
Balance as of 1 January	8.2	2.6	676.8	533.6	141.4	99.0
Change in scope of consolidation	-	-	0.0	146.3	-0.3	34.8
Additions	-	0.1	12.3	0.1	14.9	15.5
Disposals	-0.1	-	-2.3	-1.0	-3.4	-6.5
Revaluation gains on transfers to investment property	-	-	0.8	7.6	-	-
Transfer	9.7	-	-33.9	0.9	-	-
Foreign currency translation differences	-0.6	0.0	-27.1	-5.2	-7.0	-1.4
Other changes	-	5.5	-	-5.5	0.5	-
Balance as of 31 December	17.2	8.2	626.6	676.8	146.1	141.4
Accumulated depreciation / impairment						
Balance as of 1 January	-	-	201.8	188.7	82.9	78.4
Depreciation	-	-	14.1	10.9	25.5	11.7
Impairment	-	-	1.6	0.0	0.0	0.0
Reversal of impairment losses	-	-	-	-	-	-
Disposals depreciation / impairment	-	-	-0.3	-0.5	-2.1	-6.2
Transfer	-	-	-1.9	4.8	-	-
Foreign currency translation differences	-	-	-10.8	-2.1	-5.4	-1.0
Other changes	-	-	-	-	0.5	-
Balance as of 31 December	-	-	204.5	201.8	101.4	82.9
Book value as of 31 December	17.2	8.2	422.1	475.0	44.7	58.5
of which assets under finance lease	-	-	32.7	38.1	-	-
Book value as of 1 January	8.2	2.6	475.0	344.9	58.5	20.6

Property under construction		Total	
2015	2014	2015	2014
3.9	4.0	830.3	639.2
-	-	-0.3	181.1
8.3	6.5	35.5	22.2
-	-	-5.8	-7.5
-	-	0.8	7.6
-0.3	-6.6	-24.5	-5.7
0.0	0.0	-34.7	-6.6
-	-	0.5	-
11.9	3.9	801.8	830.3
0.0	0.0	284.7	267.1
-	-	39.6	22.6
-	-	1.6	0.0
-	-	-	-
-	-	-2.4	-6.7
-	-	-1.9	4.8
-	-	-16.2	-3.1
-	-	0.5	-
0.0	0.0	305.9	284.7
11.9	3.9	495.9	545.6
-	-	32.7	38.1
3.9	4.0	545.6	372.1

6. Goodwill and other intangible assets

	Goodwill		Other intangible assets		Total	
	2015	2014	2015	2014	2015	2014
in CHF million						
Acquisition costs						
Balance as of 1 January	1 042.9	260.4	538.3	294.5	1 581.2	554.9
Change in the scope of consolidation	-	786.2	-0.8	224.6	-0.8	1 010.8
Additions	-	-	28.0	24.1	28.0	24.1
Disposals	-	-	-2.6	-0.1	-2.6	-0.1
Foreign currency translation differences	-27.1	-3.7	-26.2	-4.8	-53.3	-8.5
Balance as of 31 December	1 015.8	1 042.9	536.7	538.3	1 552.5	1 581.2
Accumulated amortisation / impairment						
Balance as of 1 January	27.0	0.1	281.0	219.7	308.0	219.8
Change in the scope of consolidation	-	-	-0.1	-	-0.1	-
Amortisation	-	-	87.2	64.5	87.2	64.5
Impairment	-	27.1	0.1	0.1	0.1	27.2
Reversal of impairment losses	-	-	-	-	-	-
Disposals amortisation / impairment	-	-	-0.2	-0.1	-0.2	-0.1
Foreign currency translation differences	-2.6	-0.2	-16.8	-3.2	-19.4	-3.4
Balance as of 31 December	24.4	27.0	351.2	281.0	375.6	308.0
Book value as of 31 December	991.4	1 015.9	185.5	257.3	1 176.9	1 273.2
Book value as of 1 January	1 015.9	260.3	257.3	74.8	1 273.2	335.1

Helvetia Group's "Other intangible assets" mainly comprise the value of the acquired insurance business (present value of future payment flows from the acquisition of long-term insurance or investment contracts) and the purchased and internally developed software.

Goodwill is tested annually for impairment (see section 2.11, from page 119).

As part of the new segmentation (see section 3, page 127) introduced in 2015, goodwill of CHF 15.0 million previously allocated to the Switzerland non-life cash-generating unit was shifted to the new Specialty Lines Switzerland/International cash-generating unit.

The goodwill impairment test was based on the following growth and discount rates, assuming a perpetuity:

as of 31.12.2015	Goodwill	Growth rate	Applied discount rate
in CHF million		in %	in %
Switzerland life	4.4	1.0%	7.27%
Switzerland non-life	740.1	1.0%	7.14%
Specialty Lines Switzerland / International	15.0	1.5%	6.98%
France non-life	66.1	1.0%	9.96%
Spain	38.6	1.0%	9.85%
Italy non-life	37.2	1.5%	10.49%
Austria	62.8	1.0%	8.82%
Germany non-life	27.2	1.0%	8.85%

as of 31.12.2014	Goodwill	Growth rate	Applied discounting interest rate
in CHF million		in %	in %
Switzerland life	4.4	1.0%	7.53%
Switzerland non-life	755.1	1.0%	7.52%
France non-life	73.3	1.0%	9.41%
Spain	42.6	1.0%	9.82%
Italy non-life	41.1	1.5%	10.77%
Austria	69.3	1.0%	7.46%
Germany non-life	30.1	1.0%	8.41%

The impairment test carried out in 2015 did not result in any impairment requirement.

In the previous year, the impairment test resulted in an impairment requirement in the cash-generating unit Chiara Vita. The goodwill in the amount of CHF 27.1 million was completely written off.

The impairment test compares the recoverable amount to the carrying value. The recoverable amount is determined by calculating the value in use. This calculation requires management to make estimates of expected cash flows to be derived from the asset. These free cash flows are usually considered for a period of three to five years and are based on the budget and the strategic plans approved by management. The growth rate is set by management and is based on past experience and future expectations. The applied discount rates are pre-tax rates and reflect the risks attached to the business units in question.

Stress tests show that any reasonable change in any of the key assumptions used to determine the recoverable amount of the individual cash-generating units does not result in any impairment.

7. Investments

7.1 Investment income

	Notes	2015	2014
in CHF million			
Current income from Group investments (net)	7.1.1	988.4	992.9
Gains and losses on Group investments (net)	7.1.3	117.2	282.5 ¹
Investment result from Group financial assets and investment property		1 105.6	1 275.4
Income investments with market risk for the policyholder	7.1.5	78.9	200.5
Investment result from financial assets and investment property		1 184.5	1 475.9
Share of profit or loss of associates		0.9	1.0
Investment income (net)		1 185.4	1 476.9

¹ Includes a one-time gain of CHF 108.9 million from the revaluation of the Nationale Suisse shares that were already held by Helvetia before the acquisition of the company.

7.1.1 Current income from investments by class

	Group investments		Investments with market risk for the policyholder		Total	
	2015	2014	2015	2014	2015	2014
in CHF million						
Interest-bearing securities	557.0	585.2	15.5	23.8	572.5	609.0
Shares	60.4	63.4	1.2	1.4	61.6	64.8
Investment funds	11.1	6.5	2.5	2.4	13.6	8.9
Alternative investments	8.7	1.5	–	–	8.7	1.5
Derivative financial instruments ¹	–1.0	–0.8	–	–	–1.0	–0.8
Mortgages	89.4	91.6	–	–	89.4	91.6
Loans	35.7	42.8	–	–	35.7	42.8
Money market instruments	1.0	2.7	–	–	1.0	2.7
Other	0.0	0.0	–	–	0.0	0.0
Current income on financial assets (gross)	762.3	792.9	19.2	27.6	781.5	820.5
Investment management expenses on financial assets	–11.0	–9.0	–	–	–11.0	–9.0
Current income from financial assets (net)	751.3	783.9	19.2	27.6	770.5	811.5
Rental income	313.0	276.5	–	–	313.0	276.5
Investment management expenses on property	–75.9	–67.5	–	–	–75.9	–67.5
Current income from investment property (net)	237.1	209.0	–	–	237.1	209.0
Current income from investments (net)	988.4	992.9	19.2	27.6	1 007.6	1 020.5

¹ Derivatives comprise current income on derivative financial assets and derivative financial liabilities.

Asset management expenses on property include all maintenance and repair costs as well as the operating expenses for property that did not generate rental income during the reporting year. The latter amounted to CHF 3.2 million in the reporting year (previous year: CHF 2.6 million).

Based on notice periods, tenancies generated operating lease receivables for the Helvetia Group of CHF 68.7 million (previous year: CHF 65.1 million) due in less than one year, CHF 152.0 million (previous year: CHF 146.0 million) due between one and five years, and CHF 34.6 million (previous year: CHF 38.5 million) due in more than five years.

Interest income from investments at fair value through profit or loss stood at CHF 24.3 million (previous year: CHF 32.2 million).

7.1.2 Direct yield from interest-rate sensitive financial assets

	2015	2014
in %		
Interest-bearing securities	1.9	2.3
Mortgages, loans and money market instruments	1.9	2.1
Total direct yield of interest-rate-sensitive financial assets	1.9	2.2

7.1.3 Gains and losses on investments

	Group investments		Investments with market risk for the policy-holder		Total	
	2015	2014	2015	2014	2015	2014
in CHF million						
Interest-bearing securities	52.8	154.9	-2.6	43.7	50.2	198.6
Shares	92.1	172.2	4.5	0.5	96.6	172.7
Investment funds	-3.8	14.5	48.1	121.6	44.3	136.1
Structured products	-	-	1.8	6.7	1.8	6.7
Alternative investments	2.1	-1.2	-	-	2.1	-1.2
Derivative financial instruments	-68.3	-62.4	7.9	0.4	-60.4	-62.0
Mortgages	-1.4	-0.5	-	-	-1.4	-0.5
Loans	-2.5	2.6	-	-	-2.5	2.6
Other	-10.0	-0.4	-	-	-10.0	-0.4
Gains and losses on financial assets (net)	61.0	279.7	59.7	172.9	120.7	452.6
Investment property	56.2	2.8	-	-	56.2	2.8
Gains and losses on investments (net)	117.2	282.5	59.7	172.9	176.9	455.4

"Derivatives" comprises gains and losses on derivative financial assets and derivative financial liabilities, of which CHF 4.6 million (previous year: CHF 2.3 million) represents a loss on the ineffective portion of the currency hedges to protect net investment in the Group's own fund companies (net investment hedge).

7.1.4 Gains and losses on financial assets by category

	2015	2014
in CHF million		
Realised gains and losses on disposals of loans (LAR) including foreign currency gains and losses		
Interest-bearing securities	40.9	4.6
Mortgages	-1.4	-0.5
Loans	-2.5	2.6
Realised gains and losses on loans (LAR) incl. money market instruments	37.0	6.7
Realised gains and losses on disposals of held-to-maturity investments (HTM) including foreign currency gains and losses		
Interest-bearing securities	-8.7	-0.8
Realised gains and losses on HTM investments	-8.7	-0.8
Realised gains and losses on disposals of available-for-sale investments (AFS) including foreign currency gains and losses		
Interest-bearing securities	12.9	98.0
Shares	60.5	120.5
Investment funds	0.9	0.5
Alternative investments	1.8	0.0
Realised gains and losses on AFS investments	76.1	219.0
Realised and book gains and losses on financial assets held for trading including foreign currency gains and losses		
Interest-bearing securities	-0.2	1.7
Investment funds	2.2	3.3
Derivative financial instruments	-60.4	-62.0
Realised and book gains and losses on financial assets held for trading	-58.4	-57.0
Realised and book gains and losses on financial assets designated as at fair value through profit or loss including foreign currency gains and losses		
Interest-bearing securities	5.3	95.1
Shares	36.1	52.2
Investment funds	41.2	132.3
Structured products	1.8	6.7
Alternative investments	0.3	-1.2
Realised and book gains and losses on financial assets designated as at fair value through profit or loss	84.7	285.1
Other	-10.0	-0.4
Total gains and losses on investments (net)	120.7	452.6

The gains and losses reported for the HTM class also contain book gains and losses from foreign currency translations.

The table above includes increases in impairment losses on financial assets of CHF 34.2 million (previous year: CHF 8.1 million) as well as impairment loss reversals on financial assets of CHF 6.9 million (previous year: CHF 0.8 million).

7.1.5 Result from investments
with market risk for the
policyholder

	2015	2014
in CHF million		
Current income	19.2	27.6
Gains and losses	59.7	172.9
Results from investments with market risk for the policyholder	78.9	200.5

7.2 Investments by class

as of 31.12.2015	Notes	Group investments	Investments with market risk for the policyholder	Total
in CHF million				
Investments in associates	7.4.1	17.1	–	17.1
Investment property	7.5	6 429.1	–	6 429.1
Financial assets by class	7.6			
Interest-bearing securities		28 666.8	907.7	29 574.5
Shares		2 169.5	39.4	2 208.9
Investment funds		649.8	1 811.1	2 460.9
Structured products		–	67.6	67.6
Alternative investments		46.6	–	46.6
Derivative financial assets		92.4	56.4	148.8
Mortgages		4 243.3	–	4 243.3
Loans		1 260.3	–	1 260.3
Money market instruments		1 478.5	3.4	1 481.9
Total financial assets		38 607.2	2 885.6	41 492.8
Total Investments		45 053.4	2 885.6	47 939.0
as of 31.12.2014				
in CHF million				
Investments in associates	7.4.1	39.9	–	39.9
Investment property	7.5	6 317.8	–	6 317.8
Financial assets by class	7.6			
Interest-bearing securities		29 314.3	1 129.3	30 443.6
Shares		2 160.2	43.3	2 203.5
Investment funds		581.8	1 828.0	2 409.8
Structured products		–	52.5	52.5
Alternative investments		130.1	–	130.1
Derivative financial assets		90.4	77.8	168.2
Mortgages		3 951.7	–	3 951.7
Loans		1 420.2	–	1 420.2
Money market instruments		876.9	3.8	880.7
Total financial assets		38 525.6	3 134.7	41 660.3
Total Investments		44 883.3	3 134.7	48 018.0

7.3 Investments by business area

as of 31.12.2015	Notes	Life	Non-life	Other and elimination	Total
in CHF million					
Investments in associates	7.4.1	0.1	17.0	–	17.1
Investment property	7.5	5 590.2	823.2	15.7	6 429.1
Financial assets by class	7.6				
Interest-bearing securities		24 978.2	4 261.4	334.9	29 574.5
Shares		823.5	192.9	1 192.5	2 208.9
Investment funds		3 120.6	402.2	–1 061.9	2 460.9
Structured products		67.6	–	–	67.6
Alternative investments		29.7	16.9	–	46.6
Derivative financial assets		143.6	5.2	–	148.8
Mortgages		4 096.5	146.8	–	4 243.3
Loans		1 121.0	163.1	–23.8	1 260.3
Money market instruments		930.5	551.4	–	1 481.9
Total financial assets		35 311.2	5 739.9	441.7	41 492.8
Total Investments		40 901.5	6 580.1	457.4	47 939.0
as of 31.12.2014	Notes	Life	Non-life	Other and elimination	Total
in CHF million					
Investments in associates	7.4.1	23.8	16.1	–	39.9
Investment property	7.5	5 457.7	842.1	18.0	6 317.8
Financial assets by class	7.6				
Interest-bearing securities		25 261.7	4 890.4	291.5	30 443.6
Shares		905.7	133.9	1 163.9	2 203.5
Investment funds		3 067.3	438.4	–1 095.9	2 409.8
Structured products		52.5	–	–	52.5
Alternative investments		56.6	73.5	–	130.1
Derivative financial assets		164.8	3.4	–	168.2
Mortgages		3 800.4	151.3	–	3 951.7
Loans		1 267.8	178.2	–25.8	1 420.2
Money market instruments		734.4	145.2	1.1	880.7
Total financial assets		35 311.2	6 014.3	334.8	41 660.3
Total Investments		40 792.7	6 872.5	352.8	48 018.0

7.4 Investments in associates

Dividend income from associates totalled CHF 0.7 million (previous year: CHF 0.5 million). The gain from the disposal of the investment in the associated company Sersanet S.A., Madrid, was CHF 0.2 million. Income and expenses in respect of associates are reported in the income statement under "Share of profit or loss of associates".

Investments in associates accounted for under the equity method are listed in the table in section 18 (from page 215).

7.4.1 Development of investments in associates

	2015	2014
in CHF million		
Balance as of 1 January	39.9	1.9
Change in the scope of consolidation ¹	–	37.8
Additions ¹	0.0	0.3
Disposals ¹	–	–0.1
Unrealised gains and losses in equity	1.0	–0.5
Share of profits for the year	0.7	1.4
Dividends paid	–0.7	–0.5
Impairment (net)	–	–0.4
Foreign currency translation differences	–0.2	0.0
Other changes	–23.6	–
Book value as of 31 December	17.1	39.9
Impairment losses		
Accumulated impairment losses as of 1 January	0.4	–
Impairment losses of the period	–	0.4
Reversal of impairment losses of the period	–	–
Disposals	–0.4	–
Foreign currency translation differences	0.0	0.0
Accumulated impairment losses as of 31 December	0.0	0.4

¹ Details on additions and disposals of associates are provided in Note 18, "Scope of consolidation".

7.4.2 Aggregated financial data on associates

The table below shows an aggregated balance sheet and income statement for the investments that are accounted for under the equity method.

as of 31.12.	2015	2014
in CHF million		
Assets		
Non-current assets	97.6	184.3
Current assets	20.3	19.8
Total assets	117.9	204.1
Liabilities and equity		
Equity	41.8	134.3
Long-term liabilities	64.9	58.4
Short-term liabilities	11.2	11.4
Total liabilities and equity	117.9	204.1

	2015	2014
in CHF million		
Profit for the year		
Income	-37.7	59.4
Expenses	36.6	-51.0
Profit for the year	-1.1	8.4

The Helvetia Group's share in the liabilities of associates amounted to CHF 32.1 million (previous year: CHF 29.2 million). Helvetia did not have any share in the contingent liabilities of associates (previous year: none).

7.5 Investment property

	Switzerland	Abroad	2015	2014
in CHF million				
Balance as of 1 January	5 849.0	468.8	6 317.8	5 059.8
Change in scope of consolidation	-	-	-	984.2
Additions	22.5	9.2	31.7	78.2
Capitalised subsequent expenditures	170.8	0.0	170.8	217.9
Disposals	-123.2	-2.8	-126.0	-27.6
Realised gains and losses ¹	11.6	0.1	11.7	0.3
Book gains and losses ¹	21.1	23.4	44.5	2.5
Transfer from / to property and equipment	14.4	8.2	22.6	10.5
Foreign currency translation differences	-	-44.0	-44.0	-8.0
Balance as of 31 December	5 966.2	462.9	6 429.1	6 317.8

¹ Recognised in the income statement as "Gains and losses on Group investments (net)".

The fair value of "Investment property" in the portfolio of the Swiss and Austrian Group companies is calculated using a generally accepted discounted cash flow method. The method is described in section 2.12.1 (page 119).

In the reporting year, the discounted cash flow method was based on discount rates ranging from 2.4% to 5.9% (previous year: 3.4% to 5.5%). If the discount rates were increased by 10 basis points, the value would be reduced by CHF 158.7 million. If the rental income that can be earned in the long term was reduced by 5%, there would be a negative effect of CHF 289.8 million.

For all other portfolios, measurement is based on valuation reports by independent experts. Both valuation methods are allocated to the "Level 3" category.

7.6 Financial assets by category and class

as of 31.12. in CHF million	Book value		Acquisition cost / amortised cost	
	2015	2014	2015	2014
Financial assets at amortised cost:				
Loans and receivables (LAR)				
Interest-bearing securities	2 299.8	2 768.6	2 299.8	2 768.6
Mortgages	4 243.3	3 951.7	4 243.3	3 951.7
Loans	1 260.3	1 420.2	1 260.3	1 420.2
Money market instruments	1 478.5	876.9	1 478.5	876.9
Total "loans and receivables" (LAR) ¹	9 281.9	9 017.4	9 281.9	9 017.4
Held-to-maturity investments (HTM)				
Interest-bearing securities	2 790.5	3 121.8	2 790.5	3 121.8
Total financial assets at amortised cost	12 072.4	12 139.2	12 072.4	12 139.2
Financial assets at fair value:				
At fair value through profit and loss (held for trading)				
Interest-bearing securities	18.7	20.7	15.9	17.4
Investment funds – mixed	52.0	65.8	35.1	45.9
Derivative financial assets	88.7	89.9	85.8	74.8
Investments with market risk for the policyholder	56.4	77.8	51.0	64.8
Total "held for trading"	215.8	254.2	187.8	202.9
Designated as at fair value through profit or loss				
Interest-bearing securities	1 065.5	657.0	1 043.5	625.6
Shares	1 136.3	1 112.8	894.4	855.8
Investment funds – interest-bearing securities	28.2	19.4	28.7	26.8
Investment funds – equities	82.2	124.6	113.8	119.8
Investment funds – mixed	317.5	260.3	336.3	307.0
Investments with market risk for the policyholder	2 829.2	3 056.9	2 486.6	2 672.6
Alternative investments	3.6	4.7	11.9	9.6
Total "designated"	5 462.5	5 235.7	4 915.2	4 617.2
Total "at fair value through profit and loss"	5 678.3	5 489.9	5 103.0	4 820.1
Available-for-sale (AFS)				
Interest-bearing securities	22 492.3	22 746.2	20 687.7	20 629.3
Shares	1 033.2	1 047.4	746.9	705.3
Investment funds – interest-bearing securities	5.6	6.0	5.1	5.7
Investment funds – equities	135.9	78.9	118.3	64.0
Investment funds – mixed	28.4	26.8	27.7	26.4
Alternative investments	43.0	125.4	47.4	124.6
Total "available-for-sale" (AFS)	23 738.4	24 030.7	21 633.1	21 555.3
Derivative financial assets for hedge accounting	3.7	0.5	–	–
Total financial assets at fair value	29 420.4	29 521.1	26 736.1	26 375.4
Total financial assets	41 492.8	41 660.3		

¹ Excl. receivables from insurance business and reinsurance.

Unrealised gains / losses (net)		Fair value		By valuation method:	Quoted market prices		Based on market data		Not based on market data		
2015	2014	2015	2014		2015	2014	2015	2014	2015	2014	
				Level 1	Level 2		Level 3				
		2 673.1	3 207.1	1 889.9	2 270.8	783.2	936.3	-	-	-	-
		4 482.6	4 134.7	-	-	4 482.6	4 134.7	-	-	-	-
		1 442.7	1 627.3	-	-	1 442.7	1 627.3	-	-	-	-
		1 478.5	876.9	-	-	1 478.5	876.9	-	-	-	-
		10 076.9	9 846.0	1 889.9	2 270.8	8 187.0	7 575.2	-	-	-	-
		3 365.5	3 670.3	3 337.6	3 638.3	27.9	32.0	-	-	-	-
		13 442.4	13 516.3	5 227.5	5 909.1	8 214.9	7 607.2	-	-	-	-
		18.7	20.7	18.7	20.7	-	-	-	-	-	-
		52.0	65.8	52.0	65.8	-	-	-	-	-	-
		88.7	89.9	2.6	2.4	86.1	87.5	-	-	-	-
		56.4	77.8	7.6	5.9	48.8	71.9	-	-	-	-
		215.8	254.2	80.9	94.8	134.9	159.4	-	-	-	-
		1 065.5	657.0	1 046.9	639.4	18.6	17.6	-	-	-	-
		1 136.3	1 112.8	1 136.0	1 112.4	0.3	0.4	-	-	-	-
		28.2	19.4	28.2	19.4	-	-	-	-	-	-
		82.2	124.6	82.2	124.6	-	-	-	-	-	-
		317.5	260.3	292.2	245.9	21.5	14.4	3.8	-	-	-
		2 829.2	3 056.9	2 646.8	2 917.2	182.3	139.6	0.1	0.1	-	-
		3.6	4.7	-	-	2.2	3.0	1.4	1.7	-	-
		5 462.5	5 235.7	5 232.3	5 058.9	224.9	175.0	5.3	1.8	-	-
		5 678.3	5 489.9	5 313.2	5 153.7	359.8	334.4	5.3	1.8	-	-
1 804.6	2 116.9	22 492.3	22 746.2	22 204.4	22 445.5	287.9	300.7	-	-	-	-
286.3	342.1	1 033.2	1 047.4	1 023.7	1 036.3	4.0	4.1	5.5	7.0	-	-
0.5	0.3	5.6	6.0	5.6	6.0	-	-	-	-	-	-
17.6	14.9	135.9	78.9	135.9	78.9	-	-	-	-	-	-
0.7	0.4	28.4	26.8	0.6	4.2	-	-	27.8	22.6	-	-
-4.4	0.8	43.0	125.4	-	-	10.5	88.1	32.5	37.3	-	-
2 105.3	2 475.4	23 738.4	24 030.7	23 370.2	23 570.9	302.4	392.9	65.8	66.9	-	-
		3.7	0.5	-	-	3.7	0.5	-	-	-	-
2 105.3	2 475.4	29 420.4	29 521.1	28 683.4	28 724.6	665.9	727.8	71.1	68.7	-	-

In the reporting year, investments of CHF 5.4 million (previous year: CHF 106.7 million) were transferred from "Level 1" to "Level 2" as there was no longer an active market for these assets.

