Helvetia Group

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Annual Report 2022.

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Your Swiss Insurer

Key figures.

in CHF million	2022	2021	Change in Group currency
Business volume			
Gross premiums life	3 820.9	4 151.3	–8.0%
Deposits received life	311.3	414.6	–24.9%
Gross premiums non-life	6 965.0	6 656.3	4.6%
Business volume	11 097.2	11 222.2	–1.1%
Key performance figures			
Result life	419.8	304.1	38.1%
Result non-life	289.6	389.3	–25.6%
Result other activities	–95.0	–173.6	45.3%
Group profit for the period after tax	614.4	519.8	18.2%
Investment result	–38.6	2 264.9	–101.7%
of which investment result from Group financial assets and investment property	808.4	1 831.3	–55.9%
Key balance sheet figures			
Consolidated equity (without preferred securities)	4 217.5	6 414.5	–34.3%
Provisions for insurance and investment contracts (net)	46 452.0	51 397.7	–9.6%
Investments	51 986.9	60 009.1	–13.4%
of which Group financial assets and investment property	47 063.0	54 384.6	–13.5%
Ratios			
Return on equity[1]	11.0%	10.3%	
Reserve to premium ratio non-life	139.9%	136.8%	
Combined ratio (gross)	92.4%	97.3%	
Combined ratio (net)	94.7%	94.8%	
New business margin	3.3%	2.5%	
Direct yield	1.8%	1.6%	
Investment performance	–8.3%	1.2%	
Key share data Helvetia Holding AG			
Group profit for the period per share in CHF	10.6	9.2	15.6%
Consolidated equity per share in CHF	79.7	121.3	–34.3%
Price of Helvetia registered shares at the reporting date in CHF	107.8	107.4	0.4%
Market capitalisation at the reporting date in CHF million	5 716.2	5 695.0	0.4%
Number of shares issued	53 025 685	53 025 685	
Employees			
Helvetia Group	12 628	12 128	4.1%
of which Switzerland and Corporate	3 825	3 757	1.8%

1 Based on the earnings per share (after interest on preferred securities through profit and loss) divided by the average shareholder capital (equity before non-controlling interests and preferred securities, excluding unrealised gains and losses).

Contents

Dr Thomas Schmuckli
Chair of the Board of Directors

Dr Philipp Gmür
Chief Executive Officer

Ladies and Gentlemen.

Helvetia once again proved the stability and growth potential of its business model in the 2022 financial year and created value for its shareholders on this basis. Strong results in the core business mean we are able to propose a renewed increase in the dividend to CHF 5.90 per share to the Annual General Meeting (2021: CHF 5.50). The business volume stood at CHF 11,097.2 million, thus increasing by 2.6% on a currency-adjusted basis. The driver was the non-life business, which grew on a broad basis in all segments and business lines.

Solid technical results and a one-off gain on disposal led to a record result of CHF 614.4 million (IFRS, after tax). Against the backdrop of a challenging market environment, the business has proven to be extremely resilient. In the non-life business, Helvetia was able to increase its technical