Of previous year's CHF 68.7 million total "Level 3" investments, investments of CHF 3.5 million were sold (previous year: CHF 2.1 million) and new "Level 3" investments of CHF 7.4 million (previous year: CHF 0.1 million) were bought. In addition, "Level 2" investments of CHF 4.9 million (previous year: none) were transferred to the "Level 3" investments.

A total loss of CHF 6.4 million was recorded for the "Level 3" investments (loss in previous year: CHF 1.9 million). This was reported as a loss of CHF 1.9 million under "Gains and losses on financial assets" in the income statement, and CHF 4.5 million was recognised as "Change in unrealised gains and losses on financial assets" in the statement of comprehensive income. The valuation loss on the "Level 3" investment portfolio on the reporting date therefore amounts to CHF 6.4 million (previous year: CHF 1.7 million). The "Level 3" portfolio was worth CHF 71.1 million at the end of the year.

Helvetia recognises transfers between levels at the end of the reporting period in which the changes occurred.

The replacement of one or more assumptions by plausible alternatives would not have any material impact on the measurement of the "Level 3" investments.

7.7 Derivatives

7.7.1 Derivative financial assets

as of 31.12. in CHF million	Maturity profile of contract values			Contract value		Fair value	
	< 1 year	1–5 years	> 5 years	2015	2014	2015	2014
Interest rate instruments							
Forward rate agreements	–	–	61.0	61.0	61.0	62.7	60.8
Total interest rate instruments	–	–	61.0	61.0	61.0	62.7	60.8
Equity instruments							
Options (over-the-counter)	1 201.1	358.2	681.1	2 240.4	2 439.0	62.8	89.4
Options (exchange-traded)	139.4	–	–	139.4	148.8	2.6	2.4
Other	–	–	2.3	2.3	2.1	7.4	5.9
Total equity- and equity-index instruments	1 340.5	358.2	683.4	2 382.1	2 589.9	72.8	97.7
Currency instruments							
Forwards	599.6	–	–	599.6	1 145.5	9.6	9.2
Total currency instruments	599.6	–	–	599.6	1 145.5	9.6	9.2
Derivatives for hedge accounting							
Forwards	348.3	–	–	348.3	240.5	3.7	0.5
Total derivatives for hedge accounting	348.3	–	–	348.3	240.5	3.7	0.5
Total derivative financial assets	2 288.4	358.2	744.4	3 391.0	4 036.9	148.8	168.2

7.7.2 Derivative financial liabilities

as of 31.12. in CHF million	Maturity profile of contract values			Contract value		Fair value	
	< 1 year	1–5 years	> 5 years	2015	2014	2015	2014
Interest rate instruments							
Forward rate agreements	–	–	54.2	54.2	53.8	61.8	61.5
Total interest rate instruments ¹	–	–	54.2	54.2	53.8	61.8	61.5
Equity instruments							
Options (over-the-counter)	37.0	237.1	676.7	950.8	779.0	24.1	26.6
Total equity- and equity-index instruments ¹	37.0	237.1	676.7	950.8	779.0	24.1	26.6
Currency instruments							
Forwards	3 804.3	–	–	3 804.3	1 253.1	75.0	46.2
Total currency instruments ¹	3 804.3	–	–	3 804.3	1 253.1	75.0	46.2
Derivatives from life policies	28.2	22.7	19.7	70.6	132.6	4.6	3.4
Derivatives for hedge accounting							
Forwards	239.2	–	–	239.2	497.2	1.1	23.1
Total derivatives for hedge accounting	239.2	–	–	239.2	497.2	1.1	23.1
Total derivative financial liabilities	4 108.7	259.8	750.6	5 119.1	2 715.7	166.6	160.8

¹ At fair value through profit and loss (held for trading)

7.7.3 Derivatives for hedge accounting

in CHF million	Net investment hedge	
	2015	2014
Amount recognised in equity	28.4	–35.7
Gains and losses reclassified to the income statement	–0.2	–
Ineffectiveness reclassified to income statement	–4.6	–2.3

The amounts transferred to the income statement are reported in “Gains and losses on Group investments”.

7.8 Maturity dates and impairment of financial assets

7.8.1 Analysis of past due financial assets without impairment

as of 31.12. in CHF million	< 1 month		2–3 months		4–6 months		> 6 months	
	2015	2014	2015	2014	2015	2014	2015	2014
Mortgages	10.3	11.7	5.7	9.6	4.4	3.1	3.1	6.7
Total past due financial assets without impairment	10.3	11.7	5.7	9.6	4.4	3.1	3.1	6.7

Outstanding amounts are collected in the course of the normal debt collection procedures and impaired if necessary (see section 2.12.3, page 121). Information on the collateral held by the Helvetia Group is provided in section 16.5 (from page 209).

7.8.2 Analysis of individual impaired financial assets at amortised cost

as of 31.12. in CHF million	Gross		Individual impairment		Net	
	2015	2014	2015	2014	2015	2014
Mortgages	7.8	5.4	2.8	1.6	5.0	3.8
Loans	2.5	5.1	2.5	1.1	–	4.0
Total	10.3	10.5	5.3	2.7	5.0	7.8

7.8.3 Change in the impairment of financial assets at amortised cost

in CHF million	Mortgages		Other loans		Total	
	2015	2014	2015	2014	2015	2014
Balance as of 1 January	1.6	1.2	1.1	0.0	2.7	1.2
Change in the scope of consolidation	–	0.1	–1.0	1.2	–1.0	1.3
Impairment	1.7	1.1	3.3	–	5.0	1.1
Reversal of impairment losses	–0.5	–0.8	–0.8	–0.1	–1.3	–0.9
Disposals impairment	0.0	0.0	–	–	0.0	0.0
Foreign currency translation differences	–	–	–0.1	0.0	–0.1	0.0
Balance as of 31 December	2.8	1.6	2.5	1.1	5.3	2.7

8. Financial liabilities

The Helvetia Group classifies financial liabilities according to their origin as financial liabilities from financing activities, financial liabilities from insurance business and other financial liabilities. Financial liabilities from insurance business are reported as a component of the insurance business in section 9.8 (page 169).

The Helvetia Group applies the usual financial covenants to its financial liabilities, but these are not expected to have any material impact on the contractual conditions (e.g. due date, interest rate, collateral, currency).

The valuation methods used to calculate the fair value of financial liabilities belong to the "Level 2" category. Section 16.4.1 (page 200) contains a maturity schedule of loans and financial liabilities.

8.1 Financial liabilities from financing activities

	Book value		Acquisition cost / amortised cost		Fair value	
	2015	2014	2015	2014	2015	2014
as of 31.12.						
in CHF million						
Financial liabilities at amortised cost						
Bonds	746.8	746.4	746.8	746.4	796.7	783.9
Liabilities from finance lease	20.9	25.1	20.9	25.1	20.9	25.1
Total financial liabilities at amortised cost	767.7	771.5	767.7	771.5	817.6	809.0
Financial liabilities at fair value						
Minority interests in own funds	167.5	142.3	133.8	110.8	167.5	142.3
Total financial liabilities at fair value	167.5	142.3	133.8	110.8	167.5	142.3
Total financial liabilities from financing activities	935.2	913.8	901.5	882.3	985.1	951.3

Helvetia has bonds in liabilities and in equity. The classification depends on the characteristics of the respective bond. A list of the current bonds can be found in the table on the following page.

The bonds in liabilities are measured at amortised cost. The interest expense from bonds treated as liabilities is reported in the income statement at CHF 15.0 million (previous year: CHF 4.3 million) under "Financing costs". The interest expense from bonds in equity is recognised as a dividend distribution in equity.

Liabilities from finance leases include a debt that arose under a financing agreement regarding the acquisition of a property for own use. The interest expense under this agreement amounts to CHF 0.1 million (previous year: CHF 0.2 million) and is recognised in the income statement under "Financing costs".

Minority interests in own funds include the investments of the Helvetia pension and supplementary funds in Helvetia I Funds.

	Issuer	Nominal	Coupons	Year of issue	Maturity	Effective interest rate ⁴	Book value	
as of 31.12.							2015	2014
in CHF million								
Bonds in liabilities								
	Helvetia Holding AG	CHF 150 Mio.	1.125 %	2013	08.04.2019	1.17 %	149.8	149.7
	Helvetia Schweizerische Versicherungsgesellschaft AG	CHF 225 Mio.	0.75 %	2014	28.10.2020	0.85 %	223.9	223.8
	Helvetia Schweizerische Versicherungsgesellschaft AG	CHF 150 Mio.	1.50 %	2014	28.04.2025	1.55 %	149.4	149.3
	Helvetia Schweizerische Versicherungsgesellschaft AG	CHF 225 Mio. Subordinate bond	4.00% up to 2024, then variable	2014	17.10.2044	4.02 %	223.7	223.6
Total bonds in liabilities							746.8	746.4
Bonds in equity								
	Helvetia Schweizerische Versicherungsgesellschaft AG	CHF 300 Mio. Subordinate bond	4.75% up to 2015, then variable	2010	perpetual		- ¹	300.0
	Helvetia Schweizerische Versicherungsgesellschaft AG	CHF 400 Mio. Subordinate bond	3.50% up to 2020, then variable	2014	perpetual ²		400.0	400.0
	Helvetia Schweizerische Versicherungsgesellschaft AG	CHF 300 Mio. Subordinate bond	3.00% up to 2022, then variable	2015	perpetual ³		300.0	-
Total bonds in equity							700.0	700.0

¹ Repayment was made on 30.11.2015.

² First call date for the issuer 17.04.2020

³ First call date for the issuer 23.11.2022

⁴ The effective interest rate quantifies the actual cost of loans

(taking account of the transaction rate, premium / discount, transaction costs, interest payment dates, repayments, etc.).

Liabilities from finance lease

				Total	
as of 31.12.	< 1 year	1–5 years	> 5 years	2015	2014
in CHF million					
Future lease payments	2.5	9.9	9.6	22.0	26.7
Discounting amounts	-0.2	-0.7	-0.2	-1.1	-1.6
Present value liabilities from finance lease	2.3	9.2	9.4	20.9	25.1

8.2 Other financial liabilities

as of 31.12. in CHF million	Notes	Acquisition cost/ amortised cost		Fair value	
		2015	2014	2015	2014
Financial liabilities at amortised cost					
Other		39.1	36.8	39.1	36.8
Total financial liabilities at amortised cost		39.1	36.8	39.1	36.8
Financial liabilities at fair value					
Derivative financial liabilities	7.7.2	73.5	79.2	166.6	160.8
Other		26.0	25.0	26.0	25.0
Total financial liabilities at fair value		99.5	104.2	192.6	185.8
Total other financial liabilities		138.6	141.0	231.7	222.6

The carrying amounts equal the fair value.

The line item "Other" at amortised cost also contains the collateral received for on-going derivatives transactions.

With the acquisition of Chiara Assicurazioni in 2013, the seller was granted the option of selling a further 25% of the shares to Helvetia in 2017, provided that the contractually agreed premium volumes are exceeded. "Financial liabilities at fair value" includes a provision for this purchase in the amount of CHF 11.1 million (previous year: CHF 11.3 million).

9. Insurance business

9.1 Liabilities from insurance business

as of 31.12. in CHF million	Notes	Gross		Reinsurance assets		Net	
		2015	2014 reclassified	2015	2014 reclassified	2015	2014 reclassified
Actuarial reserves ¹		33 802.6	33 420.9	61.4	71.5	33 741.2	33 349.4
Provision for policyholder participation ¹		1 925.7	2 135.3	–	–	1 925.7	2 135.3
Loss reserves		4 616.0	4 863.9	389.7	432.1	4 226.3	4 431.8
Unearned premium reserve		1 304.6	1 434.7	54.8	76.2	1 249.8	1 358.5
Deposits for investment contracts	9.8	1 063.1	1 344.7	–	–	1 063.1	1 344.7
		42 712.0	43 199.5	505.9	579.8	42 206.1	42 619.7

¹ Change in presentation (see section 2.3, page 114)

9.1.1 Liabilities from insurance business by business segment

as of 31.12. in CHF million	Notes	Gross		Reinsurance assets		Net	
		2015	2014	2015	2014	2015	2014
			reclassified		reclassified		reclassified
Life insurance contracts							
Actuarial reserves for insurance contracts life ¹		31 497.4	30 869.2	61.4	71.5	31 436.0	30 797.7
Provision for policyholder participation – life contracts ¹		1 688.4	1 860.0	–	–	1 688.4	1 860.0
Unearned premium reserve for insurance contracts life		211.2	217.2	5.3	6.5	205.9	210.7
Total liabilities from life insurance contracts		33 397.0	32 946.4	66.7	78.0	33 330.3	32 868.4
Non-life insurance contracts							
Loss reserves for insurance contracts non-life	9.3.1	4 616.0	4 863.9	389.7	432.1	4 226.3	4 431.8
Provision for policyholder participation – non-life contracts		60.9	74.4	–	–	60.9	74.4
Unearned premium reserve for insurance contracts non-life		1 093.4	1 217.5	49.5	69.7	1 043.9	1 147.8
Total liabilities from non-life insurance contracts		5 770.3	6 155.8	439.2	501.8	5 331.1	5 654.0
Total liabilities from insurance contracts		39 167.3	39 102.2	505.9	579.8	38 661.4	38 522.4
Investment contracts							
Actuarial reserves for investment contracts with discretionary participation features		2 305.2	2 551.7	–	–	2 305.2	2 551.7
Provision for policyholder participation – investment contracts		176.4	200.9	–	–	176.4	200.9
Total liabilities from investment contracts with discretionary participation features		2 481.6	2 752.6	–	–	2 481.6	2 752.6
Deposits for investment contracts	9.8	1 063.1	1 344.7	–	–	1 063.1	1 344.7
Total liabilities from investment contracts		3 544.7	4 097.3	–	–	3 544.7	4 097.3
Total liabilities from insurance business		42 712.0	43 199.5	505.9	579.8	42 206.1	42 619.7

¹ Change in presentation (see section 2.3 on page 114)

Further details on technical reserves for the life and non-life business can be found in the following tables. A maturity schedule of the reserves for insurance contracts and investment contracts is provided in section 16.4.1 (page 200).

9.2 Change in the reserves for insurance contracts and investment contracts

	Actuarial reserves		Policyholder participation	
	2015	2014	2015	2014
in CHF million		reclassified		reclassified
Reserves for insurance contracts life (gross)¹				
Balance as of 1 January	30 869.2	27 486.1	1 860.0	955.8
Change in the scope of consolidation	-111.4	2 895.3	-	61.5
Allocation / Release	4 167.8	4 390.5	34.7	970.4
Used amounts	-2 976.3	-3 811.3	-173.4	-123.2
Foreign currency translation differences	-427.1	-76.4	-32.4	-4.5
Other changes	-24.8	-15.0	-0.5	0.0
Balance as of 31 December	31 497.4	30 869.2	1 688.4	1 860.0
Reserves for insurance contracts non-life (gross)				
Balance as of 1 January			74.4	33.1
Change in the scope of consolidation			-	41.8
Allocation / Release			-1.2	2.7
Used amounts			-10.7	-3.1
Foreign currency translation differences			-0.4	-0.1
Other changes			-1.2	-
Balance as of 31 December			60.9	74.4
Reserves for investment contracts with discretionary participation features				
Balance as of 1 January	2 551.7	2 219.3	200.9	58.4
Change in the scope of consolidation	-	132.9	-	5.4
Allocation / Release	281.9	575.1	-5.6	139.4
Used amounts	-313.9	-331.0	-0.2	0.0
Foreign currency translation differences	-242.2	-44.6	-19.2	-2.3
Other changes	27.7	0.0	0.5	0.0
Balance as of 31 December	2 305.2	2 551.7	176.4	200.9
Deposits for investment contracts				
Balance as of 1 January				
Change in the scope of consolidation				
Deposits received / withdrawals				
Value changes				
Foreign currency translation differences				
Other changes				
Balance as of 31 December				
Total liabilities from insurance business (gross)				
Reinsurers' share in reserves for insurance contracts				
Balance as of 1 January	71.5	70.0		
Change in the scope of consolidation	-0.1	6.3		
Allocation / Release	5.9	25.5		
Used amounts	-10.1	-29.1		
Foreign currency translation differences	-5.8	-1.2		
Balance as of 31 December	61.4	71.5		
Total liabilities from insurance business				

¹ Change in presentation (see section 2.3 on page 114)

Loss reserves		Unearned premium reserve		Total	
2015	2014	2015	2014	2015	2014
		217.2	163.1	32 946.4	28 605.0
		-2.5	48.1	-113.9	3 004.9
		-0.5	6.6	4 202.0	5 367.5
		-	-	-3 149.7	-3 934.5
		-3.0	-0.6	-462.5	-81.5
		-	-	-25.3	-15.0
		211.2	217.2	33 397.0	32 946.4
4 863.9	3 121.6	1 217.5	890.4	6 155.8	4 045.1
-53.4	1 753.7	-17.8	472.1	-71.2	2 267.6
1 235.3	956.0	-20.6	-138.4	1 213.5	820.3
-1 199.2	-952.9	-	-	-1 209.9	-956.0
-221.7	-14.5	-78.6	-6.6	-300.7	-21.2
-8.9	0.0	-7.1	-	-17.2	0.0
4 616.0	4 863.9	1 093.4	1 217.5	5 770.3	6 155.8
		-	-	2 752.6	2 277.7
		-	-	-	138.3
		-	-	276.3	714.5
		-	-	-314.1	-331.0
		-	-	-261.4	-46.9
		-	-	28.2	0.0
		-	-	2 481.6	2 752.6
				1 344.7	1 340.3
				-	13.7
				-197.2	-55.1
				43.7	73.8
				-125.1	-24.6
				-3.0	-3.4
				1 063.1	1 344.7
				42 712.0	43 199.5
432.1	299.5	76.2	39.6	579.8	409.1
-3.5	145.5	-3.8	41.8	-7.4	193.6
70.0	56.8	-4.5	-5.2	71.4	77.1
-89.7	-67.7	-	-	-99.8	-96.8
-19.2	-2.0	-13.1	0.0	-38.1	-3.2
389.7	432.1	54.8	76.2	505.9	579.8
				42 206.1	42 619.7

9.3 Non-life business

Loss reserves are determined using actuarial methods based on many years of claims experience. The assumptions used in determining the loss reserves have not changed materially in this reporting year.

The Liability Adequacy Test (LAT) for non-life business resulted in an additional increase in loss reserves of CHF 39.5 million as of 31 December 2015 (previous year: CHF 48.6 million).

Insurance conditions and risks in non-life business are described in section 16.2 (from page 191). The following table sets out the development of loss reserves for the previous ten years.

9.3.1 Claims settlement

Year of loss occurrence	before 2006	2006	2007
in CHF million			
Run-off year 1		1 368.7	1 533.5
Run-off year 2		1 361.4	1 477.6
Run-off year 3		1 256.0	1 420.8
Run-off year 4		1 244.2	1 488.6 ³
Run-off year 5		1 314.7 ³	1 459.0
Run-off year 6		1 293.3	1 544.1 ²
Run-off year 7		1 389.2 ²	1 542.6
Run-off year 8		1 384.8	2 017.0 ¹
Run-off year 9		1 837.8 ¹	2 006.0
Run-off year 10		1 828.6	
Estimated claims after year of loss occurrence		1 828.6	2 006.0
Accumulated claims paid as of 31 December		-1 737.2	-1 916.1
Estimated loss reserves as of 31 December	689.6	91.4	89.9
Increase of loss reserves based on LAT			
Claims handling costs			
Other technical reserves non-life			
Loss reserves as of 31 December			
Group reinsurance share			
Loss reserves as of 31 December			

¹ Effects of the acquisition of Nationale Suisse and Basler Austria in 2014

² Effects from the acquisition of the French transport insurance business of Gan Eurocourtage in 2012

³ Effects from the acquisition of Alba Allgemeine Versicherungsgesellschaft AG and Phenix Versicherungsgesellschaft AG in 2010

The table above regarding the claims settlement in non-life business shows that, after taking into consideration the effects from earlier acquisitions:

- Claims settlement is very stable.
- Sufficient provisions are raised at an early stage to cover all existing technical liabilities.
- The fluctuation of the annual claims incurred is small overall for the well-diversified portfolio even before reinsurance.

2008	2009	2010	2011	2012	2013	2014	2015	Total
1 357.6	1 438.3	1 529.0 ³	1 679.5	1 808.3 ²	1 844.9	2 731.7 ¹	2 682.3	
1 409.0	1 567.0 ³	1 530.7	1 842.1 ²	1 825.4	2 713.5 ¹	2 651.2		
1 436.2 ³	1 531.6	1 612.1 ²	1 759.0	2 670.4 ¹	2 625.9			
1 421.5	1 615.8 ²	1 581.9	2 503.8 ¹	2 588.9				
1 539.4 ²	1 586.0	2 170.6 ¹	2 440.4					
1 519.4	2 115.1 ¹	2 129.1						
1 999.9 ¹	2 104.2							
1 986.3								
1 986.3	2 104.2	2 129.1	2 440.4	2 588.9	2 625.9	2 651.2	2 682.3	
-1 866.5	-1 938.5	-1 971.0	-2 167.6	-2 275.7	-2 179.7	-1 699.8	-1 207.9	
119.8	165.7	158.1	272.8	313.2	446.2	951.4	1 474.4	4 772.5
								39.5
								243.0
								32.4
								5 087.4
								-471.4
								4 616.0

9.4 Life business

The actuarial reserve is normally calculated in a three-step process. In a first step, the actuarial reserve is computed based on local standards. These include applicable local parameters such as interest rates, mortality, surrender rates, expenses and additional biometric parameters which are usually set at the time of contract conclusion and vary by country, year of issuance and product. If the reserves prove to be insufficient from a local point of view, they are increased in most countries in a second step. A required reserve increase may be spread over several years in the local financial statements, depending on local requirements and circumstances. In a third step, the Liability Adequacy Test (LAT) finally applies Group-wide uniform standards to test whether the actuarial reserves included in the local financial statements (including additional reserve increases less local deferred acquisition costs) are sufficient. Across the Group the LAT required an allocation of additional actuarial reserves of CHF 19.4 million as of 31 December 2015 (previous year: CHF 107.6 million).

In the Swiss life business, the actuarial reserves increased by CHF 60.9 million due to changes to local actuarial assumptions, in particular assumptions regarding mortality, expected claims for disability and the maximum interest rate for reserves, within the framework of the standard periodic review.

Insurance conditions and risks in life business are described in section 16.3 (from page 194). Sensitivities of actuarial reserves are outlined in section 16.3.3 (from page 196).

9.4.1 Assets and liabilities with market risk for the policyholder

as of 31.12. in CHF million	2015	2014
Assets with market risk for the policyholder		
Investments with market risk for the policyholder	2 885.6	3 134.7
Other assets	27.3	22.5
Total assets with market risk for the policyholder	2 912.9	3 157.2
Liabilities with market risk for the policyholder		
Actuarial reserves (gross)	1 814.0	1 773.4
Unearned premium reserve (gross)	11.6	12.5
Financial liabilities including derivatives	1 087.3	1 371.3
Total liabilities with market risk for the policyholder	2 912.9	3 157.2

9.5 Reinsurance assets

as of 31.12. in CHF million	Notes	2015	2014
Reinsurers' share in reserves for insurance contracts	9.1.1	505.9	579.8
Reinsurance deposit receivables		47.5	56.8
Reinsurance assets		553.4	636.6

Reinsurance deposit receivables are classified as "Loans and receivables" (LAR). They include deposits held by the ceding direct insurer in respect of unearned premiums, future loss payments and actuarial reserves for assumed indirect business. The fair value at the reporting date equals the nominal value. The method used for determining the fair value of the deposit receivables is allocated to the "Level 2" category. There was no impairment of deposit receivables.

9.6 Deferred acquisition costs (DAC)

	Life		Non-life		Total	
	2015	2014	2015	2014	2015	2014
in CHF million						
Balance as of 1 January	300.9	241.8	203.5	158.7	504.4	400.5
Change in the scope of consolidation	–	58.1	–4.0	60.0	–4.0	118.1
Capitalised in the period	30.6	26.7	75.0	36.2	105.6	62.9
Amortised in the period	–37.9	–24.9	–78.1	–48.6	–116.0	–73.5
Impairment in the period	–	–	–	–	–	–
Foreign currency translation differences	–4.3	–0.8	–16.0	–2.8	–20.3	–3.6
Other changes	–	–	–2.1	–	–2.1	–
Balance as of 31 December	289.3	300.9	178.3	203.5	467.6	504.4

The Helvetia Group defers acquisition costs in non-life and individual life business. The deferred acquisition costs are tested for impairment as part of the Liability Adequacy Test on every reporting date. The share of “Deferred acquisition costs” classified as short-term is CHF 151.6 million (previous year: CHF 159.9 million).

9.7 Receivables and liabilities from insurance business

	Receivables (LAR)		Liabilities at amortised cost	
	2015	2014	2015	2014
as of 31.12.				
in CHF million				
Due from / due to policyholders	486.8	502.1	1 443.5	1 546.1
Due from / due to agents and brokers	217.7	222.1	224.1	200.4
Due from / due to insurance companies	611.5	557.3	307.6	293.9
Total receivables / liabilities	1 316.0	1 281.5	1 975.2	2 040.4

The receivables and liabilities from insurance business are primarily short-term. A maturity schedule of the liabilities is provided in section 16.4.1 (page 200). The amortised cost of the receivables usually equals the fair value. The method used for determining the fair value is allocated to the “Level 2” category.

9.7.1 Analysis of past due receivables without individual impairment

	< 1 month		2–3 months		4–6 months		> 6 months	
	2015	2014	2015	2014	2015	2014	2015	2014
as of 31.12.								
in CHF million								
Due from policyholders	152.7	159.9	26.1	21.2	8.9	7.5	25.5	34.6
Due from agents and brokers	6.9	11.6	3.1	3.4	1.4	1.4	7.1	15.1
Due from insurance companies	7.0	10.3	0.4	0.2	0.2	0.4	1.0	1.9
Total past due receivables from insurance business without individual impairment	166.6	181.8	29.6	24.8	10.5	9.3	33.6	51.6

The analysis of past due receivables contains all past due receivables that were not impaired as well as portfolio allowances.

9.7.2 Change in the allowance accounts for receivables

	Individual impairment		Collective impairment		Total	
	2015	2014	2015	2014	2015	2014
in CHF million						
Balance as of 1 January	20.2	18.7	32.4	21.7	52.6	40.4
Change in the scope of consolidation	-	2.9	-1.7	12.8	-1.7	15.7
Impairment	5.9	2.1	13.4	17.6	19.3	19.7
Reversal of impairment loss	-5.9	-3.2	-18.3	-19.4	-24.2	-22.6
Disposals	-0.2	-	0.0	0.0	-0.2	0.0
Foreign currency translation differences	-1.9	-0.3	-2.2	-0.3	-4.1	-0.6
Balance as of 31 December	18.1	20.2	23.6	32.4	41.7	52.6

Past due receivables from policyholders are usually impaired on a collective basis. Individual impairment is mostly applied to specific receivables from agents and brokers and from insurance companies.

9.7.3 Analysis of individually impaired receivables

	Gross		Individual Impairment		Net	
	2015	2014	2015	2014	2015	2014
as of 31.12.						
in CHF million						
Due from policyholders	3.6	1.4	3.6	1.4	-	-
Due from agents and brokers	13.9	17.9	13.1	17.5	0.8	0.4
Due from insurance companies	1.6	2.7	1.4	1.3	0.2	1.4
Total	19.1	22.0	18.1	20.2	1.0	1.8

9.8 Financial liabilities from insurance business

as of 31.12. in CHF million	Book value		Acquisition cost / amortised cost		Fair value	
	2015	2014	2015	2014	2015	2014
Financial liabilities at amortised cost						
Deposit liabilities for credited policyholder profit participation	771.3	801.7	771.3	801.7	771.3	801.7
Deposit liabilities from reinsurance contracts	74.6	93.9	74.6	93.9	74.6	93.9
Total financial liabilities at amortised cost	845.9	895.6	845.9	895.6	845.9	895.6
Financial liabilities at fair value						
Deposits for investment contracts	1 063.1	1 344.7	1 063.1	1 344.7	1 063.1	1 344.7
Total financial liabilities at fair value	1 063.1	1 344.7	1 063.1	1 344.7	1 063.1	1 344.7
Total financial liabilities from insurance business	1 909.0	2 240.3	1 909.0	2 240.3	1 909.0	2 240.3

Deposit liabilities for credited policyholder profit participation

Deposit liabilities for credited policyholder profit participation include interest-bearing credit balances already contractually allocated to the holders of individual life insurance policies and policyholder dividends from group life insurance business that are either available early or only when the insurance benefits fall due, depending on the applicable insurance terms and conditions.

Deposit liabilities from reinsurance contracts

Deposit liabilities from reinsurance contracts consist of reserves for unearned premiums, future loss payments and actuarial reserves for direct (ceded) and indirect (retroceded) business.

Deposits for investment contracts

Deposits for investment contracts come from insurance contracts without significant insurance technical risk and without discretionary participation features. With these contracts, the policyholder participates directly in the performance of an external fund or external index. The change in fair value is solely due to changes in the performance of the underlying investment fund or index.

Amounts paid into or from these deposits do not affect revenues and are not recorded in the income statement, but are offset against the deposit. The features of these products are very similar to those of insurance contracts, apart from the fact that there is hardly any insurance technical risk. Insurance conditions and risks are described in section 16 (from page 189).

The income earned from the management of deposits for investment contracts is included in "Other income" and amounted to CHF 3.4 million in the reporting year (previous year: CHF 7.0 million).

10. Income taxes

10.1 Current and deferred income taxes

	2015	2014
in CHF million		
Current tax	93.4	49.7
Deferred tax	-6.9	20.3
Total income taxes	86.5	70.0

10.2 Change in deferred tax assets and liabilities (net)

	2015	2014
in CHF million		
Balance as of 1 January	854.9	532.4
Change in the scope of consolidation	1.0	176.1
Deferred taxes recognised in equity	-75.7	129.9
Deferred taxes recognised in the income statement	-6.9	20.3
Foreign currency translation differences	-13.1	-2.0
Reclassification	0.0	-1.8
Balance as of 31 December	760.2	854.9

10.3 Expected and actual income taxes

	2015	2014
in CHF million		
Expected income taxes	83.8	83.8
Increase / reduction in taxes resulting from:		
tax-exempt income or income taxed at a reduced rate	-21.2	-13.7
non-deductible expenses	13.4	13.2
Change in tax rates	5.3	0.1
Tax elements related to other periods	0.3	-7.3
Effect of losses	0.4	-4.7
Other	4.5	-1.4
Actual income taxes	86.5	70.0

The expected tax rate applicable to the Helvetia Group was 21.2% for 2015 (previous year: 18.1%). This rate is derived from the weighted average of expected tax rates in the individual countries where the Group operates.

The reason for the increase in the weighted average tax rate lies in the geographical allocation of the gains on the one hand, and the different tax rates that apply in the individual territories on the other.

10.4 Tax on expenses and income recognised directly in equity

	before tax		deferred taxes		after tax	
	2015	2014	2015	2014	2015	2014
in CHF million						
May be reclassified to income						
Change in unrealised gains and losses on investments	-370.1	1 669.5	-9.5	-415.5	-379.6	1 254.0
Share of associates' net profit recognised directly in equity	1.0	-0.5	-0.1	0.1	0.9	-0.4
Change from net investment hedge	28.2	-35.7	-	-	28.2	-35.7
Foreign currency translation differences	-166.2	16.8	0.8	-0.8	-165.4	16.0
Change in liabilities for contracts with participation features	161.8	-989.0	64.5	244.3	226.3	-744.7
Total that may be reclassified to income	-345.3	661.1	55.7	-171.9	-289.6	489.2
Will not be reclassified to income						
Revaluation from reclassification of property and equipment	-0.5	7.5	0.8	-2.0	0.3	5.5
Revaluation of benefit obligations	-157.7	-213.9	32.1	53.4	-125.6	-160.5
Change in liabilities for contracts with participation features	20.4	35.1	-4.0	-8.2	16.4	26.9
Total that will not be reclassified to income	-137.8	-171.3	28.9	43.2	-108.9	-128.1
Total other comprehensive income	-483.1	489.8	84.6	-128.7	-398.5	361.1

10.5 Deferred tax assets and liabilities

as of 31.12.	Notes	Tax assets		Tax liabilities	
		2015	2014	2015	2014
in CHF million					
Unearned premium reserve		41.8	62.5	2.2	1.3
Loss reserves		17.0	49.0	217.6	203.2
Actuarial reserves		6.7	20.5	76.2	53.5
Provision for future policyholder participation		296.9	319.1	12.1	2.6
Investments		96.6	109.8	966.5	1 071.6
Deferred acquisition costs		5.1	6.0	46.6	72.9
Property, equipment and intangible assets		4.3	5.7	83.0	112.1
Financial liabilities		77.3	49.8	142.1	136.9
Non-technical provisions		0.9	1.4	19.4	40.4
Employee benefits		138.4	107.5	1.3	1.6
Tax assets from losses carried forward	10.6.1	13.7	24.7	-	-
Other		177.4	169.4	69.3	84.2
Deferred taxes (gross)		876.1	925.4	1 636.3	1 780.3
Offset		-848.1	-902.1	-848.1	-902.1
Deferred taxes (net)		28.0	23.3	788.2	878.2

Valuation differences on shares in subsidiaries of CHF 3,732.8 million (previous year: CHF 4,478.2 million) did not lead to the recognition of deferred tax liabilities, as either a reversal of the differences through realisation (dividend payment or sale of subsidiaries) is unlikely in the near future, or the gains are not subject to taxation.

10.6 Losses carried forward

10.6.1 Net tax assets from losses carried forward

as of 31.12. in CHF million	2015	2014
Expire within 1 year	–	–
Expire between 2 and 3 years	–	–
Expire between 4 and 7 years	–	–
Without expiration	46.6	81.7
Total recognised losses carried forward	46.6	81.7
Resulting tax assets	13.7	24.7
Net tax assets from losses carried forward	13.7	24.7

10.6.2 Losses carried forward without tax assets recognised

As of 31 December 2015, tax assets were not recognised on losses carried forward of CHF 108.5 million (previous year: CHF 174.0 million), as the related tax benefits are unlikely to be realised through the current earnings situation of the relevant companies. These loss carryforwards do not have an expiry date. The tax rates applicable to material loss carryforwards for which no tax assets were recognised range between 30.0% and 34.4% (previous year: 28.0% to 34.4%).

11. Equity

11.1 Share capital and treasury shares

The fully paid up registered shares of Helvetia Holding AG have a par value of CHF 0.10 (previous year: CHF 0.10).

The purchase of Helvetia Holding AG registered shares is not subject to any restrictions. Shareholders who purchase the shares in their own name and on their own behalf are entered in the share register with voting rights for a maximum of 5% of the issued registered shares. Individuals who do not explicitly certify in the registration application that they acquired the shares on their own behalf are entered in the share register for a maximum of 3%.

At the Extraordinary Shareholders' Meeting on 17 September 2014, the shareholders of Helvetia Holding AG approved the establishment of approved share capital (required for the takeover of Nationale Suisse) with a par value of up to CHF 130,000 excluding the subscription rights of the previous shareholders. Within the scope of the public purchase and exchange offer, these additional maximum 1.3 million shares (up to 15% of shares issued) were offered to the shareholders of Nationale Suisse in exchange for their shares. On 20 October 2014, a share capital increase of CHF 123,665.60 was carried out by issuing 1,236,656 new shares. On 25 February 2015, a further share capital increase of CHF 5,560.60 was carried out by issuing 55,606 new shares.

The treasury stock increased by 21,663 shares in the reporting year. Therefore the number of treasury shares is now 47,951. The treasury shares that were granted to Helvetia Group employees at favourable terms under the Helvetia employee share purchase plan did not come from the company's own stock but were acquired on the market. This resulted in a loss of CHF 1.1 million (previous year: CHF 0.9 million), which was charged to the capital reserve without affecting profit or loss. This amount represents the difference between the market purchase price and the reduced price for employees.

In the reporting year, Patria Genossenschaft paid CHF 45.0 million into the bonus reserves of Helvetia Schweizerische Lebensversicherungsgesellschaft AG (previous year: CHF 45.0 million). This was credited to equity without affecting profit or loss and allocated in total to "Provision for future policyholder participation" under liabilities in accordance with its objective.

	Number of shares	Share capital in CHF million
Share capital		
As of 1.1.2014	8 652 875	0.9
As of 31.12.2014	9 889 531	1.0
As of 31.12.2015	9 945 137	1.0
Treasury shares		
As of 1.1.2014	44 255	0.0
As of 31.12.2014	26 288	0.0
As of 31.12.2015	47 951	0.0
Shares outstanding		
As of 1.1.2014	8 608 620	0.9
As of 31.12.2014	9 863 243	1.0
As of 31.12.2015	9 897 186	1.0

11.2 Reserves

11.2.1 Capital reserves

The capital reserve consists of assets paid in by third parties. The capital reserve primarily comprises the share premium of shares issued by Helvetia Holding AG and the preferred securities of Helvetia Group as well as the result from treasury share transactions.

11.2.2 Retained earnings

Accumulated non-distributed earnings of Helvetia Group are recognised in the balance sheet as "Retained earnings". Besides freely disposable funds, retained earnings also comprise the revaluation of benefit obligations and statutory reserves and reserves bound by the articles of incorporation which are sustained by the profit for the year and subject to restrictions on distributions.

11.2.3 Reserve for foreign currency translation differences

The reserve for "Foreign currency translation differences" results from the translation of financial statements prepared in foreign currency into the Group's reporting currency (Swiss franc) as well as the effective portion of the net investment hedge for foreign exchange gains and losses on investments in subsidiaries with a foreign reporting currency.

11.2.4 Reserve for unrealised gains and losses

The reserve for "Unrealised gains and losses" includes fair value changes of available-for-sale investments (AFS), the portion of unrealised gains and losses of associates, as well as value changes resulting from the transfer of owner-occupied property.

The reserve is adjusted at the reporting date by the portion relating to contracts with participation features and deferred taxes. The portion reserved for the owners of contracts with participation features is transferred to "Liabilities". This item plus foreign exchange influences amounts to CHF – 161.8 million (previous year: CHF 989.0 million). The remaining portion regarding contracts is allocated to the "Valuation reserve for contracts with participation features in equity" (see section 11.2.5, page 176).

In the reporting year, as in the previous year, no transfer was made to retained earnings as a consequence of disposals of owner-occupied properties transferred to investment property.

Change in unrealised gains and losses in equity

in CHF million

Balance as of 1 January

Fair value revaluation incl. foreign currency translation differences

Revaluation from reclassification of property and equipment

Gains reclassified to the retained earnings due to disposals

Gains reclassified to the income statement due to disposals

Losses reclassified to the income statement due to disposals

Impairment losses reclassified to the income statement

Balance as of 31 December

less:

Obligations for contracts with participation features in "Liabilities"

Valuation reserves for contracts with participation features in "Equity" (gross)

Minority interests

Deferred taxes on remaining portion

Unrealised gains and losses (net) as of 31 December

Development of retained earnings

	2015	2014
in CHF million		
Balance as of 1 January	2 997.6	2 939.0
Profit or loss for the period	272.1	342.7
Revaluation of benefit obligations	-116.5	-172.3
Change in liabilities for contracts with participation features	20.4	35.1
Deferred taxes	19.4	36.3
Comprehensive income	195.4	241.8
Transfer from / to retained earnings	-20.5	-10.8
Change in minority interests	0.6	-22.3
Dividends	-178.4	-150.1
Total retained earnings as of 31 December	2 994.7	2 997.6

Notes	Available-for-sale investments		Associates		Transfer of owner-occupied property		Total unrealised gains and losses	
	2015	2014	2015	2014	2015	2014	2015	2014
	2 475.4	805.9	-0.5	-	22.7	15.2	2 497.6	821.1
	-25.2	1 781.2	1.0	-0.5	-1.3	-0.1	-25.5	1 780.6
	-	-	-	-	0.8	7.6	0.8	7.6
	-	-	-	-	-	-	-	-
	-357.8	-116.0	-	-	-	-	-357.8	-116.0
	2.3	2.2	-	-	-	-	2.3	2.2
	10.6	2.1	-	-	-	-	10.6	2.1
	2 105.3	2 475.4	0.5	-0.5	22.2	22.7	2 128.0	2 497.6
							-1 182.9	-1 344.7
11.2.5							-639.9	-718.0
							-1.9	-6.3
							-71.3	-106.9
							232.0	321.7

11.2.5 Valuation reserve for contracts with participation features

Surpluses from insurance and investment contracts beyond the country-defined “legal quotas” are recognised in the valuation reserve for contracts with participation features. These arise because the policyholder also participates in valuation differences that result from the differences between local and IFRS accounting.

The valuation reserve for contracts with participation features comprises the share of unrealised gains and losses on investments relating to contracts with profit participation recognised directly in equity, and the portion from retained earnings arising from valuation differences. The use of the reserves is at the insurer’s discretion (see section 2.16.2, from page 123).

Development of valuation reserve for contracts with participation features

	2015	2014
in CHF million		
Unrealised gains and losses on contracts with participation features		
Balance as of 1 January	718.0	215.9
Change in unrealised gains and losses	-70.6	503.3
Foreign currency translation differences	-10.8	-1.2
Reclassifications	3.3	-
Balance as of 31 December	639.9	718.0
less:		
Deferred taxes	-145.3	-164.3
Unrealised gains and losses as of 31 December	494.6	553.7
Retained earnings on contracts with participation features		
Balance as of 1 January	707.4	696.6
Change in the scope of consolidation	11.8	-5.0
Share of profit for the year	35.6	49.0
Revaluation of benefit obligations	-41.4	-41.6
Deferred taxes on revaluation of benefit obligations	8.7	8.8
Foreign currency translation differences	0.1	0.0
Reclassifications	-1.0	-0.4
Retained earnings as of 31 December	721.2	707.4
Valuation reserves for contracts with participation features as of 31 December		
	1 215.8	1 261.1

Reclassification of retained earnings on contracts with discretionary participation features is required under local regulations for the appropriation of profit in Italy. The amounts are transferred to retained earnings.

11.3 Preferred securities

In 2015, on the first call date Helvetia repaid a subordinated perpetual bond issued in 2010 for CHF 300 million paying interest at 4.75% as of the first proper termination date. The bond was classified as equity.

To refinance this bond, Helvetia Schweizerische Versicherungsgesellschaft AG issued a subordinated perpetual bond of CHF 300 million in 2015. This bond will pay interest at 3.00% per year until 2022. The interest, as with the previous bond, is recognised directly as charge to equity. Helvetia can suspend interest payments at its discretion only when Helvetia Holding does not pay any dividends and if certain other conditions are fulfilled. However, the suspended interest payments do not lapse. This bond meets all solvency requirements and is allocated to equity.

The first call date on which Helvetia has the right, but not the obligation, to repay the bond is 23 October 2022. After this date, the interest rate will be set for five years at a time based on the five-year CHF swap rate and the initial margin of 302.5 basis points.

In 2014, Helvetia Schweizerische Versicherungsgesellschaft AG issued a subordinated perpetual bond for CHF 400 million. This bond meets all solvency requirements and is classified as equity.

The bond will pay an annual interest of 3.50% until 2020. The interest is recognised directly in equity. Helvetia can suspend interest payments at its discretion, provided that Helvetia Holding does not pay any dividends and certain other conditions are fulfilled. However, the suspended interest payments do not lapse.

The first call date on which Helvetia has the right, but not the obligation, to repay the bond is 17 April 2020. After this date, the interest rate will be set for five years at a time based on the five-year CHF swap rate, plus 322.05 basis points.

11.4 Deferred taxes recognised directly in equity

Deferred taxes recognised directly in equity arise from valuation differences that primarily result from the fair value valuation of AFS financial assets and value changes related to the transfer of property and the revaluation of benefit obligations. On the reporting date, they amounted to a total of CHF 136.4 million (previous year: CHF 220.2 million).

11.5 Earnings per share

Basic earnings per share (EPS) are calculated on the weighted average number of shares outstanding of Helvetia Holding AG and the portion of the Group's profit for the year attributable to shareholders plus the interest on the preferred securities recognised directly in equity. Diluted earnings for both reporting periods correspond to the basic earnings, as no convertible instruments or options that could have a dilutive effect are outstanding.

Earnings per share for the period

	2015	2014
in CHF		
Profit or loss for the period	309 466 934	393 309 398
Interest on preferred securities	-21 535 625	-11 210 625
Earnings per share incl. minority interests	287 931 309	382 098 773
Minority interests	-1 742 377	-1 596 406
Earnings per share without minority interests	286 188 932	380 502 367
Weighted average number of shares outstanding	9 875 077	8 853 822
Earnings per share	28.98	42.98

11.6 Dividends

The Board of Directors will submit a proposal to the Shareholders' Meeting of 22 April 2016 to pay a dividend per share of CHF 19.00 (previous year: CHF 18.00) with the total payout amounting to CHF 189.00 million (previous year: CHF 179.00 million). The proposed dividend will not be distributed before it has been approved by the Ordinary Shareholders' Meeting. The dividend distribution is only recognised when approved by the Shareholders' Meeting.

Helvetia Holding AG and its subsidiaries are subject to a range of restrictions under company law and supervisory regulations with regard to the dividends that may be distributed to the parent company, i.e. the owner.

Helvetia Group is required to report to the Swiss Financial Market Supervisory Authority (FINMA) in Switzerland. FINMA also acts as the European Group Supervisor of Helvetia Group. The Group is also subject to supervisory requirements in the form of minimum solvency margins, compliance with which can lead to restrictions with regard to the dividends of Helvetia Holding AG.

11.7 Capital management

Helvetia Group is subject to minimum supervisory requirements to ensure that it has sufficient risk-based capital to finance its obligations. These capital adequacy requirements have been implemented to protect the policyholders. These requirements are supplemented by internal capital adequacy guidelines.

The supervisory authority's capital adequacy requirement for Helvetia Group is calculated in accordance with the rules of the Swiss Solvency Test. In addition, the capital adequacy requirements of Solvency I must be observed until the middle of the reporting period. Solvency I ceased to be valid with the entry into force of the partially revised Supervision Ordinance (AVO) on 1 July 2015, and its capital adequacy requirements will no longer apply to Helvetia Group in future.

For the Swiss Solvency Test, the available capital is calculated on the basis of the IFRS equity. Taking account of the market value of the assets and liabilities, additional valuation components are added or deducted from the available capital.

The calculation of the capital adequacy requirement in accordance with the Swiss Solvency Test is risk-based. To this end, the effects of risks on the risk-bearing capital are determined by means of scenario simulations and statistical methods, and quantified taking into consideration dependencies and diversification effects in the form of a risk-based capital requirement.

Helvetia Group's capital management strategy is unchanged from the prior year and focuses on the following objectives:

- Ensuring compliance with regulatory capital requirements at all times;
- Securing the capital required to underwrite new business;
- Optimising the earning power of its equity;
- Supporting the planned strategic growth;
- Optimising the Group's financial flexibility.

These objectives are kept in balance by taking account of risk capacity and cost benefit arguments. Helvetia Group applies an integrated approach to capital management. Based on the IFRS equity, the capital is managed integrally on the basis of an internally defined capitalisation target under the Swiss Solvency Test and the rating, and is brought into line with the corporate strategy with the help of multi-year capital plans. The capitalisation of the individual legal entities of Helvetia Group is also monitored closely and optimised according to internally defined threshold values.

Helvetia Group met all capital adequacy requirements on 31 December 2015.

12. Provisions and other commitments

12.1 Other non-technical provisions

	2015	2014
in CHF million		
Balance as of 1 January	168.3	86.1
Change in the scope of consolidation	-14.9	36.4
Allocation	100.0	92.6
Release	-59.1	-16.5
Used amounts	-35.8	-29.4
Foreign currency translation differences	-5.7	-0.9
Balance as of 31 December	152.8	168.3

"Non-technical provisions" primarily consists of provisions for liabilities resulting from official regulation, provisions arising from other tax obligations, provisions for restructuring expenses and liabilities due to agents. The share of provisions classified as current is CHF 149.1 million (previous year: CHF 160.3 million).

12.2 Contingent liabilities and other commitments

The following contingent liabilities are not recognised in the balance sheet:

Capital commitments

At the reporting date, there were financial commitments for the future acquisition of financial investments and fixed assets in the amount of CHF 74.0 million (previous year: CHF 30.4 million).

Assets pledged or assigned

The Helvetia Group has pledged assets of CHF 48.5 million as security for liabilities (previous year: CHF 90.6 million). These relate to financial assets and other assets pledged to cover liabilities arising from the insurance business.

Operating lease liabilities

The Helvetia Group is a lessee in a number of operating leases. As a result, future lease liabilities will amount to CHF 5.5 million (previous year: CHF 7.7 million) due in less than one year, CHF 25.5 million (previous year: CHF 24.6 million) due between one and five years, and CHF 0.9 million (previous year: CHF 6.5 million) due in more than five years.

Legal proceedings

The Group is involved in various legal proceedings, claims and litigation that are mostly related to its insurance operations. However, Group management is not aware of any case that could materially impact the Group's asset, financial and income situation.

Other contingent liabilities

At the reporting date, CHF 23.5 million (previous year: CHF 18.5 million) were recognised for other contingent liabilities.

13. Employee benefits

The Helvetia Group had 6,675 employees as at 31 December 2015 (previous year: 7,012). Total personnel costs are shown in the table below.

13.1 Personnel costs

	Note	2015	2014
in CHF million			
Commissions		154.9	125.0
Salaries		520.4	430.1
Social security costs		104.7	89.0
Pension costs – defined contribution plans		5.0	5.4
Pension costs – defined benefit plans	13.3.4	62.1	59.7
Other long-term employee benefit expenses		3.8	1.2
Termination benefits		6.4	2.5
Share-based payment transaction costs		4.3	2.0
Other personnel costs		31.4	17.3
Total personnel costs		893.0	732.2

13.2 Employee benefit receivables and obligations

as of 31.12.	Notes	Receivables		Liabilities	
		2015	2014	2015	2014
in CHF million					
Kind of benefit					
Defined benefit plans	13.3.1	–	–	737.8	606.8
Other long-term employee benefits		–	–	28.1	24.7
Short-term employee benefits		0.8	1.4	100.4	119.3
Total employee benefit receivables and obligations		0.8	1.4	866.3	750.8

“Other long-term employee benefits” principally contain liabilities for service awards. There are no employee contingent obligations or employee contingent receivables.

13.3 Defined benefit plans

The employees of the Helvetia Group are covered under several pension plans in Switzerland and abroad.

There are several foundations in Switzerland designed to provide benefits to employees upon retirement and in the event of disability as well as after their death to their surviving dependants in accordance with the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG). The benefits provided by the pension fund meet at least the statutory minimum required by the BVG. Contributions to the pension fund are set as a percentage of the employee's pensionable annual salary, deducted from the salary by the employer and transferred every month to the pension fund, together with the employer's contributions. In the reporting year there were no significant transactions between the pension fund and the Helvetia Group that are not directly related to employee benefits.

The Group investments included in the plan assets are set out in section 13.3.8 (page 184). There are other funded defined benefit plans in place in Germany.

In addition, unfunded defined benefit plans are in place in Germany, Austria, Italy, Spain and France. The accumulated pension obligations are recorded as pension liabilities in the balance sheet of the employer. These pension plans cover benefits for retirement, death, disability or termination of the employment contract with consideration given to local labour laws and social legislation in the individual countries. The benefits are fully financed by the employer.

The defined benefit plans include actuarial risks, particularly investment risks, longevity and interest rate risks.

The management of the pension funds is under the supervision of the respective boards of trustees. Their responsibilities are set out in the respective pension fund regulations. The pension plans are answerable to the respective local supervisory authorities. In accordance with local regulations, some of these are defined contribution plans, so the benefits do not depend on the final salary. Nevertheless, these plans are also deemed to be defined benefit plans under IFRS, as in cases in which the plan assets no longer cover the pension obligations in accordance with local accounting standards – a so-called funding deficiency of an employee pension plan – restructuring contributions may be levied from the employer.

The merger of the Employee Benefits Fund of Nationale Suisse with the Pension Fund of Helvetia Insurance is planned for 1 January 2016. The regulations are being harmonised to ensure that all pensioners of the merged pension funds receive the same treatment. This resulted in a reduction in the pension costs of CHF 23.9 million in the reporting year.

13.3.1 Reconciliation of balance sheet

as of 31.12. in CHF million	2015	2014
Present value of funded obligations (+)	3 144.6	3 090.8
Fair value of plan assets	-2 573.8	-2 672.9
Surplus (-) / deficit (+)	570.8	417.9
Present value of unfunded obligations (+)	158.7	178.4
Unrecognised assets (asset ceiling)	8.3	10.5
Net liability¹ for defined benefit plans	737.8	606.8

¹ The "Net liabilities" position does not contain any reimbursement rights.

13.3.2 Movement in the defined benefit obligation

	2015	2014
in CHF million		
Defined benefit obligation as of 1 January	3 269.2	1 822.6
Change in the scope of consolidation	0.0	1 112.9
Service cost	111.7	77.0
Interest cost	41.5	48.4
Actuarial gains (-)/losses (+)		
– demographic assumptions	0.4	0.0
– financial assumptions	182.1	325.5
– experience adjustments	-39.7	-11.4
Benefits (net)	-200.4	-93.7
Past service cost	-23.9	-
Settlements	-2.6	-6.4
Foreign currency translation differences	-35.0	-5.7
Defined benefit obligation as of 31 December	3 303.3	3 269.2

As at 31 December 2015, 90% of the pension obligations resulted from defined benefit plans in Switzerland.

13.3.3 Movement in the fair value of plan assets

	2015	2014
in CHF million		
Fair value of plan assets as of 1 January	2 672.9	1 581.0
Change in the scope of consolidation	-	973.0
Employer contributions	58.2	39.3
Employee contributions	36.1	26.5
Interest income	31.1	39.2
Benefits (net) ¹	-192.7	-84.8
Settlements	-2.6	-
Return on plan assets excluding interest income	-26.9	99.1
Foreign currency translation differences	-2.3	-0.4
Fair value of plan assets as of 31 December	2 573.8	2 672.9

¹ This item includes paid-in and withdrawn vested benefits as well as pensions and annuities.

As at 31 December 2015, 99.2% of the plan assets related to defined benefit plans in Switzerland.

13.3.4 Net pension costs

	2015	2014
in CHF million		
Current service cost	111.7	77.0
Past service cost	-23.9	-
Net interest expense	10.4	9.2
Employee contributions	-36.1	-26.5
Net pension costs for defined benefit plans	62.1	59.7

Expenses for defined benefit plans are recognised in the income statement under "Operating and administrative expenses". Expected employer contributions toward defined benefit plans for the next year amount to CHF 55.4 million.

13.3.5 Revaluation of benefit obligations

	2015	2014
in CHF million		
Actuarial gains (+)/losses (-)	142.8	314.1
Return on plan assets excluding interest income	26.9	-99.1
Limit on assets (asset ceiling)	-2.3	0.1
Revaluation of benefit obligations	167.4	215.1

Revaluations of benefit obligations are recognised in the consolidated statement of comprehensive income.

13.3.6 Actuarial assumptions

	Switzerland		Abroad	
	2015	2014	2015	2014
Weighted averages				
in %				
Discount rate	0.7	1.2	2.3	2.2
Expected salary increases	1.0	1.0	2.8	2.6
Expected pension increases	0.0	0.0	1.8	1.7
Duration of the defined benefit liability (in years)	15.3	14.9	17.8	17.9

13.3.7 Sensitivity analysis

The sensitivity analysis takes into account the change to benefit obligations and the current service cost when there is a change of 50 basis points to the actuarial assumptions. Only one parameter is adjusted in each case, the other assumptions remain unchanged.

as of 31.12.2015	Change	Effect on benefit obligations	Effect on service cost
in CHF million			
Discount rate	+ 50 bp	-238.1	-7.5
Discount rate	- 50 bp	270.2	8.9
Salary increases	+ 50 bp	32.2	0.7
Salary increases	- 50 bp	-31.5	-0.7
Pensions	+ 50 bp	194.8	1.0
Pensions	- 50 bp	-145.0	-0.4

13.3.8 Plan asset allocation

As far as investment policy and strategy are concerned, employee benefit plans in Switzerland focus on total returns. The strategic goal is to optimise rates of return on plan assets, benefit costs and the funding ratio of benefit plans with a diversified mix of shares, bonds, real estate and other investments.

Expected long-term rates of return on plan assets are based on long-term expected interest rates and risk premiums and on the target plan asset allocation. These estimates are based on historical rates of return for individual asset classes and are made by specialists in the field and pension actuaries.

Actual plan asset allocation depends on the current economic and market situation and fluctuates within pre-determined ranges. Alternative investments, such as hedge funds, are used to improve long-term rates of return and portfolio diversification.

The investment risk is monitored through the periodic review of assets and liabilities as well as quarterly reviews of the investment portfolio.

The plan assets largely consist of the following financial assets:

	2015	2014
in CHF million		
Interest-bearing securities		
– listed	1 149.3	1 195.3
– unlisted	9.8	17.2
Shares		
– listed	404.6	367.4
Investment funds		
– listed	392.5	410.3
– unlisted	–	48.6
Alternative investments		
– listed	0.0	0.1
– unlisted	–	5.7
Derivative financial assets		
– listed	0.7	1.5
– unlisted	–	–8.2
Investment property	570.5	580.5
Cash and cash equivalents	26.1	28.5
Other plan assets	20.3	26.0
Total plan assets	2 573.8	2 672.9

As at 31 December 2015, plan assets include shares issued by Helvetia Holding AG with a fair value of CHF 105.7 million (previous year: CHF 89.7 million). Plan assets do not include any of the Group's owner-occupied properties.

14. Share-based payments

14.1 Employees of the Helvetia Group in Switzerland

The Helvetia employee share purchase plan enables employees to acquire registered Helvetia Holding AG shares. With this plan, employees can directly and voluntarily participate in the added value created by the Group at preferential conditions. All employees of Helvetia in Switzerland are eligible if they are in regular employment (not on notice) and entitled to variable compensation. The number of available shares is specified by the Board of Directors, taking account of the functions of the employees concerned. All shares acquired in this manner are transferred to the ownership of the employee upon receipt and are subject to a mandatory vesting period of three years. The costs associated with the share purchase plan in 2015 were recognised in the income statement at CHF 1.1 million (previous year: CHF 0.9 million).

14.2 Members of the Board of Directors

The variable component of the salary which is dependent on the business results is calculated for the members of the Board of Directors on the basis of the extent of target achievement multiplied by a reference figure of 30% of the basic salary which is converted into shares. As part of a long-term compensation concept (LTC) for the Board of Directors and the Group and Switzerland Executive Management teams, shares are allocated as a deferred payment after three years. The extent of target achievement used to calculate the LTC for all members of the Executive Management and Board of Directors is based on four criteria: profit, growth, shareholder value and risk-adjusted return. The relevant figure for converting the salary component into a specific number of deferred shares is the average of the stock exchange prices for the Helvetia Holding share for five consecutive trading days from the day on which the business result is announced. A variable payment of CHF 0.4 million was calculated for the Board of Directors for the 2015 financial year (previous year: CHF 0.4 million). This is subject to approval by the Shareholders' Meeting. This amount represents 680 shares at a price of CHF 547.00 on the reference date of 7 March 2016. This payment is recognised proportionally in the income statement every year until ownership of the shares is transferred and amounted to CHF 0.1 million for 2015 (previous year: CHF 0.3 million).

14.3 Members of the Executive Management of the Group and Switzerland

The Board of Directors determines the extent of target achievement for the long-term compensation component (LTC). The reference figure, which is multiplied by the extent of target achievement, is a percentage of up to 40% of the fixed salary component. The LTC is converted into a specific number of shares that are allocated to the Executive Management member as a deferred payment after three years. The conversion price per share is calculated as described in section 14.2. For the 2015 financial year, LTC shares to the value of CHF 2.1 million were allocated (previous year: CHF 1.9 million). For the Executive Management of the Group this is subject to approval by the Shareholders' Meeting. This amount represents 3,847 shares at a price of CHF 547.00 on the reference date of 7 March 2016 (previous year: 3,856 shares at CHF 480.50). This payment is recognised proportionally in the income statement every year until ownership of the shares is transferred and amounted to CHF 0.6 million for 2015 (previous year: CHF 1.4 million).

14.4 Members of the Executive Management teams of the foreign subsidiaries

The members of the Executive Management teams of the foreign subsidiaries receive a variable salary component which is calculated by multiplying the extent of target achievement by a reference figure equalling 10% of the basic salary. This results-based component is paid out in full in the form of shares without any option. The conversion price per share is calculated as described in section 14.2. All shares acquired in this manner are transferred to the ownership of the Executive Management member upon receipt and are subject to a mandatory vesting period of three years. The share-based payments for the 2015 financial year amounted to CHF 0.5 million (previous year: CHF 0.4 million).

15. Related party transactions

This section sets out the links to related companies and persons.

15.1 Transactions with related companies

“Related companies” are the cooperation partners represented in the shareholder pool and on the Board of Directors of Helvetia Group, i.e. Patria Genossenschaft, Vontobel Beteiligungen AG and Raiffeisen Switzerland as well as the pension funds and all associates of Helvetia Group. The latter two are discussed in section 13.3 “Defined benefit plans” (page 181) and section 7.4 “Investments in associates” (page 150).

The shareholder pool with a combined equity stake of 38.1 % in Helvetia Holding consists of the following shareholders:

- Patria Genossenschaft, Basel, with 30.1 %,
- Vontobel Beteiligungen AG, Zurich, with 4.0 % and
- Raiffeisen Schweiz, St Gall, with 4.0 %.

Helvetia Schweizerische Lebensversicherungsgesellschaft AG and Patria Genossenschaft have an agreement for capital support which can be renewed annually under certain conditions. Under this agreement, Patria Genossenschaft undertakes to contribute regulatory capital of up to CHF 50 million to Helvetia Schweizerische Lebensversicherungsgesellschaft AG until 30 June 2016 if certain adverse scenarios should arise. The agreement is executed at normal market conditions.

Helvetia has normal business relationships with the members of the shareholder pool in the areas of advisory services, the sale of financial and insurance services and asset management services. All transactions are executed at normal market conditions. There are no other material business relationships apart from these regular cooperation activities.

Helvetia Group does not have interlocking directorates in the boards of directors of listed companies. With the exception of Patria Genossenschaft, transactions with cooperation partners are not material for Helvetia Group, either as a single transaction or overall. The dividend payment of CHF 53.9 million (previous year: CHF 45.6 million) to Patria Genossenschaft and the contribution of CHF 45.0 million (previous year: CHF 45.0 million) by Patria Genossenschaft to Helvetia Schweizerische Lebensversicherungsgesellschaft AG were the only significant transactions in the reporting period.

15.2 Transactions with related persons

“Related persons” include the members of the Board of Directors and Executive Management of Helvetia Group as well as their close family members (partners and financially dependent children).

15.2.1 Compensation

Board members and the Group Executive Management or persons closely related to them do not have any significant personal business relationships with Helvetia Group and also did not bill the Group for any relevant fees or remuneration relating to additional services.

The total compensation paid to the members of the Board of Directors and the Group Executive Management comprises:

as of 31.12. in CHF	2015	2014
Salaries and other short-term employee benefits	7 857 854	7 490 860
Prospective share-based payment (LTC) ¹	1 813 301	1 645 136
Employer contributions to pension funds	1 372 060	1 425 357
Total compensation	11 043 215	10 561 353

¹ Subject to approval by the Shareholders' Meeting.

15.2.2 Insurance contracts, loans, guarantees

Members of the Group Executive Management may conclude insurance contracts, loans and other services under the terms and conditions currently in effect for employees.

At the reporting date a mortgage loan had been granted to Philipp Gmür for CHF 1,000,000 (previous year: CHF 1,000,000). In the reporting year the loan, a fixed mortgage at employee conditions, earned interest at 1.65 % (previous year: 1.65 %).

A new mortgage loan was granted to David Ribeaud for CHF 595,000. In the reporting year the loan, a fixed mortgage at employee conditions, earned interest at 0.89 %.

Members of the Board of Directors have no claim to employee conditions. At the reporting date a mortgage loan had been granted to Jean-René Fournier for CHF 765,000 (previous year: CHF 765,000). In the reporting year the loan, a fixed mortgage at normal customer conditions, earned interest at 2 % (previous year: 2 %).

There are no other insurance agreements, loans or guarantees.

15.2.3 Shares of Group Executive Management

The shares held by the members of the Board of Directors and persons closely related to them as of the end of the year are listed in the following table:

as of 31.12.	2015	2014
Number of shares		
Stefan Loacker	1 020	1 000
Markus Gemperle	1 175	955
Philipp Gmür	2 158	1 622
Ralph-Thomas Honegger	1 122	1 120
Paul Norton	822	580
David Ribeaud ¹	150	–
Wolfram Wrabetz ¹	–	300
Total	6 447	5 577

¹ The composition of the Executive Management changed on 1 January 2015.

In addition to the ownership of shares as set out, the active members of the Board of Directors have deferred claims to a total of 6,296 shares acquired under the LTC programme.

15.2.4 Shares of Board of Directors

The shares held by the members of the Board of Directors and persons closely related to them as of the end of the year are listed in the following table.

as of 31.12.	2015	2014
Number of shares		
Pierin Vincenz (Chairman)	2 319	2 265
Doris Russi Schurter (Vice-Chairwoman)	790	784
Hans Künzle (Vice-Chairman) ¹	800	–
Hans-Jürg Bernet (member)	1 212	1 168
Jean-René Fournier (member)	56	20
Patrick Gisel (member) ²	50	–
Paola Ghillani (member) ¹	–	20
Balz Hösly (member)	10	10
Peter Kaemmerer (member)	10	10
Christoph Lechner (member)	482	428
John Martin Manser (member)	714	660
Gabriela Maria Payer (member)	140	40
Herbert J. Scheidt (member)	386	350
Andreas von Planta (member)	660	660
Total	7 629	6 415

¹ The composition of the Board of Directors changed on 1 January 2015.

² Joined the Helvetia Board of Directors as of 1 October 2015.

In addition to the ownership of shares as set out here, the active members of the Board of Directors have deferred claims to a total of 1,056 shares acquired under the LTC programme.

16. Risk management

16.1 Principles of risk management

The integrated risk management of Helvetia Group must continuously guarantee that all material risks can be identified, collected, evaluated and controlled in good time and managed and monitored appropriately. The risks are managed in accordance with the requirements of the relevant stakeholders, upon which the concepts and methods of risk identification, management and analysis are also based.

16.1.1 Risk management organisation

The Board of Directors of Helvetia Holding AG and the Group Executive Management are the supreme risk owners of Helvetia Group. The Board of Directors of Helvetia Holding AG is responsible for establishing and maintaining appropriate internal controls and the risk management organisation of Helvetia Group. It is the Board's responsibility in particular to:

- set risk policy principles that support the development of risk awareness and a risk and control culture in the Group companies;
- define a risk strategy / partial risk strategies that cover the risk management objectives of all essential business activities and are aligned with the business strategy of Helvetia Group;
- set risk tolerance limits and monitor the risk profile of the Group and the individual business units;
- ensure the implementation and application of a comprehensive risk management approach, including an internal control system, that guarantees the efficient allocation of risk capital and systematic control of risks by Group Executive Management;
- ensure appropriate monitoring of the effectiveness of internal control systems by Group Executive Management.

Within the stipulated parameters, the Board of Directors delegates operational aspects of risk management. For example, the monitoring of the Group's risk profile and in particular the monitoring of the market, liquidity, counterparty and technical risks are delegated to the Investment and Risk Committee (IRC). The structural aspects of risk management (structure of the risk management organisation and the internal control system) and the monitoring of operational risks in particular are delegated to the Audit Committee. The strategic risks are monitored by the Strategy and Governance Committee.

Group Executive Management is responsible for implementing and complying with the strategies, business principles and risk limits defined by the Board of Directors, analysing the risk position of Helvetia Group, capital planning, defining the corresponding control measures and ensuring the necessary external transparency. The topics of risk and capital management are addressed directly in Group Executive Management meetings under the direction of the Chief Risk Officer (CRO). The Risk Committee, which is also headed by the CRO, advises Group Executive Management and coordinates, monitors and assesses the risk decisions and financing and hedging measures of all business units. Other permanent members of the Risk Committee at Group level are the Chief Financial Officer (CFO), Head of Capital Management, Head of Risk and Capital Reporting, Head of Actuarial Life, Head of Portfolio Strategy and Risk Management and Head of Group Underwriting Non-Life. Other specialists can be invited to attend a meeting when required and depending on the topic. The entire committee meets at least quarterly and it holds regular discussions at monthly meetings. The Risk and Capital

Reporting department, which reports to the CRO, ensures that there is sufficient risk and capital transparency:

- The Own Risk and Solvency Assessment (ORSA) informs Group Executive Management and the Board of Directors of the capitalisation and key risks that affect Helvetia Group (including the risk strategy and management).
- The risk and capital report published quarterly and the corresponding monthly analyses support the Risk Committee and risk owners with detailed information.

The internal audit unit, an independent in-house team reporting directly to the Chairman of the Board of Directors, monitors the course of operations and business, the internal control system and the efficiency of the risk management system of the Group. While the risk controlling functions are responsible for the ongoing monitoring of the Group's risk management system, the internal audit unit monitors the effectiveness, appropriateness and efficiency of the risk management measures at irregular intervals and identifies weaknesses.

16.1.2 Risk management process

The risk management process includes all activities related to the systematic assessment of risks at Helvetia Group. The essential components of this process include the identification, analysis and management of risks, the operational monitoring of the success of the risk management measures, the monitoring of the efficiency and appropriateness of the risk management measures, and reporting and communication. Helvetia Group distinguishes between the following types of risk that are included in the Group's risk management process: technical risks, market risks (including equity price risk, real estate price risk, interest rate risk, currency risk and long-term liquidity risk), medium- and short-term liquidity risks, counterparty risks, operational risks, strategic and emerging risks. Reputation risks are not recorded as a separate risk category; instead, their impact is accounted for under operational, strategic and emerging risks.

The market, counterparty and technical risks belong to the traditional risks of an insurance company and are consciously entered into as part of the chosen business strategy. They tie up risk capital in an operational context and can be influenced through the use of hedging instruments, product design, reinsurance cover and other risk management measures. Based on the overall risk profile it is ensured that these risks are constantly covered by the risk-bearing capital. In this regard, the amount of the capital required depends on the risk tolerance limits chosen.

Life and non-life technical risks are controlled by a number of actuarial methods, a risk-adjusted rate schedule, selective underwriting, proactive claims handling and a prudent reinsurance policy.

The market risks of Helvetia Group are controlled by means of the Asset Liability Management (ALM) process. This enables the company to manage the various impacts of market risks in an integrated manner and defines both the investment strategy and hedging policy. Among other things, the following considerations are taken into account:

- local statutory accounting policies to ensure compliance with local regulatory requirements;
- consolidated IFRS accounting policies to ensure compliance with Group-wide regulatory requirements;
- fair value approach to ensure compliance with regulatory requirements arising from the Swiss Solvency Test (SST) and Solvency II, as well as taking into account economic considerations.

Long-term liquidity risks are considered market risks and treated accordingly. Some risks arising from the lack of liquidity of the assets are, where appropriate, taken into account in market price models. Short-term liquidity risks are managed as part of the cash management process. Non-probabilistic methods are used to analyse medium-term liquidity risks.

Counterparty risks are managed via the investment and reinsurance policy and monitored on the basis of exposure analyses. Counterparty risk is minimised by investing in different counterparties with good credit ratings, who are continuously monitored and are subject to a strict limit system for managing risk clusters.

16.2 Non-life technical risks

Technical risks in non-life result from the random nature of occurrences of an insured event and the uncertainty regarding the amount of the resulting obligations. The most important non-life segments of Helvetia Group are property (including technical insurance), casualty (liability, accident, motor vehicle) and transport insurance. Motor vehicle insurance policies represent the largest proportion of casualty insurance policies. Traditionally, Helvetia Group also owns a small, active reinsurance portfolio. Since 2015, the "Specialty Markets" operating segment has included the globally active reinsurance business, the international and Swiss transport, art and technical insurance business and the France country market, which is also focused on the transport business. This segment is also responsible for the representative offices in Istanbul and Miami, the branches in Singapore and Kuala Lumpur and Helvetia Liechtenstein. In contrast, the "Switzerland" and "Europe" segments are defined geographically. The share of gross premiums per country market is as follows: Switzerland 38.0% (previous year reclassified: 27.7%), Germany 15.3% (previous year reclassified: 18.8%), Italy 13.3% (previous year reclassified: 16.9%), Spain 7.8% (previous year reclassified: 9.8%), Austria 7.7% (previous year reclassified: 7.8%). The share of the "Specialty Markets" segment is 17.9% (previous year reclassified: 18.3%) with 5.7% (previous year reclassified: 8.4%) attributable to the France country market and 6.5% (previous year reclassified: 7.0%) to active reinsurance.

Gross premiums by sector and country in the non-life business

as of 31.12.2015	Switzerland	Europe				Specialty Markets	Corporate	Total
in CHF million		Germany	Italy	Spain	Austria			
Property	559.4	269.2	99.3	124.8	104.0	164.0	–	1 320.7
Transport / Art	–	67.9	10.9	19.4	5.5	235.1	–	338.8
Motor vehicle	571.1	151.1	258.8	118.7	109.3	30.6	–	1 239.6
Liability	158.4	61.3	47.8	14.4	36.0	2.2	–	320.1
Accident / health	147.2	30.1	86.0	15.4	34.8	–	–	313.5
Active Reinsurance						243.5		243.5
Gross premiums non-life	1 436.1	579.6	502.8	292.7	289.6	675.4	–	3 776.2

as of 31.12.2014 (reclassified)	Switzerland	Europe				Specialty Markets	Corporate	Total
in CHF million		Germany	Italy	Spain	Austria			
Property	393.9	273.3	93.0	128.7	82.7	66.1	11.1	1 048.8
Transport / Art	0.0	58.5	6.4	16.3	6.6	229.0	2.4	319.2
Motor vehicle	312.8	138.0	268.7	117.5	91.2	40.1	3.0	971.3
Liability	112.6	62.6	48.5	15.5	28.6	4.9	0.3	273.0
Accident / health	11.5	31.7	90.7	17.1	24.1	–	1.8	176.9
Active Reinsurance						209.9		209.9
Gross premiums non-life	830.8	564.1	507.3	295.1	233.2	550.0	18.6	2 999.1

This table was created using principles on which the segment reporting in section 3 (from page 127) is based.

Helvetia Group's consistent focus on a portfolio that is well diversified geographically and across sectors encourages risk-balancing and reduces the risk that the cost of future covered claims arising from existing contracts will be higher than expected (prospective risks). As a result, a change in the net claims ratio of ± 5 percentage points would have a positive or negative effect of CHF 165.0 million (previous year reclassified: CHF 138.7 million) on the income statement (not taking deferred taxes into account). For claims already incurred there is a risk that the level of existing commitments exceeds expectations and the provisions established to cover future claim payments are insufficient (retrospective risks).

The Group addresses prospective and retrospective risks with actuarial controls, adequate reserves and diversification. Despite the balancing of risks through diversification, individual risk clusters (e.g. in the form of individual large risks) or risk accumulations (e.g. via cross-portfolio exposure to natural disasters) may occur. These types of potential risks are monitored throughout the Group and hedged in a coordinated manner by means of treaty reinsurance contracts. Facultative reinsurance contracts are taken out for individual large risks not covered under the treaty reinsurance contract. Compulsory reinsurance contracts are coordinated by the Group Reinsurance business unit and centrally placed in the reinsurance market. In its role as Group reinsurer, Group Reinsurance ensures that the individual primary insurance units have the appropriate treaty reinsurance protection and transfers the risks assumed, taking account of diversification, in the reinsurance market. This centralisation leads to the application of uniform Group-wide reinsurance standards, particularly in relation to the hedging level, as well as synergies in the reinsurance process. Based on the Group's risk appetite and the state of the reinsurance markets, Group reinsurance ensures efficient use of existing risk capacity at Group level and provides optimal management of the purchase of reinsurance protection.

Group-wide, the technical risks in the non-life business are dominated by natural hazards. Except in very rare cases, the reinsurance set-up reduces the claims remaining from a natural event or individual risk in the direct business at Group level to a maximum of CHF 35.0 million (previous year: CHF 25.0 million for Helvetia companies and an additional CHF 10.0 million for Nationale Suisse companies). For more information about the quality of reinsurance and claims settlement, please see sections 16.5 "Counterparty risk" (from page 209) and 9 "Insurance business" (from page 160). In 2015, 13.0% (previous year reclassified: 11.9%) of the premiums written in the non-life business were ceded to reinsurers. Of these, 76.3% were ceded to Group Reinsurance and the rest to external reinsurance companies. 40.5% of the premiums written by Group Reinsurance were retroceded.

16.2.1 Motor vehicle, liability, health / accident insurance

Helvetia Group underwrites liability insurance policies for private individuals, companies and motor vehicles. Comprehensive cover is also underwritten as part of motor vehicle insurance. The volume of accident insurance business has increased due to the merger with Nationale Suisse.

Terms and conditions, guarantees and underwriting practices

Helvetia Group controls the technical risks to which it is subjected through a risk-adjusted rate schedule, selective underwriting, proactive claims settlement and a prudent reinsurance policy. The underwriting ensures that the risks entered into meet the necessary quality criteria in terms of type, exposure, customer segment and location.

Risks arising from clusters, accumulations and trend changes

The portfolio is well diversified in Europe, with an increased concentration in Switzerland. Large risks are hedged through proportional and non-proportional contractual reinsurance.

Uncertainties in the estimation of future claim payments	A considerable amount of time may pass between the occurrence and the reporting of a claim event, in particular in the liability business. In order to cover existing liabilities that are still to be claimed by policyholders, Helvetia Group establishes incurred but not reported reserves. These are calculated using actuarial methods on the basis of many years of claims experience, taking into account current developments and existing uncertainties.
16.2.2 Property insurance	Property insurance contracts cover claims for the loss of property of the insured arising from insured risks as well as from resulting consequential damages due to operation interruptions and additional costs.
Terms and conditions, guarantees and underwriting practices	Risk is controlled by risk-oriented, selective underwriting, a risk-adjusted rate schedule, proactive claims settlement and a prudent reinsurance policy.
Risks arising from clusters, accumulations and trend changes	<p>Property insurance operations are mainly in Europe, with the exception of active reinsurance, Helvetia International and a small portion of the property insurance business of Helvetia Switzerland. Due to the merger with Nationale Suisse, Asian and Latin American markets were opened up, where specific risks concerning technical exposure are assumed (project insurance and location risks). The technical risks are geographically well diversified, and the relationship between business and residential customers in the overall portfolio is balanced. The scope of technical insurance was also expanded as a result of the Nationale Suisse merger.</p> <p>The property insurance portfolio is exposed to natural disasters such as floods, earthquakes, wind storms and hail. Large claims and man-made disasters can also lead to high claims costs. Examples of this include explosions, fire and terrorism. Helvetia Group protects itself against these catastrophe claims through selective underwriting practices and a multi-level reinsurance programme.</p>
Uncertainties in the estimation of future claim payments	For the majority of claims, settlement takes place in the year the claim is made or in the following year. In terms of large risks or in specific business lines (e.g. technical insurance), the uncertainty in estimating future claim payments is slightly higher as it can take a long time to process such claims.
16.2.3 Transport and art insurance	Helvetia Group operates the transport insurance business in France and, to a lesser extent, in Germany, Switzerland, Italy, Austria and Spain. Helvetia is mainly active in marine hull insurance and goods in transit. The risk exposure is primarily limited through local underwriting guidelines. Due to the merger with Nationale Suisse, the Group has obtained a distinctive profile in transport insurance and has further developed the goods in transport business in particular. The volume of art insurance has also increased owing to the acquisition of Nationale Suisse; however, within the context of the entire non-life business, its significance remains relatively small.
16.2.4 Active reinsurance	Active reinsurance considers itself as a “follower” and usually holds smaller parts of reinsurance contracts. This policy of small holdings, combined with broad diversification (geographically and by insurance segment), leads to a balanced reinsurance portfolio free of major risk clusters.
Terms and conditions, guarantees and underwriting practices	The small size of the active reinsurance portfolio allows for detailed tracking of customer relations and strict risk and exposure control of the underwritten business. An actuarial department specialising in reinsurance handles price and reserve calculations.

Risks arising from clusters, accumulations and trend changes

Geographically, the active reinsurance business is dominated by companies from OECD countries. There is a management information system for large claims. In addition to controlling risk exposure, cumulative risks from natural hazards are quantified, monitored and protected with retro cover.

For more information about the quality of reinsurance and claims settlement, please see sections 16.5 "Counterparty risks" (from page 209) and 9 "Insurance business" (from page 160).

16.3 Insurance technical risks life

Helvetia Group offers a comprehensive range of life insurance products. These include risk and pension solutions and are aimed at private persons (individual life) and companies (group life insurance). The risks associated with these products are presented in detail in subsequent sections. There is also a small portfolio from the active reinsurance business, which is currently in run-off and due to its size will not be discussed further in the following description. The life insurance business operates primarily in Switzerland, which accounts for 80.9% (previous year: 75.4%) of the gross premium volume in the life business of Helvetia Group. The following table shows the breakdown of gross premium income by sectors and countries. A total of 1.5% (previous year: 1.4%) of the premiums written in the life business were ceded to reinsurers in 2015. Of these, 25.7% were ceded to Group Reinsurance and the rest to external reinsurance companies. 64.0% of the premiums written by Group Reinsurance were retroceded.

Gross premiums by business activities and region in the life business

as of 31.12.2015	Switzerland		Europe			Corporate	Total
in CHF million		Germany	Italy	Spain	Austria		
Traditional individual life insurance	720.4	120.3	288.2	35.7	79.8	-	1 244.4
Group insurance	2 565.9	-	15.5	50.8	-	-	2 632.2
Investment-linked life insurance	201.7	130.3	-	36.9	65.6	-	434.5
Gross premiums life	3 488.0	250.6	303.7	123.4	145.4	-	4 311.1

as of 31.12.2014	Switzerland		Europe			Corporate	Total
in CHF million		Germany	Italy	Spain	Austria		
Traditional individual life insurance	603.6	161.3	528.1	52.7	91.9	3.3	1 440.9
Group insurance	2 650.2	-	20.6	54.0	-	-	2 724.8
Investment-linked life insurance	224.7	139.1	-	34.4	50.6	-	448.8
Gross premiums life	3 478.5	300.4	548.7	141.1	142.5	3.3	4 614.5

16.3.1 Traditional individual life insurance and investment-linked life insurance

For private persons, Helvetia Group offers pure risk insurance, savings insurance and endowment insurance, annuity insurance, as well as investment-linked products. Depending on the product, premiums are paid as single or regular premiums. Most of the products include a discretionary participation feature, although some countries regulate the minimum amount of profit participation to be credited to the customer. Traditional individual life insurance accounts for 28.9% (previous year: 31.2%) of the gross premium volume of the life business of Helvetia Group, with 57.9% of the premiums (previous year: 41.9%) coming from Switzerland. Investment-linked life insurance (index and unit-linked products) generates 10.1% (previous year: 9.7%). 46.4% of the premiums (previous year: 50.1%) from the investment-linked life business originate in Switzerland.

Terms and conditions, guarantees and profit participation

Most of the products include a premium guarantee, which means that the bases for mortality, disability, interest rates and costs used in the premium calculation are guaranteed. These bases are therefore carefully fixed at the time the insurance policy is concluded. If later developments are better than expected, profits accrue which are partially returned to the customer in the form of a participation feature. The following two important exceptions apply to the guaranteed bases: firstly, no interest guarantees exist for the unit-linked insurance policies. However, there may be some products that guarantee the payment of a minimum survival benefit. Secondly, in Switzerland, premiums for insurance policies for disability pensions are not guaranteed for policies underwritten since mid-1997, and may be adjusted.

Underwriting and reinsurance

An insurance policy which includes death or morbidity risk may under normal conditions be underwritten only on the condition of good health. The review of the application includes confirming that this condition has been met. The review uses a health questionnaire, and from a certain level of risk, is supplemented by a medical examination.

Peak risks at the level of individual policyholders are transferred to various reinsurers, with the retained amount varying by country. In addition, Helvetia Switzerland, Helvetia Spain and, for some specific risks, Helvetia Italy are reinsured against catastrophic events that may concurrently cause several casualties and claim several lives.

16.3.2 Group life insurance

Group life insurance accounts for 61.0% (previous year: 59.0%) of the gross premium volume of the life business of Helvetia Group, with 97.5% of the premiums (previous year: 97.3%) coming from Switzerland. Outside of Switzerland and in a small run-off portfolio within Switzerland, the characteristics of the group life insurance products are very similar to individual insurance. Only occupational pension plans in Switzerland will therefore be addressed below under group life insurance. In Switzerland, under the Occupational Pensions Act (BVG) companies are obliged to insure their employees against the following risks: death, disability and age. Helvetia Switzerland offers products that cover these risks. Most of these products include a discretionary participation feature whose minimum amount is statutorily or contractually prescribed.

Terms and conditions,
guarantees and profit
participation

For the majority of the products there is no guaranteed rate for the risk premiums for death and disability or for the cost of premiums. These premiums may therefore be adjusted annually by Helvetia Switzerland. Upon the occurrence of an insured event, the resulting benefits are guaranteed up to the agreed expiry date or for life.

Interest is credited annually on the savings premiums; the interest rate for the mandatory savings component is established by the Federal Council, while Helvetia Group itself can set the rate for the non-mandatory savings component. The mandatory rate was 1.5% in 2012 and 2013 and was increased to 1.75% for 2014 and 2015. This rate was reduced to 1.25% for the coming year.

The interest rate set by Helvetia Group for the non-mandatory component was 1.0% in 2012 and 2013. The rate was raised to 1.25% for 2014 and 2015. The rate was reduced to 0.5% for the coming year.

When policyholders reach retirement age they may choose to have the retirement capital paid out as a lump sum or converted into a pension. The conversion of the mandatory savings component is carried out at the government-mandated BVG conversion rate, while the conversion rate on the extra-mandatory savings component is determined by Helvetia Group. After conversion, the pensions and any resulting survivors' benefits are guaranteed for life.

Statutory regulations stipulate for the majority of products that a minimum of 90% of revenue must be used for the benefit of the customer. For example, a portion of the capital gains above the guaranteed minimum interest rate must be returned to the customer in the form of policyholder dividends. For most products for which this statutory provision does not apply there are similar provisions in the contractual agreements with customers.

Underwriting and
reinsurance

For the mandatory component of the insurance policy, it is forbidden to exclude someone from a company's insurance on account of ill health. However, certain benefits may be excluded in the non-mandatory part, or a premium for the increased risk may be required. However, there is no obligation to insure a company. On the basis of benefits previously claimed by the company and based on estimates of future claims potential, it is therefore established during the underwriting process whether and under what conditions the company will be insured.

Peak risks at the level of individual policyholders are transferred to various reinsurers via aggregate excess of loss reinsurance. The catastrophe reinsurance mentioned in 16.3.1 (page 195) also covers the group life business.

16.3.3 Risks arising from trend
changes and sensitivity
analysis

Helvetia Group uses a variety of actuarial methods to monitor existing and new products with regard to underwriting policy, reservation, and risk-adjusted pricing. Retrospective methods compare initial expectations with actual developments. Prospective methods allow the impact of new trends to be recognised and analysed early on. Most of those calculations integrate the analysis of parameter sensitivities in order to monitor the effects of adverse developments in investment returns, mortality, cancellation rates and other parameters. Taken together, they therefore provide an effective set of instruments with which to address developments actively and in good time. If a certain risk takes a worse than expected course, the participation feature is usually the first to be reduced in most of the products. If it appears that a product no longer has a sufficient safety margin, the premiums are adjusted for new business or, if allowed, for the existing policies.

Helvetia Group establishes reserves for its life insurance business to cover expected payouts. The amount of life insurance reserves depends on the interest rates applied, actuarial parameters and other influencing factors. In addition, the Liability Adequacy Test (LAT) is used to review whether the provisions together with the expected premiums are sufficient to finance future benefits. If this is not the case, the IFRS reserves are increased accordingly.

If the assumptions are changed, the reserves are increased or decreased accordingly. A decrease in reserves flows largely back to the insured as a result of the discretionary participation feature. If it is necessary to increase reserves, the first step is to reduce the participation feature. If this is not sufficient, the rest of the increase is borne by the shareholders. In the local balance sheet, reserve reinforcements recognised as necessary may be spread over several years and, if possible, compensated by gradually decreasing the allocation of the provisions for future profit participation or by releasing hidden reserves on investments. In contrast, the necessary reserve reinforcements must be recognised immediately in profit or loss in the consolidated financial statements. However, for contracts with a participation feature, it is permitted to offset other valuation differences on the local balance sheet (in particular for investments) before deferred profit participation at Group level.

The sensitivity analysis assesses the deflection effects of mortality, invalidity, reactivation rate, interest, costs and cancellation rate parameters on the reserves. If the deflection of a parameter necessitates a lower reserving requirement, then the reductions in reserves are assessed at the discretion of the responsible actuary, who, alongside the sensitivity analyses, also takes into consideration long-term developments in their decisions, and always acts with due care. Conversely, if one of the fundamental parameters in the local reserves already has sufficient safety margins, then a change in this parameter will not require a reinforcement of reserves. It should be noted, however, that sensitivities do not normally exhibit linear behaviour, so extrapolations are not possible.

Various influencing factors and sensitivities are presented separately below. Please see section 16.4.2 (from page 203) on the effect of a change in interest rates on equity and the income statement.

Mortality and longevity risks

In order to analyse in more detail the effect of a change in mortality rates, the portfolio is divided into contracts which are exposed to greater mortality rates and those which are exposed to longevity. The first group includes, for example, risk or capital life insurances, while the second group includes annuity insurance.

If, in the portfolios exposed to greater mortality, more policyholders die than expected, shareholders may suffer losses once the buffer of profit participation has been exhausted. The analyses carried out show that this risk can be considered very low. However, an increase in mortality rate in these portfolios, which have to be increased due to high interest rate guarantees, has a small impact on the amount of the increase in reserves.

If, in the portfolios exposed to longevity, policyholders live longer than expected, this could result in losses for the shareholders. As life expectancy is continuously rising, when setting up reserves, the current mortality rate as well as expected trends of the increase in life expectancy are taken into account. These reserves of portfolios exposed to longevity are very sensitive to assumed life expectancies and assumed interest rates.

Pension options with guarantees, partially also mandatory conversion rates, included in the products represent an additional risk. In particular, the high mandatory BVG conversion rate in the group life insurance in Switzerland had brought about expected losses for which reserves were used at the expense of the profit participation of the policyholders. The proportion of policyholders who receive a pension at retirement and do not withdraw the capital as well as the conversion rates are monitored and the reserves kept at a sufficient level by means of possible reserve increases.

Referring to the overall portfolio, an increase in mortality by 10% across all Helvetia Group companies would have no great effect. However, a 10% reduction in mortality would lead to a reserve increase with a negative impact on the income statement of CHF 55.0 million (previous year: CHF 52.4 million).

Invalidity risk	Losses for the shareholders may arise if more active members than expected become disabled or fewer disabled policyholders than expected are able to return to work and the participation feature is not sufficient to absorb such deviations. Here, the parameters of disability and reactivation rate are analysed in detail. For example, a 10% increase in the disability rate would require a reinforcement of reserves with a negative effect on the income statement of CHF 0.1 million (previous year: CHF 0.1 million), while a decrease in the reactivation rate would have a negative effect of CHF 1.4 million (previous year: CHF 1.7 million).
Cost risk	If the costs included in the premiums and provisions are insufficient to cover rising costs, this could result in losses for shareholders. An increase in the cost ratio by 10% would cause an increase in reserves and a negative effect on the income statement in the amount of CHF 25.7 million (previous year: CHF 15.9 million).
Cancellation risk	Depending on the nature of the contract, higher or lower cancellation rates can cause losses for shareholders. Overall, the basis of calculation at all Helvetia Group life insurance units apply sufficient safety margins so that a change in the cancellation rate would not have a major impact on the amount of reserves. For example, a 10% decrease in the cancellation rate would require a reinforcement of reserves with a negative effect on the income statement of CHF 4.4 million (previous year: CHF 0.2 million).
Interest rate risk	<p>Shareholders may have to bear losses if the guaranteed interest included in premiums and reserves cannot be generated. This could happen if, for example, interest rates remain very low in the long term. To counteract such developments, both the technical interest rate for new contracts in individual insurance and the BVG minimum interest rate for new and existing contracts are adjusted to the new interest rate. At the end of 2015, the highest guaranteed interest rate in individual insurance was in Spain, where older policies still include a guaranteed minimum interest rate of up to 6%. These guarantees are partially covered by corresponding assets and the residual risk is covered by supplementary reserves. In the other countries the maximum guaranteed return is 4.0% in EUR and 3.5% in CHF. Rising interest rates could cause a greater number of endowment contracts to be cancelled. However, as in most countries premature contract terminations are associated with significant tax consequences and products with high interest rate sensitivity are usually subject to a deduction to take account of lower fair values of the underlying investments when the contract is terminated, this risk can be considered low.</p> <p>In group life insurance, there are long-term interest rate guarantees on provisions for current benefits. The BVG minimum interest rate on the mandatory savings of policyholders is set annually by the Swiss Federal Council. Rising interest rates may also lead to increased policy cancellations in group insurance and thus to losses. Since 2004, no deductions can be made from nominally defined surrender values to take into account the fact that the fair value of the corresponding fixed-income investments may be below the (local) carrying value for contracts that have been part of the insurance portfolio of Helvetia Group for more than five years.</p>

Risks from embedded derivatives

For index-linked life insurance, the policyholder's returns are linked to an external index. Furthermore, an investment-linked product may include a guaranteed survival benefit. These product components are to be separated as embedded derivatives and are accounted for at fair value. The majority of these guarantees and index-dependent payouts are assumed by external partners. In Switzerland, there are only a few products for which this is not the case and for which Helvetia Group thus assumes the risk, and adequate provisions exist for these cases. The amount of these provisions is primarily dependent on the volatility of the underlying investments and the level of risk-free interest rates. A change in the provision is recognised in profit and loss and cannot be offset with a profit participation.

Summary

In summary, it can be stated that although there is a variety of different product-specific risks in life insurance, these risks are controlled by Helvetia Group using a number of actuarial methods and, where necessary, with an appropriate increase in reserves. In addition, through its compliance with IFRS 4, Helvetia Group has a free, non-linked provision for future profit-sharing. This can be used to cover insurance risks.

16.4 Market risks and ALM

As at 31 December 2015, Helvetia Group managed investments totalling CHF 47.9 billion (previous year: CHF 48.0 billion).

The main market risks to which the Group is exposed are interest rate risk, exchange rate risk and equity price risk. The Group is also exposed to the real estate market through a significant portion of real estate in its investment portfolio. Market risks affect the income statement and both the asset and the liability side of the balance sheet. The Group largely manages its real estate, mortgages and securities itself. External providers mainly manage assets invested in convertible bonds. Savings accumulated in unit-linked policies are invested in a wide range of funds, equities and bonds and are managed by third parties. The market risks associated with these funds lie with Helvetia's insurance customers.

Asset Liability Management (ALM, see also section 16.1.2, page 190) at Helvetia Group is oriented towards both accounting, in particular the protection of the income statement and balance sheet, and fair value considerations on risk limitation. Besides matching the investment strategy to liabilities, targeted use is made of derivatives. Foreign currency risks are currently hedged in this way and the risk of losses on equity investments controlled. In Helvetia's internal funds, the balance sheet currency exposure is hedged by a net investment hedge. The risk of loss on shares is kept under control by hedging with options. The foreign currency exposure is largely hedged by forward contracts. More information can be found in tables 7.7.1 "Derivative financial assets" (page 154) and 7.7.2 "Derivative financial liabilities" (page 155).

16.4.1 Liquidity risk

Helvetia Group has sufficient liquid assets to meet unanticipated cash outflows at any time. Liquid assets (cash, premiums to be invested, liquid equities and interest-bearing securities) exceed the volume of annual net cash flows many times. In addition, the Group manages assets and liabilities in terms of their liquidity. On the liabilities side of the balance sheet, there are no significant individual positions with liquidity risk. A portion of the Group's investment portfolio is composed of investments with no liquid markets such as real estate and mortgages. These investments can only be realised over an extended period of time.

Maturity schedule of recognised insurance liabilities

as of 31.12.2015	< 1 year	1–5 years	5–10 years	> 10 years	Without maturity	Total
in CHF million						
Actuarial reserves (gross)	3 297.5	10 322.6	7 384.6	12 718.2	79.7	33 802.6
Provision for future policyholder participation	176.8	82.1	27.9	40.3	1 598.6	1 925.7
Loss reserves (gross)	1 840.6	1 669.0	607.3	497.1	2.0	4 616.0
Unearned premium reserve (gross)	1 304.6	–	–	–	–	1 304.6
Total reserves for insurance and investment contracts (gross)	6 619.5	12 073.7	8 019.8	13 255.6	1 680.3	41 648.9
Reinsurers' share	160.4	235.0	45.7	38.8	26.0	505.9
Total reserves for insurance and investment contracts (net)	6 459.1	11 838.7	7 974.1	13 216.8	1 654.3	41 143.0
as of 31.12.2014	< 1 year	1–5 years	5–10 years	> 10 years	Without maturity	Total
in CHF million						
Actuarial reserves (gross)	3 304.4	10 096.0	7 381.1	12 340.6	298.8	33 420.9
Provision for future policyholder participation	208.8	88.8	30.2	36.2	1 771.3	2 135.3
Loss reserves (gross)	2 130.1	1 664.0	598.4	462.1	9.3	4 863.9
Unearned premium reserve (gross)	1 434.7	–	–	–	–	1 434.7
Total reserves for insurance and investment contracts (gross)	7 078.0	11 848.8	8 009.7	12 838.9	2 079.4	41 854.8
Reinsurers' share	260.3	183.0	59.5	41.1	35.9	579.8
Total reserves for insurance and investment contracts (net)	6 817.7	11 665.8	7 950.2	12 797.8	2 043.5	41 275.0

The above tables show the expected maturity of the amounts recognised in the balance sheet.

Maturity schedule of financial liabilities and liabilities (excluding derivative instruments)

as of 31.12.2015	Callable at any time	< 1 year	1–5 years	5–10 years	> 10 years	Without maturity	Total
in CHF million							
Financial liabilities from insurance business	1 834.4	13.9	10.3	9.1	5.6	35.7	1 909.0
Financial liabilities from financing activities	–	17.0	441.4	431.8	–	167.5	1 057.7
Liabilities from insurance business	473.6	1 496.8	–	–	–	4.8	1 975.2
Other financial and other liabilities	0.6	142.9	–	–	–	0.2	143.7
Total financial and other liabilities	2 308.6	1 670.6	451.7	440.9	5.6	208.2	5 085.6
as of 31.12.2014	Callable at any time	< 1 year	1–5 years	5–10 years	> 10 years	Without maturity	Total
in CHF million							
Financial liabilities from insurance business	2 146.3	22.9	9.8	9.8	6.7	44.8	2 240.3
Financial liabilities from financing activities	–	16.0	218.9	520.7	152.3	142.3	1 050.2
Liabilities from insurance business	429.6	1 605.3	–	–	–	5.5	2 040.4
Other financial and other liabilities	0.6	205.6	0.0	–	–	0.5	206.7
Total financial and other liabilities	2 576.5	1 849.8	228.7	530.5	159.0	193.1	5 537.6

The above figures may differ from the amounts reported in the balance sheet, as these represent undiscounted cash flows. These were allocated to the category “callable at any time” based on the counterparty’s contractual cancellation right. The majority of these contracts can be terminated both in life and in non-life business within one year at the latest.

Maturity schedule of derivative financial instruments

as of 31.12.2015	Fair value	Maturity of non-discounted cash flows			
		< 1 year	1–5 years	5–10 years	> 10 years
in CHF million					
Derivative financial assets:					
Forward exchange transactions	9.6				
Inflow		624.4	–	–	–
Outflow		–615.6	–	–	–
Other (exercise not planned)	135.5				
Derivatives for hedge accounting	3.7				
Inflow		333.0	–	–	–
Outflow		–332.3	–	–	–
Total derivative financial assets	148.8	9.5	–	–	–
Derivative financial liabilities:					
Forward exchange transactions	75.0				
Inflow		–3 747.7	–	–	–
Outflow		3 832.9	–	–	–
Other (exercise not planned)	90.5				
Derivatives for hedge accounting	1.1				
Inflow		–206.6	–	–	–
Outflow		208.2	–	–	–
Total derivative financial liabilities	166.6	86.8	–	–	–
as of 31.12.2014	Fair value	Maturity of non-discounted cash flows			
		< 1 year	1–5 years	5–10 years	> 10 years
in CHF million					
Derivative financial assets:					
Interest rate swaps	–	–			
Forward exchange transactions	9.2				
Inflow		1 117.9			
Outflow		–1 108.8			
Other (exercise not planned)	158.5				
Derivatives for hedge accounting	0.5				
Inflow		240.9			
Outflow		–240.5			
Total derivative financial assets	168.2	9.5			
Derivative financial liabilities:					
Forward exchange transactions	46.2				
Inflow		–1 282.3	–	–	–
Outflow		1 333.4	–	–	–
Other (exercise not planned)	91.5				
Derivatives for hedge accounting	23.1				
Inflow		–409.8	–	–	–
Outflow		429.6	–	–	–
Total derivative financial liabilities	160.8	70.9	–	–	–

16.4.2 Interest rate risk

Helvetia Group's earnings are influenced by changes in interest rates. A prolonged period of low interest rates reduces the return on fixed-income investments in securities and mortgages. Conversely, returns increase when interest rates rise. Information on current investment returns is provided in section 7.1 (from page 144).

As with most investments, the value of Helvetia Group's liabilities depends on interest rate levels. In general, the higher the interest rate, the lower the present value of assets and liabilities. The extent of this change in values depends, among other things, on the time pattern of cash flows. To manage the volatility of the net positions (difference between assets and liabilities, i.e. "AL mismatch"), the Group compares the maturities of cash flows arising from liabilities with those arising from assets, and analyses them to ensure that the maturities are matched. The risk derived from this is managed as part of the asset liability management process. To this end, the risk capacity on the one hand and the ability to fund the guaranteed benefits or to generate surpluses on the other hand are brought into balance.

Maturity schedule
of financial assets

as of 31.12.2015 in CHF million	< 1 year	1–5 years	5–10 years	> 10 years	Without maturity	Total
Loans (LAR) incl. money market instruments	1 771.4	2 139.8	3 199.5	1 780.3	390.9	9 281.9
Held-to-maturity investments (HTM)	193.4	564.7	485.9	1 546.5	–	2 790.5
Available-for-sale investments (AFS)	1 154.5	5 278.1	7 235.3	8 783.6	1 286.9	23 738.4
Financial assets at fair value through profit or loss	162.4	1 108.1	680.3	235.1	3 492.4	5 678.3
Derivative financial assets for hedge accounting	3.7	–	–	–	–	3.7
Total financial assets	3 285.4	9 090.7	11 601.0	12 345.5	5 170.2	41 492.8
as of 31.12.2014 in CHF million	< 1 year	1–5 years	5–10 years	> 10 years	Without maturity	Total
Loans (LAR) incl. money market instruments	1 367.8	2 248.1	3 044.5	2 132.8	224.2	9 017.4
Held-to-maturity investments (HTM)	269.6	631.7	494.6	1 725.9	–	3 121.8
Available-for-sale investments (AFS)	1 300.8	5 777.5	6 899.0	8 758.5	1 294.9	24 030.7
Financial assets at fair value through profit or loss	458.4	927.0	441.7	184.5	3 478.3	5 489.9
Derivative financial assets for hedge accounting	0.5	–	–	–	–	0.5
Total financial assets	3 397.1	9 584.3	10 879.8	12 801.7	4 997.4	41 660.3

A statement on the ALM situation of a portfolio can be made by comparing the guaranteed interest rates with yields. The following illustration shows aggregate data on the average interest rates that Helvetia has to earn on its reserves in order to be able to provide the guaranteed benefits. The interest rate guarantees range from 0.25 % to 6 %. Only 0.4 % (previous year: 0.6 %) are subject to guarantees above 4 %.

Interest rate guarantees in the life business

as of 31.12.2015	Direct business Switzerland		Direct business EU	Reinsurance
	CHF	Other currencies	EUR	
in CHF million				
Actuarial reserves for insurance and investment contracts excluding interest guarantee	885.5	–	548.4	–
Actuarial reserves for insurance and investment contracts with 0% interest guarantee	464.7	0.0	538.8	2.7
Actuarial reserves for insurance and investment contracts with positive interest guarantee	25 979.4	130.7	5 252.4	–
Average interest guarantee in %	1.44	2.44	2.20	0.00

as of 31.12.2014	Direct business Switzerland		Direct business EU	Reinsurance
	CHF	Other currencies	EUR	
in CHF million				
Actuarial reserves for insurance and investment contracts excluding interest guarantee	1 022.0	–	610.5	–
Actuarial reserves for insurance and investment contracts with 0% interest guarantee	386.5	0.0	514.3	9.3
Actuarial reserves for insurance and investment contracts with positive interest guarantee	24 863.6	141.3	5 869.2	4.2
Average interest guarantee in %	1.84	2.49	2.33	0.93

Interest rate sensitivities

as of 31.12.	Interest rate level 2015		Interest rate level 2014	
	+ 10 bp	– 10 bp	+ 10 bp	– 10 bp
in CHF million				
Income statement	0.1	– 1.8	18.1	– 11.4
Equity	– 68.6	50.9	– 68.3	59.2
Gross, not taking into account the latency calculation and derivatives	– 184.2	139.2	– 162.6	152.3

The above table analyses the impact of a change in interest rate on Helvetia Group's equity and income statement, taking account of deferred taxes and the legal quota. The analysis also includes investments at fair value through profit and loss, fixed-income available-for-sale financial assets, derivatives, technical reserves in the life business (the actuarial reserve, deposits for investment contracts) and interest on floating-rate financial assets. The "look through" principle was used for significant holdings in balanced funds.

A "reasonable possible change" in the risk factors affecting the sensitivity analysis is defined as every symmetrical bracket that covers a range of possible interest rate changes where the probability of its occurring over a period of one year is between 10% and 90%. Sensitivities are shown for the borders of the chosen bracket that meets these conditions.

16.4.3 Share price risk

Investments in equities are used to generate long-term surpluses. Investments are made primarily in large-caps traded on the major stock exchanges. Helvetia Group holds a well-diversified portfolio (mainly stocks traded on the exchanges in Switzerland, Europe and the USA). The share of each item of the total portfolio (direct investment) is generally below 6%. An exception to this are holdings in the diversified real estate investment company "Allreal" (9.8% of total direct investment in equities). The market risk of the equity portfolio is constantly monitored and, if necessary, reduced by sales or the use of hedging instruments in order to meet the strict internal requirements for risk capacity.

Market risks are mitigated through hedging strategies. Out-of-the-money put options are largely used to comply with internal loss limits. Direct investments in equities represent 5.6% (before hedging) of the Group's financial assets (excluding investments from life insurance policies with the market risk borne by the customers). A substantial portion is hedged against the risk of significant losses.

Share price risk sensitivities

as of 31.12. in CHF million	Share price risk sensitivities 2015		Share price risk sensitivities 2014	
	+ 10%	- 10%	+ 10%	- 10%
Income statement	73.9	-73.0	67.9	-58.9
Equity	34.9	-25.9	47.6	-47.6
Gross, not taking into account shadow accounting and derivatives	246.8	-240.1	245.4	-242.5

The above table analyses the impact of a change in the share price on Helvetia Group's equity and income statement, taking into account deferred taxes and the legal quota. The analysis covers direct equity investments (with the exception of the real estate investment company "Allreal"), derivatives, equity funds and part of the mixed funds. The "look through" principle was used for significant holdings in balanced funds. In 2015, the effects of share price changes on impairments were considered for the first time.

A "reasonable possible change" in the risk factors affecting the sensitivity analysis is defined as every symmetrical bracket that covers a range of possible share price changes where the probability of its occurring over a period of one year is between 10% and 90%. Sensitivities are shown for the borders of the chosen bracket that meets these conditions.

16.4.4 Exchange rate risk

Most of the Group's assets, including its investments, as well as most of its liabilities, are denominated in CHF and EUR. Except for the Swiss business, liabilities are largely hedged through investments in matching currencies. For return and liquidity reasons, investments in the Swiss business are made both in CHF-denominated and foreign-currency-denominated assets in order to cover the CHF liabilities. The resulting exchange rate risk is generally largely hedged within the internally defined limits. This is carried out via foreign exchange forward contracts for EUR, USD, GBP and CAD against the Swiss franc.

Exchange rate
sensitivities

	Exchange rate EUR / CHF		Exchange rate USD / CHF		Exchange rate GBP / CHF	
	+ 2 %	- 2 %	+ 2 %	- 2 %	+ 2 %	- 2 %
as of 31.12.2015						
in CHF million						
Income statement	-6.8	6.8	-1.9	1.9	-1.4	1.4
as of 31.12.2014						
in CHF million						
Income statement	4.6	-4.6	-1.7	1.7	-1.6	1.6

In the table above, the impact of changes in exchange rates on the income statement of Helvetia Group is analysed, taking into account deferred taxes and the legal quota. In accordance with IFRS requirements, only the monetary financial instruments and insurance liabilities in non-functional currencies and derivative financial instruments were included in the evaluation.

A "reasonable possible change" in the risk factors affecting the sensitivity analysis is defined as every symmetrical bracket that covers a range of possible changes in exchange rates where the probability of its occurring over a period of one year is between 10% and 90%. Sensitivities are shown for the limits of the chosen interval that meets these conditions.

Consolidated foreign currency balance sheet 2015

as of 31.12.2015	CHF	EUR	USD	Others	Total
in CHF million					
Assets					
Property and equipment	325.4	170.4	0.1	–	495.9
Goodwill and other intangible assets	867.5	309.4	0.0	–	1 176.9
Investments in associates	15.4	1.7	–	–	17.1
Investment property	5 966.2	462.9	–	–	6 429.1
Group financial assets	23 672.5	11 039.2	3 442.8	452.7	38 607.2
Investments with market risk for the policyholder	1 024.8	1 649.8	177.5	33.5	2 885.6
Receivables from insurance business	351.3	722.3	185.5	56.9	1 316.0
Deferred acquisition costs	294.9	171.9	0.8	–	467.6
Reinsurance assets	153.0	301.8	86.3	12.3	553.4
Deferred tax assets	0.4	27.5	0.1	–	28.0
Current income tax assets	6.0	19.1	–	–	25.1
Other assets	125.6	160.6	5.8	5.9	297.9
Accrued investment income	188.2	132.1	21.5	0.2	342.0
Cash and cash equivalents	763.8	573.0	154.1	12.1	1 503.0
Total assets	33 755.0	15 741.7	4 074.5	573.6	54 144.8

as of 31.12.2015	CHF	EUR	USD	Others	Total
in CHF million					
Liabilities					
Actuarial reserves (gross)	27 332.2	6 455.6	14.8	–	33 802.6
Provision for future policyholder participation	1 501.3	424.4	–	–	1 925.7
Loss reserves (gross)	2 058.1	2 103.9	373.1	80.9	4 616.0
Unearned premium reserve (gross)	454.8	707.0	104.2	38.6	1 304.6
Financial liabilities from financing activities	746.7	71.6	89.1	27.8	935.2
Financial liabilities from insurance business	830.6	1 077.4	0.9	0.1	1 909.0
Other financial liabilities	156.2	13.0	62.5	–	231.7
Liabilities from insurance business	1 451.5	402.7	105.1	15.9	1 975.2
Non-technical provisions	102.5	50.3	–	–	152.8
Employee benefit obligations	509.6	356.5	0.2	–	866.3
Deferred tax liabilities	652.2	136.0	–	–	788.2
Current income tax liabilities	14.1	18.3	0.0	–	32.4
Other liabilities and accruals	99.2	158.0	0.3	–7.7	249.8
Total liabilities	35 909.0	11 974.7	750.2	155.6	48 789.5

Consolidated foreign currency balance sheet 2014

as of 31.12.2014	CHF	EUR	USD	Others	Total
in CHF million					
Assets					
Property and equipment	353.0	192.5	0.1	–	545.6
Goodwill and other intangible assets	919.9	353.2	0.1	–	1 273.2
Investments in associates	14.3	25.6	–	–	39.9
Investment property	5 849.0	468.8	–	–	6 317.8
Group financial assets	23 476.2	12 822.4	1 834.8	392.2	38 525.6
Investments with market risk for the policyholder	988.9	1 955.7	176.5	13.6	3 134.7
Receivables from insurance business	328.6	754.0	150.4	48.5	1 281.5
Deferred acquisition costs	294.5	208.2	1.7	–	504.4
Reinsurance assets	214.5	341.4	64.8	15.9	636.6
Deferred tax assets	0.1	23.1	0.1	–	23.3
Current income tax assets	8.0	20.6	–	–	28.6
Other assets	87.2	181.7	2.9	0.6	272.4
Accrued investment income	213.3	173.2	7.8	0.6	394.9
Cash and cash equivalents	1 276.6	696.4	90.8	26.6	2 090.4
Total assets	34 024.1	18 216.8	2 330.0	498.0	55 068.9
as of 31.12.2014	CHF	EUR	USD	Others	Total
in CHF million	reclassified	reclassified			reclassified
Liabilities					
Actuarial reserves (gross)	26 275.7	7 128.2	17.0	0.0	33 420.9
Provision for future policyholder participation	1 604.2	531.1	–	–	2 135.3
Loss reserves (gross)	2 168.5	2 301.6	328.3	65.5	4 863.9
Unearned premium reserve (gross)	475.5	826.6	94.0	38.6	1 434.7
Financial liabilities from financing activities	746.4	69.2	76.4	21.8	913.8
Financial liabilities from insurance business	827.5	1 412.0	0.8	0.0	2 240.3
Other financial liabilities	147.9	13.2	61.5	–	222.6
Liabilities from insurance business	1 536.2	401.0	89.2	14.0	2 040.4
Non-technical provisions	107.4	60.9	–	–	168.3
Employee benefit obligations	360.9	389.7	0.2	–	750.8
Deferred tax liabilities	722.2	156.0	–	–	878.2
Current income tax liabilities	12.6	20.6	–	–	33.2
Other liabilities and accruals	126.2	162.9	20.6	–6.3	303.4
Total liabilities	35 111.2	13 473.0	688.0	133.6	49 405.8

16.5 Counterparty risks

Counterparty risks include default risks and risks of changes in value. The default risk refers to the possibility of the insolvency of a counterparty, while the risk of changes in value represents the possibility of a financial loss due to a change in the creditworthiness of a counterparty or a change in credit spreads in general. The risk of counterparties failing to meet their obligations is continuously monitored. To minimise counterparty risk, Helvetia defines lower limits with regard to the creditworthiness of the counterparty and limits the exposure per counterparty.

16.5.1 Risk exposure

Helvetia Group is mainly exposed to counterparty risk in the following areas:

- Counterparty risks arising from interest-bearing securities and money market instruments.
- Counterparty risks from loans and mortgages granted: the largest positions in the asset class of loans consist of borrower's note loans (93.7%) and policy loans (6.1%). The policy loans are secured through life insurance policies. Since only a certain percentage of accumulated capital (<100%) is invested, this asset class can be classified "fully secured". Gross exposure (without taking account of collateral) is of relatively little significance when assessing the counterparty risks from the mortgage business: mortgages are secured by an encumbrance, and a part of the mortgage is often additionally secured by a pledged life insurance policy, resulting in a correspondingly low loss ratio. Against this background, the counterparty risk from mortgages can be assumed to be low.
- Counterparty risk from transactions with derivative financial instruments: refer to section 16.5.2 (page 211) for the amount of gross counterparty risk exposure in connection with derivative financial instruments. A small part of the derivative instruments is traded on a stock exchange, so there are no counterparty risks. The scope of the hedging with cash collateral is CHF 36.6 million. Existing netting agreements are also relevant. Refer to the table below for detailed information about derivative financial instruments.
- Counterparty risks from ceded reinsurance: Helvetia Group transfers part of its risk exposure to other companies via ceded reinsurance. If the reinsurer defaults, the Group remains liable for the reinsured receivables. Therefore, the Group periodically reviews the creditworthiness of its reinsurers. To reduce dependence on a single reinsurer, the Group places its reinsurance contracts with a number of top companies.
- Counterparty risks from the insurance business: the default of other counterparties (policyholders, insurance agents, insurance companies) may lead to a loss of receivables from the insurance business. On the balance sheet, the maximum gross exposure would correspond to the items shown in section 9.7 (from page 167) "Receivables from policyholders, insurance agents and insurance companies" (after deducting receivables from the reinsurance business recognised under "Credit risk exposure from ceded reinsurance"). However, these receivables are largely of a short-term nature. In addition, the receivables from policyholders represent the largest group in this class. Because of the prepayment of premiums and the fact that the insurance cover is linked to the performance of contractual obligations by customers, the counterparty risk from the insurance business both in the non-life and life business plays a secondary role.
- Counterparty risks from financial guarantees and loan commitments: detailed information on contingent obligations can be found in section 12 (from page 179).

The information relevant for setting the level of the counterparty risk exposure includes information on balance-sheet netting and on existing netting agreements regarding financial assets and liabilities. The relevant information is summarised in the table below. As there are no financial instruments netted on the balance sheet at Helvetia, the table shows the extent to which netting agreements for financial instruments exist, even if no netting takes place on the balance sheet. The netting agreements are ISDA and Swiss Master Agreements for OTC derivatives transactions. In the event of insolvency or if one of the parties does not fulfil its contractual obligations, there is a mutual right to close the current derivatives contracts and to offset outstanding receivables with liabilities and collateral received within the netting agreement.

Offsetting of financial instruments

	Gross and net amounts of financial instruments in the balance sheet	Offsettable, non-netted amounts		
		Financial instruments	Cash collaterals	Net amount
as of 31.12.2015				
in CHF million				
Derivative financial assets	148.8	-62.1	-36.6	50.0
Derivative financial liabilities	166.6	-62.1	-16.6	87.9
	Gross and net amounts of financial instruments in the balance sheet	Offsettable, non-netted amounts		
		Financial instruments	Cash collaterals	Net amount
as of 31.12.2014				
in CHF million				
Derivative financial assets	168.2	-64.5	-34.2	69.5
Derivative financial liabilities	160.8	-64.5	-36.7	59.6

16.5.2 Credit quality of exposures and credit risk concentrations

The following analyses show the gross exposure to interest rate instruments, loans and derivative financial instruments, excluding collateral. They do not include investments where the credit risk is borne by the holders of life insurance policies. The securities and issuer ratings of recognised rating agencies were used to show credit quality. In addition, the issuer rating of Fedafin is used in the evaluation of Swiss municipalities, cantons and cantonal banks.

Credit quality of debt instruments, loans and derivative financial instruments by asset class

as of 31.12.2015 in CHF million	AAA	AA	A	BBB	BB and lower	Not rated	Total
Money market instruments	10.2	455.0	473.4	35.2	–	504.7	1 478.5
Derivative financial assets (incl. hedge accounting)	0.4	–	66.2	12.1	–	62.5	141.2
Bonds	12 675.4	7 661.5	4 358.8	3 589.0	80.7	606.6	28 972.0
Mortgages	–	–	–	–	–	4 243.3	4 243.3
Loans	267.0	773.3	78.1	10.9	18.2	112.8	1 260.3
Total	12 953.0	8 889.8	4 976.5	3 647.2	98.9	5 529.9	36 095.3

as of 31.12.2014 in CHF million	AAA	AA	A	BBB	BB and lower	Not rated	Total
Money market instruments	–	50.0	663.8	39.2	–	123.9	876.9
Derivative financial assets (incl. hedge accounting)	4.5	3.2	87.9	11.4	–	55.3	162.3
Bonds	12 845.3	8 088.5	5 216.6	3 062.6	202.7	445.1	29 860.8
Mortgages	–	–	–	–	–	3 951.7	3 951.7
Loans	397.5	758.6	89.4	27.5	–	147.2	1 420.2
Total	13 247.3	8 900.3	6 057.7	3 140.7	202.7	4 723.2	36 271.9

Credit quality of debt instruments, loans and derivative financial instruments by sector

as of 31.12.2015 in CHF million	AAA	AA	A	BBB	BB and lower	Not rated	Total
Governments	6 895.7	3 324.4	834.1	1 870.3	1.0	24.0	12 949.5
Financial institutions	5 905.5	3 650.8	2 258.7	571.9	93.9	824.2	13 305.0
Corporates and others	151.8	1 914.6	1 883.7	1 205.0	4.0	4 681.7	9 840.8
Total	12 953.0	8 889.8	4 976.5	3 647.2	98.9	5 529.9	36 095.3

as of 31.12.2014 in CHF million	AAA	AA	A	BBB	BB and lower	Not rated	Total
Governments	7 220.3	3 245.4	809.2	2 207.6	80.0	79.9	13 642.4
Financial institutions	5 891.7	3 772.9	3 306.7	453.2	117.6	261.9	13 804.0
Corporates and others	135.3	1 882.0	1 941.8	479.9	5.1	4 381.4	8 825.5
Total	13 247.3	8 900.3	6 057.7	3 140.7	202.7	4 723.2	36 271.9

Credit risk from
ceded reinsurance

as of 31.12.2015	Exposure	Share in %
in CHF million		
AAA	–	–
AA	330.0	54.5
A	229.6	37.9
BBB	5.7	0.9
BB and lower	–	–
Not rated	40.1	6.7
Total	605.4	100.0

as of 31.12.2014	Exposure	Share in %
in CHF million		
AAA	0.0	0.0
AA	359.3	47.4
A	318.8	42.0
BBB	37.4	4.9
BB and lower	0.1	0.0
Not rated	43.0	5.7
Total	758.6	100.0

The 10 largest
counterparties

The ten largest counterparties, measured by the credit risk exposure shown in the tables “Credit quality of debt instruments, loans and derivative financial instruments” and “Credit risk from ceded reinsurance” (in CHF million):

as of 31.12.2015	Issuer rating	Book value IFRS	
		total	AAA
in CHF million			
Swiss Confederation	AAA	2 864.4	2 864.4
Italian Republic	BBB	1 624.8	–
Mortgage Bond Bank of the Swiss Mortgage Institution	AAA	1 294.9	1 294.9
French Republic	AA	1 194.1	–
Central Mortgage Bond Institution of the Swiss Cantonal Banks	AAA	1 190.7	1 190.7
Federal Republic of Germany	AAA	963.9	664.8
United States of America	AAA	932.4	932.4
European Investment Bank	AAA	737.0	737.0
Republic of Austria	AA	721.3	52.3
Cantonal Bank of Lucerne	AA	514.9	–

as of 31.12.2014	Issuer rating	Book value IFRS	
		total	AAA
in CHF million			
Swiss Confederation	AAA	2 911.5	2 911.5
Italian Republic	BBB	1 893.5	–
French Republic	AA	1 450.4	–
Mortgage Bond Bank of the Swiss Mortgage Institution	AAA	1 320.2	1 320.2
Federal Republic of Germany	AAA	1 161.8	768.8
Central Mortgage Bond Institution of the Swiss Cantonal Banks	AAA	1 008.5	1 008.5
Republic of Austria	AAA	931.8	419.8
European Investment Bank	AAA	875.6	875.6
European Union	AAA	554.7	554.7
Cantonal Bank of Lucerne	AA	528.3	–

Securities rating bonds				Money market instruments	Derivative financial assets	Borrower's note loans	Other loans
AA	A	BBB and lower	Not rated				
-	-	-	-	-	-	-	-
-	-	1 624.8	-	-	-	-	-
-	-	-	-	-	-	-	-
1 097.4	96.7	-	-	-	-	-	-
-	-	-	-	-	-	-	-
217.5	-	-	-	-	-	81.6	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
383.2	-	115.6	70.9	-	-	99.3	-
494.9	-	-	-	10.0	-	10.0	-

Securities rating bonds				Money market instruments	Derivative financial assets	Borrower's note loans	Other loans
AA	A	BBB	Not rated				
-	-	-	-	-	-	-	-
-	-	1 893.5	-	-	-	-	-
1 335.1	115.3	-	-	-	-	-	-
-	-	-	-	-	-	-	-
137.1	165.7	-	-	-	-	90.2	-
-	-	-	-	-	-	-	-
271.4	-	120.8	-	-	-	119.8	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
508.3	-	-	-	10.0	-	10.0	-

17. Events after the reporting date

No important events occurred before or on 9 March 2016, the date on which these consolidated financial statements were completed, that are likely to have a material impact on the financial statements as a whole.

18. Scope of consolidated financial statements

18.1 Events in the reporting year

The following events in the reporting period led to a change in the scope of the consolidated financial statements of Helvetia Group:

- In the reporting period, the Group increased its investment in the Nationale Suisse Group from 98.5% to 100%.
- On 6 January 2015, the branch office Helvetia Swiss Insurance Company Ltd was established in Singapore.
- Helvetia Schweizerische Versicherungsgesellschaft AG, St Gall, and Schweizerische Nationale-Versicherungs-Gesellschaft AG, Basel, merged on 30 April 2015. The merged unit operates on the market as Helvetia Schweizerische Versicherungsgesellschaft AG, St Gall.
- The name of Swiss National Insurance Company Ltd, Kuala Lumpur, changed to Helvetia Swiss Insurance Company Ltd and the name of Nationale Suisse Latin America LLC, Miami, changed to Helvetia Latin America LLC on 1 May 2015.
- Helvetia Schweizerische Lebensversicherungsgesellschaft AG, Basel, and Schweizerische Nationale Leben AG, Bottmingen, merged on 4 May 2015. The merged unit operates on the market as Helvetia Schweizerische Lebensversicherungsgesellschaft AG, Basel.
- The name of Schweizerische National-Versicherungs-Gesellschaft in Liechtenstein AG, Vaduz, changed to Helvetia Schweizerische Versicherungsgesellschaft in Liechtenstein AG on 7 May 2015.
- Helvetia Vita S.p.A., Milan, and Chiara Vita S.p.A., Milan, merged on 1 June 2015. The merged unit operates on the market as Helvetia Vita S.p.A., Milan.
- Helvetia sold the travel insurance portfolio of its Belgian subsidiary Compagnie Européenne d'Assurance des Marchandises et des Bagages S.A. to Mapfre Asistencia on 19 June 2015. The disposal gain of CHF 0.5 million was recognised in other income.
- In the reporting period, Compagnie Européenne d'Assurance des Marchandises et des Bagages S.A. made capital repayments totalling CHF 8.7 million to Helvetia Group.
- Helvetia Versicherungen Österreich AG, Vienna, and Helvetia Versicherungen AG, Vienna merged on 28 August 2015. The merged unit operates on the market as Helvetia Versicherungen AG, Vienna.
- The sale of the Belgian subsidiary Nationale Suisse Assurances and its two underwriting agencies Vander Haegen & Co. S.A. and ARENA S.A. to the Enstar Group was settled on 13 November 2015. The disposal gain of CHF 3.8 million was recognised in other income.
- The French subsidiary SAS Saint Cloud, Paris, was liquidated on 24 November 2015.
- Helvetia sold its shares in the associated company Sersanet, Red de Servicios Sanitarios S.A., Madrid, on 31 July 2015.
- In the reporting period, the Group increased its investment in the associated company fvv-Vorarlberger Versicherungsmakler GmbH, Götzis, from 26% to 30%.
- Since the beginning of the reporting period, 4IP European Real Estate Fund of Funds, Luxembourg, is no longer included in the financial statements as an associated company, but is recognised as a financial asset.

18.2 Events in the previous period

The following events in the previous year led to changes in the scope of the consolidated financial statements:

- On 20 January 2014, Padana Assicurazioni S.p.A., Milan, was renamed Helvetia Italia Assicurazioni S.p.A.
- On 31 March 2014, the share capital of Helvetia Europe S.A., Luxembourg, was reduced to EUR 3.6 million as a result of structural adjustments within Helvetia Group.
- On 13 June 2014, the share capital of Helvetia Assurances S.A., Paris, was increased to EUR 94.4 million.
- In the 2014 financial year, the Group increased its investment in Sersanet, Red de Servicios Sanitarios S.A., Madrid, from 25 % to 33.3 %.
- On 8 August 2014, the stake in Chiara Assicurazioni S.p.A., Milan, was increased to 53 % by a purchase of additional shares.
- The real estate company Société Immobilière Joseph II SA, Brussels, was founded on 29 December 2014 in Belgium.
- In the financial year 2014, the stake in Helvetia Compañía Suiza, Seville, was increased from 98.97 % to 98.99 % by way of gradual acquisition.
- On 28 August 2014, Helvetia purchased 100 % of Basler Versicherungs-Aktiengesellschaft, Vienna, a subsidiary of the Bâloise Group. The company generated premium volume of EUR 135.3 million in 2013, of which EUR 105.5 million was in non-life and EUR 29.8 million in the life business. The purchase price was EUR 159.3 million in cash. On 21 November 2014, the name of Basler Versicherungs-Aktiengesellschaft, Vienna, changed to Helvetia Versicherungen Österreich AG, Vienna.
- The acquisition of Basler Versicherungs-Aktiengesellschaft increased the stake in Assistance Beteiligungs-GesmbH, Vienna, to 24 %. The company was therefore reclassified as an associated company.
- In the 2014 financial year, Helvetia Versicherungen AG, Vienna, purchased 26 % of fvv – Vorarlberger Versicherungsmakler GmbH, Götzis.
- As part of a public purchase and exchange offer, Helvetia Holding AG, St Gall, paid CHF 52.00 in cash and offered 0.068 registered shares of Helvetia Holding AG per Nationale Suisse share and obtained 82.6 % of Nationale Suisse AG, Basel, on 20 October 2014. Helvetia Group thus increased its investment in the Nationale Suisse Group to 96.3 %. The purchase price was CHF 1,727.3 million. The cash component of the purchase price was CHF 945.7 million. The exchange component, based on the final stock exchange price of the Helvetia share on 20 October 2014 of CHF 433 per share, amounted to CHF 535.5 million. At the time of the takeover offer, Helvetia already held Nationale Suisse shares. These were valued at the takeover price of CHF 81.444 and recognised under IFRS as a component of the purchase price for CHF 246.1 million. This resulted in a gain of CHF 108.9 million. In the period from 21 October 2014 to the end of 2014 Helvetia increased its stake in Nationale Suisse through share purchases to 98.5 %.

New acquisitions contributed CHF – 28.3 million to the Group's result in the 2014 financial year. These earnings comprise gains on ordinary business operations of CHF 19.5 million at Nationale Suisse and CHF 2.6 million at Basler Austria, plus the negative accounting effects in connection with an acquisition under IFRS. This includes, in particular, integration costs and the amortisation of intangible assets capitalised as part of the acquisition. In management's view, the information on ordinary business operations gives little indication of future earnings.

If the acquisition had been completed on 1 January 2014, the Group's gross premiums for the 2014 financial year would have totalled CHF 8,869.5 million and the consolidated net profit would have amounted to CHF 444.9 million. These pro forma figures are based on unaudited financial statements prepared in accordance with the accounting principles of the previous owner and assumptions regarding the impact of the extraordinary effects of the transactions, and, in management's view, do not give any indication of Helvetia Group's future income or dividends.

In connection with the acquisitions, costs of CHF 6.9 million were charged for broker fees, legal and tax consultancy and auditing in 2014. These costs were recorded as "Other expenses".

The following overview shows the assets and liabilities at fair value acquired as part of the acquisitions.

	Basler Austria	Nationale Suisse
in CHF million		
Assets		
Property and equipment	1.7	179.4
Intangible assets	30.1	194.7
Capital investments	563.8	5 270.5
Receivables from insurance business	30.5	374.7
Tax assets	5.2	22.8
Other assets and accruals	11.2	203.6
Cash and cash equivalents	3.9	494.9
Liabilities		
Actuarial provisions	482.7	4 927.1
Financial liabilities from insurance business	11.1	125.9
Tax liabilities	11.4	197.7
Other liabilities and accruals	52.1	428.7
Acquired net assets		
Acquired identified assets (net)	89.1	1 061.2
Minority interests	-	-49.9
Goodwill	70.2	716.0
Total acquisition costs	159.3	1 727.3

The receivables from insurance business amounted to CHF 388.0 million for Nationale Suisse, of which CHF 13.3 million was classified as potentially irrecoverable. For Basler Austria, the gross receivables from insurance business amounted to CHF 32.4 million, of which CHF 1.9 million was classified as potentially irrecoverable.

The goodwill of CHF 70.2 million from the acquisition of Basler Austria represents expected synergies and future growth potential. It is allocated in full to the cash-generating unit "Austria".

The goodwill from the acquisition of Nationale Suisse of CHF 716.0 million is allocated to the cash-generating units "Switzerland non-life" (CHF 633.3 million), "Germany non-life" (CHF 30.2 million), "Italy non-life" (CHF 27.8 million) and "Spain" (CHF 24.7 million). The goodwill represents the expected potential for added value and synergies arising from the combination of the two groups.

It is assumed that the goodwill will not be deductible for tax purposes.

18.3 Complete list of Group companies

as of 31.12.2015	Business segment	Group investment in %	Consolidation method	Currency	Share capital in million
Switzerland					
Helvetia Holding AG, St Gall	Other	–	–	CHF	1.0
Helvetia Schweizerische Versicherungsgesellschaft AG, St Gall	Non-life	100.00	full	CHF	77.5
Helvetia Schweizerische Lebensversicherungsgesellschaft AG, Basel	Life	100.00	full	CHF	50.0
Europäische Reiseversicherungs AG, Basel	Non-life	100.00	full	CHF	3.0
Care Travel AG, Brüttisellen	Non-life	100.00	full	CHF	0.1
Medicall AG, Brüttisellen	Non-life	74.32	full	CHF	0.9
smile.direct Versicherungen, Wallisellen ¹	Non-life	100.00	full	CHF	–
Patria Schweizerische Lebensversicherungs-Gesellschaft AG, St Gall	Life	100.00	full	CHF	0.1
Helvetia Consulta AG, Basel	Other	100.00	full	CHF	0.1
Helvetia Service AG, St Gall	Other	100.00	full	CHF	0.5
Helvetia Beteiligungen AG, St Gall	Other	100.00	full	CHF	225.7
Helvetia Consulting AG, St Gall	Other	100.00	full	CHF	0.1
Helvetia I Funds North America	Other	78.87	full	USD	–
Helvetia I Funds Great Britain	Other	83.17	full	GBP	–
Helvetia I Funds Europe	Other	84.17	full	EUR	–
Coop Rechtsschutz AG, Aarau		42.50	equity	CHF	
Prevo-System AG, Basel		24.00	equity	CHF	
Germany					
Helvetia Schweizerische Versicherungsgesellschaft AG, Direktion für Deutschland, Frankfurt a.M. ¹	Non-life	100.00	full	EUR	
HELVETIA INTERNATIONAL Versicherungs-AG, Frankfurt a.M.	Non-life	100.00	full	EUR	8.0
HELVETIA Schweizerische Lebensversicherungs-AG, Frankfurt a.M.	Life	100.00	full	EUR	11.5
“Schweizer-National” Versicherungs-AG, Frankfurt a.M.	Non-life	100.00	full	EUR	5.0
Der ANKER Vermögensverwaltung GmbH, Frankfurt a.M.	Other	100.00	full	EUR	0.0
Helvetia Vermögens- und Grundstücksverwaltung GmbH & Co. KG, Frankfurt a.M.	Life	100.00	full	EUR	41.2
Helvetia Grundstücksverwaltung GmbH, Frankfurt a.M.	Life	100.00	full	EUR	0.0
Hamburger Assekuranz GmbH, Frankfurt a.M.	Other	100.00	full	EUR	3.1
Helvetia Leben Maklerservice GmbH, Frankfurt a.M.	Life	100.00	full	EUR	0.0
Helvetia Versicherungs- u. Finanzdienstleistungsvermittlung GmbH, Frankfurt a.M.	Other	100.00	full	EUR	0.0

as at 31.12.2015	Business segment	Group investment in %	Consolidation method	Currency	Share capital in million
Italy					
Helvetia Compagnia Svizzera d'Assicurazioni S.A., Rappresentanza Generale e Direzione per l'Italia, Milan ¹	Non-life	100.00	full	EUR	
Helvetia Vita – Compagnia Italo Svizzera di Assicurazioni sulla Vita S.p.A., Milan	Life	100.00	full	EUR	47.6
Chiara Assicurazioni S.p.A., Milan	Non-life	52.95	full	EUR	12.4
Helvetia Italia Assicurazioni S.p.A., Milan	Non-life	100.00	full	EUR	15.6
Nationale Suisse Compagnia Italiana di Assicurazioni S.p.A., San Donato Milanese	Non-life	100.00	full	EUR	12.0
Nationale Suisse Vita Compagnia Italiana di Assicurazioni S.p.A., San Donato Milanese	Life	100.00	full	EUR	11.0
Nationale Suisse Servizi Assicurativi S.R.L., San Donato Milanese	Non-life	100.00	full	EUR	0.0
APSA s.r.l., Milan	Non-life	100.00	full	EUR	0.1
GE.SI.ASS Società Consortile a R.L., Milan	Other	100.00	full	EUR	0.0
Spain					
Helvetia Holding Suizo, S.A., Madrid	Other	100.00	full	EUR	90.3
Helvetia Compañía Suiza, Sociedad Anónima de Seguros y Reaseguros, Seville	Life and non-life	98.99	full	EUR	21.4
Nacional Suiza Compañía de Seguros y Reaseguros S.A., Barcelona	Non-life	100.00	full	EUR	18.0
Previsur Agencia de Seguros S.L., Seville	Other	100.00	full	EUR	0.0
Gesnorte S.A., S.G.I.I.C., Madrid		26.00	equity	EUR	
Austria					
Helvetia Schweizerische Versicherungsgesellschaft AG, Direktion für Österreich, Vienna ¹	Non-life	100.00	full	EUR	
Helvetia Versicherungen AG, Vienna	Life and non-life	100.00	full	EUR	12.7
Helvetia Financial Services GmbH, Vienna	Other	100.00	full	EUR	0.2
Swoboda & Kafka Gesellschaft m.b.H., Vienna	Other	100.00	full	EUR	0.0
RZD Datenverarbeitungsgesellschaft GmbH, Vienna	Other	100.00	full	EUR	0.0
protecta.at Finanz- und Versicherungsservice GmbH, Vienna	Other	100.00	full	EUR	0.0
Devrientgasse 4 Projektentwicklungs- und Verwertungs GmbH, Vienna	Other	100.00	full	EUR	0.0
Devrientgasse 4 Projektentwicklungs- und Verwertungs GmbH & Co. KG, Vienna	Other	100.00	full	EUR	0.0
ZSG Kfz-Zulassungsservice GmbH, Vienna		33.33	equity	EUR	
Assistance Beteiligungs-GmbH, Vienna		24.00	equity	EUR	
fvy-Vorarlberger Versicherungsmakler GmbH, Götzis		30.00	equity	EUR	
France					
Helvetia Compagnie Suisse d'Assurances S.A., Direction pour la France, Paris ¹	Non-life	100.00	full	EUR	
Helvetia Assurances S.A., Paris	Non-life	100.00	full	EUR	94.4
Groupe Save, Le Havre	Non-life	100.00	full	EUR	0.1

as at 31.12.2015	Business segment	Group investment in %	Consolidation method	Currency	Share capital in million
Other countries					
Belgium					
Compagnie Européenne d'Assurance des Marchandises et des Bagages S.A., Bruxelles	Non-life	100.00	full	EUR	18.5
Société Immobilière Joseph II SA, Bruxelles	Non-life	100.00	full	EUR	11.1
Ireland					
Swiss Cap PRO Red Fund, Dublin	Non-life	100.00	full	USD	–
Swiss Cap PRO Orange Fund, Dublin	Life	100.00	full	USD	–
Jersey					
Helvetia Finance Ltd., St Helier	Other	100.00	full	CHF	0.1
Liechtenstein					
Helvetia Swiss Insurance Company in Liechtenstein Ltd, Vaduz	Non-life	100.00	full	CHF	5.0
Luxembourg					
Helvetia Europe S.A., Luxembourg	Other	100.00	full	EUR	3.6
VP SICAV Helvetia Fund International Bonds	Other	100.00	full	EUR	–
VP SICAV Helvetia Fund European Equity	Other	100.00	full	EUR	–
VP SICAV Helvetia Fund International Equity	Other	100.00	full	EUR	–
Malaysia					
Helvetia Swiss Insurance Company Ltd., Kuala Lumpur ¹	Non-life	100.00	full	USD	–
Singapore					
Helvetia Swiss Insurance Company Ltd., Singapore ¹	Non-life	100.00	full	USD	–
USA					
Helvetia Latin America LLC, Miami	Non-life	100.00	full	USD	0.1
Worldwide					
Helvetia Schweizerische Versicherungsgesellschaft AG, Rückversicherung, St Gall ²	Other	100.00	full	CHF	

¹ Group costs are included in the "Corporate" segment.

² Branches

Report of the Statutory Auditor

Report of the Statutory Auditor to the General Meeting of Shareholders of Helvetia Holding AG, St Gall.

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the consolidated financial statements on pages 104 to 220 of Helvetia Holding AG, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes for the year ended 31 December 2015.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Bill Schiller
Licensed Audit Expert, Auditor in Charge

Andrea Bischof
Licensed Audit Expert

Zurich, 9 March 2016

Financial statements of Helvetia Holding AG

Balance sheet

	2015	2014	Change
in CHF million			
Assets			
Cash and cash equivalents	3.2	1.3	
Other current receivables			
– from third parties	0.2	0.0	
– from affiliated companies	169.6	356.4	
Current assets	173.0	357.7	–51.6%
Financial assets	0.1	0.1	
Participations	2 089.3	1 743.4	
Non-current assets	2 089.4	1 743.5	19.8%
Total assets	2 262.4	2 101.2	7.7%
Liabilities and equity			
Trade payables	4.0	0.0	
Current provisions	0.0	0.1	
Deferred income	1.2	2.6	
Current liabilities	5.2	2.7	
Non-current interest-bearing liabilities			
– from third parties	150.0	150.0	
– from affiliated companies	988.6	988.6	
Non-current liabilities	1 138.6	1 138.6	
Total liabilities	1 143.8	1 141.3	0.2%
Share capital	1.0	1.0	
Legal capital reserves			
– Reserve from capital contributions	0.9	0.9	
Legal retained earnings			
– General legal retained earnings	86.1	86.1	
– Reserve for treasury shares	6.5	8.2	
Voluntary retained earnings	541.3	338.9	
Retained profit			
– Profit carried forward	146.3	190.5	
– Annual profit/loss	337.0	334.8	
Treasury shares Helvetia Holding AG	–0.5	–0.5	
Total equity	1 118.6	959.9	16.5%
Total liabilities and equity	2 262.4	2 101.2	7.7%

Income statement

	2015	2014	Change
in CHF million			
Dividend income	365.7	394.4	
Realised gains on capital investments	0.8	0.0	
Interest income	0.2	0.5	
Total operating income	366.7	394.9	
Other operating expenses	-0.4	-5.6	
Value adjustment on investments	0.0	-47.2	
Interest payable	-29.3	-7.4	
Total operating expenses	-29.7	-60.2	
Extraordinary income	0.0	0.0	
Earnings before tax	337.0	334.8	0.7%
Income tax	0.0	0.0	
Annual profit / loss	337.0	334.8	0.7%

Proposed appropriation of profit

	2015	2014	Change
in CHF million			
Profit for the period	337.0	334.8	
Profit carried forward	146.3	190.5	
At the disposal of the Shareholders' Meeting	483.3	525.3	
Proposed dividend ¹	189.0	179.0	
Allocation to voluntary retained earnings	150.0	200.0	
Profit carried forward to new account	144.3	146.3	

¹ 2015: CHF 19.00 per registered share

2014: CHF 18.00 per registered share

Notes to the financial statements of Helvetia Holding AG

1. Principles

1.1 General

The 2015 financial statements of Helvetia Holding AG were prepared for the first time in accordance with the new provisions of the Swiss Code of Obligations (CO) (chapter 32 of the Swiss Code of Obligations). To ensure comparability, the prior-year figures in the balance sheet and income statement were restated to comply with the new classification requirements. The applied valuation principles comply with the law. The material valuation principles that are not prescribed by law are discussed below.

1.2 Valuation principles

Measurement is done in accordance with uniform criteria. Assets and liabilities are measured on an individual basis. Subsequent to initial recognition, assets are measured at amortised cost. Liabilities are stated at par value.

Investments in other companies are recognised at purchase cost less impairment.

Loans are reported at par value less impairment.

Treasury shares are charged to equity in the balance sheet at purchase cost as of the acquisition date. In case of a sale at a later date, the gain or loss is recognised without affecting profit or loss.

1.3 No need to include cash flow statement and management report

As Helvetia Holding AG prepares consolidated financial statements in accordance with a recognised accounting standard (IFRS), in accordance with the statutory provisions it therefore does not have to include a management report and statement of cash flow in these financial statements.

2. Notes on balance sheet and income statement items

2.1 Investments in other companies

On the reporting date, Helvetia Holding AG owned the following direct investments:

Company	Reported company capital	Holding as of	Reported company capital	Holding as of
	31.12.2015	31.12.2015	31.12.2014	31.12.2014
in CHF million				
Helvetia Schweizerische Versicherungsgesellschaft AG, St Gall	77.5	100.00%	77.5	100.00%
Helvetia Schweizerische Lebensversicherungsgesellschaft AG, Basel	50.0	100.00%	50.0	100.00%
Helvetia Finance Limited, Jersey	0.1	100.00%	0.1	100.00%
Schweizerische National-Versicherungsgesellschaft AG, Basel	0.0	0.00%	8.8	84.80%

2.2 Bond

On 8 April 2013, Helvetia Holding AG issued a 1.125% bond 2013 – 2019 with a par value of CHF 150 million. The bond was subscribed and paid on 8 April 2013 and must be repaid at par value on 8 April 2019. The bond has a coupon rate of 1.125% p.a., which will be paid annually on 8 April.

2.3 Maturity structure of interest-bearing liabilities

	31.12.2015	31.12.2014
in CHF million		
up to 1 year	0.4	0.4
1 to 5 years	150.0	150.0
More than 5 years	988.2	988.2

2.4 Share capital and authorised capital

The share capital of CHF 994,513.70 consists of 9,945,137 registered shares with a par value of CHF 0.10.

On 25 February 2015, Helvetia Holding AG carried out an approved share capital increase of CHF 5,560.60. 55,606 new shares with a par value of CHF 0.10 were issued.

On 20 October 2014, Helvetia Holding AG carried out an approved share capital increase of CHF 123,665.60. 1,236,656 new shares with a par value of CHF 0.10 were issued.

2.5 Treasury shares

On 31 December 2015, Helvetia Holding AG and its subsidiaries held 47,951 shares (CHF 6.5 million) of Helvetia Holding AG (previous year: 26,288 shares, CHF 8.2 million).

Treasury shares

	31.12.2015	31.12.2014
Number of treasury shares	47 951	26 288
Reserve for treasury shares in CHF million	6.5	8.2

Change treasury shares

Date	Number	Type of shares	in CHF million
As at 1 January 2014	44 255	registered shares	11.3
purchases	5 972	registered shares	2.6
sales	-23 939	registered shares	-5.7
As at 31 December 2014	26 288	registered shares	8.2
purchases	59 956	registered shares	2.3
sales	-38 293	registered shares	-4.0
As at 31 December 2015	47 951	registered shares	6.5

2.6 Dividend income

The reported dividend income of Helvetia Holding AG represents the dividend paid simultaneously to Helvetia Holding AG by the subsidiaries Helvetia Schweizerische Versicherungsgesellschaft AG and Helvetia Schweizerische Lebensversicherungsgesellschaft AG from their respective net profits for 2015.

2.7 Auditors' fees

	31.12.2015	31.12.2014
in CHF		
Auditing services	16 000	16 000
Other services	0	0

The audit fees include the fees for mandates connected directly or indirectly to an existing or future audit mandate as well as the fees for audit-related activities (including questions concerning the accounts, support in regulatory matters and statutory special audits).

3. Other information

3.1 Full-time equivalents

Helvetia Holding AG does not have any employees.

3.2 Guarantee and contingent liabilities

Helvetia Holding AG belongs to the VAT group of Helvetia Schweizerische Lebensversicherungsgesellschaft AG and is therefore jointly and severally liable for VAT debts.

Helvetia Holding AG has issued subordinate and unsecured guarantees of CHF 1.3 billion vis-à-vis the bond creditors of Helvetia Schweizerische Versicherungsgesellschaft AG. This is associated with (i) the subordinated bond issued in September 2015 as well as (ii) a subordinated bond issued in October 2014 in the amount of CHF 1.0 billion (two unsecured senior bonds at CHF 225.0 million and CHF 150.0 million, and two unsecured junior bonds at CHF 400.0 million and CHF 225.0 million).

The subordinated and unsecured guarantee of CHF 300.0 million vis-à-vis the bond creditors of Helvetia Schweizerische Versicherungsgesellschaft AG, which was related to a subordinated bond issued in November 2010, was repaid in November 2015.

3.3 Shareholders with interests of more than 3.00%

The following shareholders were entered in the share register on the reporting date of 31 December 2015:

- Patria Genossenschaft, Basel, with 30.09% (previous year: 30.12%)
- Vontobel Beteiligungen AG, Zurich, with 4.00% (previous year: 4.00%)
- Raiffeisen Schweiz Genossenschaft, St Gall, with 4.00% (previous year: 4.00%)
- BlackRock AG, Zurich, with 5.28%, of which 4.67% is held indirectly (previous year: 4.97%, of which 4.32% was held indirectly).

3.4 Additional information for companies listed on the stock exchange

The information on investments of the members of the Board of Directors and the Executive Management required under Art. 663c par. 3 of the Swiss Code of Obligations is provided in the Notes to the 2015 consolidated financial statements of the Helvetia Group under chapter 15.

3.5 Ownership interests of members of the Board of Directors and employees

Information on the allocation of ownership interests to the members of the Board of Directors and the Executive Management is provided in the Notes to the 2015 consolidated financial statements of the Helvetia Group under chapter 15.

3.6 Material events after the reporting date

There were no material events after the reporting date that would have an impact on the carrying values of the reported assets or liabilities or that would need to be disclosed here.

Report of the Statutory Auditor

Report of the Statutory Auditor to the General Meeting of Shareholders of Helvetia Holding AG, St Gall.

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the financial statements on pages 223 to 227 of Helvetia Holding AG, which comprise the income statement, balance sheet and notes for the year ended 31 December 2015.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2015 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Bill Schiller
Licensed Audit Expert, Auditor in Charge

Andrea Bischof
Licensed Audit Expert

Zurich, 9 March 2016





The transport insurance team in French-speaking Switzerland expanded as a result of the merger. Since then, Stefan Minder, a former Nationale Suisse employee, and David Monod have become new colleagues and are already a well-integrated team.

The intense familiarisation period and shared lunch breaks laid the foundation for a trusting, successful collaboration. “Helvetia not only benefits from the expertise and experience of its new employees, but also from the expanded product range that we are able to offer our customers and partners.” According to David Monod, the greatest challenge was training the new employees: “It was important to rapidly familiarise them with our IT infrastructure in order to ensure that they could soon work independently. This intensive phase saw an active exchange of knowledge and experience. And all partners were able to benefit from other working methods.”

All partners were able to benefit from other working methods.

Embedded value

Embedded value measures the shareholder value of the life insurance portfolio and consists of

- the adjusted equity;
- plus the value of the insurance portfolio;
- less the solvency costs.

The adjusted equity comprises the statutory equity and the shareholders' interest in the valuation and fluctuation reserves as well as their interest in the dissolution of the free part of the surplus fund. The value of the insurance portfolio corresponds to the present value of all expected future statutory earnings after tax from the life insurance portfolio as at the reporting date. Solvency costs are the costs of the solvency capital provided by the shareholder and are deducted from the embedded value.

In order to calculate embedded value, various best estimate assumptions are made, notably concerning return on investments, costs, claims development and policyholder profit participation. The key assumptions are listed in the following table. These also include the risk discount rates that are established separately for each country market. Given the high levels of volatility, these rates are partly based on average interest rates, while future bond yields continue to be calculated as of the reference date. The amount of the embedded value heavily depends on the assumptions made. The scope of these dependencies is explained in the "Sensitivities" table. The embedded value published here by Helvetia was calculated in accordance with the traditional method, which delivers values and sensitivities that differ from the market-consistent embedded value according to the CFO Forum, and also reacts differently to economic changes.

The life units of Nationale Suisse in Switzerland and Italy acquired in the second half of the previous year and the life business of the former Basler Austria were only reported at their respective adjusted net asset value as of the end of 2014, without the value of the insurance portfolio or the solvency costs. In view of the planned sale at the beginning of 2015, the life business of Nationale

Suisse Belgium was also not included. In the reporting year, the portfolios of the former Nationale Suisse and Basler Austria were modelled and included with all components in the 2015 embedded value. In addition, all burial expenses policies in Spain are now allocated to the life business, which is consistent with the practice of IFRS and the various solvency metrics. All of these adjustments increased the embedded value by CHF 208.8 million as at 1 January 2015.

KPMG reviewed the guidelines used by Helvetia Group as well as the assumptions underlying the calculation of the embedded value at 31 December 2015. KPMG has carried out a review of the embedded value presented below by the Helvetia Group on the basis of the relevant assumptions. Nothing has come to the attention of KPMG that causes it to believe that the assumptions used and the calculated embedded value do not comply with the Helvetia guidelines.

At the end of 2015, the embedded value of the Helvetia Group amounted to CHF 3,195.7 million, which represents an increase of CHF 216.4 million or 7.3% compared to December 2014, or an increase of CHF 7.6 million or 0.2% compared to the adjusted embedded value as at 1 January 2015. The analysis of change shows that this mainly derives from economic factors, as the decision by the Swiss National Bank to scrap the euro peg resulted in a sharp decline in investment yields in Switzerland and negative exchange rate differences with the EU units. Dividend payments in the first half of the year also reduced the shareholder value of the life insurance portfolio. In contrast, operating profit improved due to more favourable cost assumptions and a positive contribution by new business.

Patria Genossenschaft makes an annual contribution to promoting the interests of Helvetia's life policyholders, which is added to the policyholder reserves. In the reporting year the contribution amounted to CHF 45.0 million.

New business volume was down in 2015. In Switzerland, Helvetia took a conscious decision to

reduce its sales of full insurance solutions for occupational pensions, and in the foreign markets, new business volume was mostly down for capital-intensive traditional savings products.

The value of the new business written in 2015 declined from CHF 26.3 million in the previous year to CHF 23.5 million because of the smaller volume of new business and, in Switzerland, the considerably lower interest rates on new investments relative to 2014. In the foreign markets, however, the value of new business rose year-on-year in spite of the lower volume of new business. The first-time inclusion of the profitable burial expenses policies in Spain also contributed to this development. As a consequence, the profitability of the Helvetia Group's new business, arising from the development of new business volume and value, improved slightly from 0.8% in the previous year to 0.9% in the reporting year. Thus the negative impact of an even more difficult economic environment in Switzerland could be compensated by the foreign units.

	2015	2014
in CHF million		
Embedded value after tax		
Switzerland	2 746.1	2 557.9
of which value of insurance portfolio	1 823.9	1 624.9
of which adjusted equity	1 965.1	1 855.5
of which solvency costs	- 1 042.9	- 922.5
EU	449.6	421.4
of which value of insurance portfolio	241.0	208.4
of which adjusted equity	328.9	334.0
of which solvency costs	- 120.3	- 121.0
Total¹	3 195.7	2 979.3
of which value of insurance portfolio	2 064.9	1 833.3
of which adjusted equity	2 294.0	2 189.5
of which solvency costs	- 1 163.2	- 1 043.5
¹ of which minority interests CHF 1.6 Mio. as of 31.12.2015		
Assumptions		
in %		
Switzerland		
Risk discount rate	6.0%	6.0%
Yield on bonds	0.3%–1.5%	0.6%–1.7%
Yield on equities	6%	6%
Yield on real estate	4.5%	4.5%
EU		
Risk discount rate	6.5%–8.0%	6.5%–8.0%
Yield on bonds	1.7%–3.1%	1.7%–3.1%
Yield on equities	6.5%	6.5%
Yield on real estate	4.8%	5.0%

	2015	2014
in CHF million		
Development of embedded value after tax		
Embedded value as of 1 January ¹	3 188.1	2 922.6
Operating profit from insurance portfolio and adjusted equity	239.0	287.0
Value of new business	23.5	26.3
Economic changes, including changes to unrealised gains and losses on investments (equity and real estate)	-169.4	-467.1
Dividends, movement of capital	-39.1	218.5
Foreign currency translation differences	-46.4	-8.0
Embedded value as of 31 December	3 195.7	2 979.3

¹ Includes all first-time components from acquisitions and burial insurance Spain as at 1.1.2015

in %		
Sensitivities		
+1 % change to risk discount rate	-9.4%	-9.3%
-1 % change to risk discount rate	11.6%	11.5%
-10 % change to fair value of equities	-2.7%	-2.9%
-10 % change to fair value of real estate	-10.6%	-9.9%
+1 % change to new money rate	11.7%	11.1%
-1 % change to new money rate	-27.4%	-24.9%

in CHF million		
New Business		
Switzerland		
Value of new business	12.7	18.8
Annual premium equivalent (APE)	179.4	202.2
Value of new business in % APE	7.1%	9.3%
Present value of new business premiums (PVNBP)	1 800.1	2 133.4
Value of new business in % PVNBP	0.7%	0.9%
EU		
Value of new business	10.8	7.5
Annual premium equivalent (APE)	102.7	121.7
Value of new business in % APE	10.5%	6.2%
Present value of new business premiums (PVNBP)	811.5	1 044.4
Value of new business in % PVNBP	1.3%	0.7%
Total		
Value of new business	23.5	26.3
Annual premium equivalent (APE)	282.1	323.9
Value of new business in % APE	8.3%	8.1%
Present value of new business premiums (PVNBP)	2 611.6	3 177.8
Value of new business in % PVNBP	0.9%	0.8%

Annual Premium Equivalent (APE): 100% annual premium for new business +10% of single premium of new business

Glossary

Actuarial reserve

Technical life insurance reserve calculated in compliance with official guidelines and which, in conjunction with future premiums, secures claim payments.

Amortised cost

The amortised cost value of an investment is the amount at which the asset is first valued, less any impairments and plus or minus the difference between the original cost price and the redemption amount on maturity (premium/discount), with the difference being amortised over the term.

Asset liability concept

A means of balancing assets and liabilities on our customers' behalf in such a way as to ensure that all the Group's insurance commitments can be met with maximum security at any time.

Business volume

Sum of the gross premiums written and deposits from investment contracts in the reporting year.

Cash-generating unit

The smallest identifiable group of a company's assets that generates cash inflows that are largely independent of cash flows from other assets.

Claims ratio

The ratio of claims incurred to net premiums earned.

Collateral

Assets (generally securities) which are deposited or pledged as a financial surety.

Combined ratio

The sum of the net expense ratio and the claims ratio is used to evaluate the profitability of non-life insurance business before underwriting interest income is taken into consideration.

Contingent liabilities

Liabilities with little probability of occurring or low probability of causing an outflow of funds. They are not included in the balance sheet, but are mentioned in the notes to the consolidated financial statements.

Cost ratio

Technical costs on own account in proportion to the net premiums earned on own account.

Deferred acquisition costs

Costs which arise in connection with the conclusion of new or the extension of existing insurance contracts. They are taken into account in the balance sheet as assets, distributed across the contract period and recorded in the income statement as expenditure.

Deferred taxes

Deferred taxes arise due to temporary taxable differences between the local tax balance and the IFRS balance. They are established for each balance sheet item and are, when considered from the reporting date, either future tax liabilities or tax credits.

Deposits

(See "Deposits from investment contracts").

Deposits from investment contracts

The amounts paid in during the reporting year from contracts without a significant insurance risk.

Direct business

All insurance policies concluded by Helvetia with customers who are not insurers themselves.

Effective interest method

Allocates the difference between the cost price and redemption amount (premium discount) over the expected life of the corresponding asset using the present value method, thus achieving a consistent interest rate.

Embedded value

Embedded value measures the shareholder value of the life insurance portfolio and is made up of

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

Equity valuation

Balance sheet practice for measurement of holdings in associated companies. The valuation of the holding in the balance sheet corresponds to the shareholders' equity in this company held by the Group. In the context of ongoing evaluation, this valuation is projected forward to take account of changes in proportional shareholders' equity, while allocating the proportional annual earnings to the Group results.

Fair value asset valuation

Valuation of assets at fair market value. This is the value at which an asset may be exchanged between two specialist and independent business partners who are willing to enter into a contract. As a rule, this is the price that can be achieved on an active market.

Finance lease

Leasing contracts under which all the risks and opportunities associated with the property are essentially transferred to the leasing customer.

Fixed-income investments

Securities (such as bonds, medium-term notes) on which a fixed and constant interest is paid for their entire term.

FTE

“Full-Time Equivalent” is the common unit of measurement for the number of full-time employees when converting all the part-time positions into full-time positions. FTE therefore expresses the fair value of a full-time employee within a comparable period of time.

GRI (Global Reporting Initiative)

The Global Reporting Initiative is a not-for-profit organisation. It was founded in 1997 in connection with the United Nations Environment Programme (UNEP). The GRI’s mandate is to develop globally applicable guidelines for sustainability reports.

Gross premiums

The premiums written in the financial year before deduction of premiums ceded to reinsurers.

Group insurance

Insurance contracts concluded for a company’s employees.

Hedge accounting

A special IFRS balance sheet practice for hedging transactions which aims to present hedging instruments and underlying transactions using the same valuation methods in order to reduce the potential volatility of results.

Impairment

Impairment is deemed to be the amount by which the net carrying value of an asset permanently exceeds its recoverable amount (the higher of its net selling price and the net present value of cash flows which are expected to be generated from the use of the asset).

Indirect business

Companies involved in direct business – primary insurers – often do not bear the entire risk alone but pass some of it on to a reinsurer. Like many companies active in direct insurance business, Helvetia also acts as a reinsurer and assumes part of the risk of other primary insurers. These reinsurance transactions are known as indirect business.

Individual insurance

Insurance contracts concluded for individuals.

Insurance benefits

Amounts paid by the insurer in the financial year for claims incurred in respect of insured events.

Legal quota

Legal or contractual obligation to credit the policyholder with a minimum amount of the income or profits from an insurance portfolio in the form of dividends.

Liability Adequacy Test (LAT)

Adequacy test that checks whether the carrying value of an insurance liability is sufficient to cover estimated future requirements.

Loss reserves

Since not all claims will be settled by the end of the financial year in which they arise, provisions must be made in the balance sheet for these outstanding claims or claims likely to be incurred but not yet notified. Such provisions are known as loss reserves or reserves for claims outstanding. Changes to the loss reserves are shown in the income statement.

Net insurance benefits and claims

Total of all benefits paid in the financial year and all changes to technical reserves, less benefits covered by reinsurers.

Net premiums earned on own account

They correspond to the premiums written in the reporting year for the entire business on own account, whilst taking into consideration the changes to the unearned premium reserves.

Net premiums written

If a risk is reinsured, the reinsurer will receive a part of the gross premium in proportion to the risk assumed. The other part is used to finance the risk that remains for the primary insurer. Net premiums thus correspond to gross premiums from total business less the premiums ceded proportionally to reinsurers.

Operating lease

Lease agreements under which the risks and opportunities associated with the property remain with the lessor.

Plan assets

Assets that serve to cover employee benefits by means of a long-term fund.

Policyholders’ dividend

The positive difference between actual and guaranteed interest income, and between a policy’s calculated and actual benefits or costs, is credited to the policyholder as a dividend (particularly applies to life insurance business).

Preferred stock

Corporate bonds that are, in the case of liquidation, subordinate to first-ranking bonds and superordinate to the shareholders and explicitly subordinate bonds.

Premium

Amount to be paid by the policyholder to the insurer for the provision of insurance cover.

Premium reimbursements

Some insurance policies provide that part of the premium may be repaid to the client as a policyholder's dividend at times when few claims have been incurred.

Provisions

Amounts set aside in the balance sheet to meet likely future commitments.

Regular premiums

Amount paid for the provision of insurance cover, in the form of recurring payments.

Reinsurer

Insurance company that assumes part of the risks entered into by a primary insurer.

Reinsurance premiums

Amount paid by the insurer to the reinsurer in exchange for the latter's assumption of risks.

Return on equity (ROE)

Ratio of result to equity: based on the earnings per share (including interest on preferred securities through profit and loss) divided by the average shareholder capital (equity before preferred securities).

Run-off portfolio

An insurance portfolio that is being wound up, i.e. no new contracts are concluded for this portfolio and no existing contracts from this portfolio are extended.

Single premium

Amount paid for the provision of insurance cover, in the form of a one-time payment on commencement of the insurance.

Solvency, Solvency I, Swiss Solvency Test

The term "solvency" refers to the minimum supervisory capital adequacy requirements that must be met by an insurance company. To calculate this, the available capital is compared to the required capital, with the available capital being the equity that is available to cover the required capital.

The required capital is the minimum amount of capital funds which an insurance company needs to ensure that it can always meet its liabilities from insurance policies. Currently, insurance groups domiciled in Switzerland are subject to two different solvency systems. While the "Solvency I" system, which has been in force for many years, requires sufficient volume-based capital to cover the insurance obligations, the required capital is calculated on a risk basis for the "Swiss Solvency Test" (SST) which entered into force on 1 January 2011.

Technical reserves

Total amount of reserves for unearned premiums, reserves for claims outstanding, actuarial reserves, reserves for future policyholder dividends and other technical reserves that appear under liabilities on the balance sheet.

Total benefits

Sum of all the benefits insured (particularly applies to life insurance business).

Total business

Direct and indirect business combined.

Unearned premium reserve

In many cases, the insurance period for which a premium is paid in advance and during which the insurance company bears the risk does not correspond with the financial year. The part of the premium relating to the insurance period falling in the next financial year has not been earned by the end of the current year, and must be transferred to reserves at the end of the financial year. This is the unearned premium reserve which appears in the balance sheet under technical reserves. Changes to the unearned premium reserve are shown in the income statement.

Unit-linked policies

Policies in which the insurer invests the policyholder's savings capital for the account of and at the risk of the latter.

Volume of new business

The volume of new business is the new business written in the reporting year. Helvetia calculates this based on the present value of new business premiums (PVN-BP).

Zillmering

Balancing of an account with part of the unamortised acquisition costs taken into consideration.

Contacts and financial calendar

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Important dates

22 April 2016	Ordinary Shareholders' Meeting in St Gall
5 September 2016	Publication of half-year financial results for 2016
13 March 2017	Publication of financial results 2016

Cautionary note regarding forward-looking information

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changes in laws and regulations, including accounting policies or practices; (6) risks associated with implementing our business strategies; (7) the frequency, magnitude and general development of insured claim events; (8) the mortality and morbidity experience; (9) policy renewal and lapse rates. We caution you that the foregoing list of important factors is not exclusive; when evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties. All forward-looking statements are based on information available to Helvetia Group on the date of its posting and Helvetia Group assumes no obligation to update such statements unless otherwise required by applicable law.

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This document is also available in German. The German version is legally binding.

Multi-year overview

	2011	2012	2013	2014	2015
Key share data Helvetia Holding AG					
Group profit for the period per share in CHF	32.7	37.1	40.9	43.0	29.0
Consolidated equity per share in CHF	392.0	435.4	445.0	503.2	470.4
Price of Helvetia registered shares at the reporting date in CHF	295.0	346.5	447.5	474.0	566.0
Market capitalisation at the reporting date in CHF million	2 552.6	2 998.2	3 872.2	4 687.6	5 628.9
Number of shares issued	8 652 875	8 652 875	8 652 875	9 889 531	9 945 137
in CHF million					
Business volume					
Gross premiums life	4 258.6	4 201.4	4 547.5	4 614.5	4 311.1
Deposits received life	261.2	149.8	183.6	153.0	148.0
Gross premiums non-life	2 431.8	2 412.4	2 550.9	2 789.2	3 532.7
Active reinsurance	220.5	214.9	194.8	209.9	243.5
Business volume	7 172.1	6 978.5	7 476.8	7 766.6	8 235.3
Key performance figures					
Result life	155.2	138.2	152.9	115.0	149.8
Result non-life ¹	153.4	187.3	204.4	193.0	240.3
Result other activities ¹	-18.7	7.6	6.5	85.3	-80.6
Group profit for the period after tax	289.9	333.1	363.8	393.3	309.5
Investment result	832.9	1 315.3	1 332.2	1 476.9	1 185.4
of which investment result from Group financial assets and investment property	896.4	1 087.5	1 156.8	1 275.4	1 105.6
Key balance sheet figures					
Consolidated equity (without preferred securities)	3 377.9	3 750.2	3 831.2	4 963.1	4 655.3
Provisions for insurance and investment contracts (net)	30 125.5	32 765.7	34 518.7	41 275.0	41 143.0
Investments	34 839.0	37 733.2	39 576.1	48 018.0	47 939.0
of which Group financial assets and investment property	32 155.9	34 938.0	36 736.7	44 843.4	45 036.3
Ratios					
Return on equity	8.8%	9.2%	9.5%	9.0%	6.1%
Reserve to premium ratio non-life ¹	132.9%	151.2%	153.1%	193.2%	154.4%
Combined ratio (gross) ¹	94.7%	91.6%	92.2%	91.1%	91.7%
Combined ratio (net) ¹	95.8%	94.0%	93.9%	93.5%	92.1%
Direct yield	2.9%	2.8%	2.7%	2.5%	2.2%
Investment performance	3.8%	5.3%	1.7%	7.7%	1.6%
Solvency I	221%	227%	218%	216%	205%
Employees²					
Helvetia Group	4 909	5 215	5 037	7 012	6 675
of which Switzerland	2 477	2 500	2 369	3 752	3 478

¹ Adjustment for new segmentation (active reinsurance now in non-life)

² Adjustment of the number of employees 2013 / 2014 on a full-time basis (per capita up to 2012)

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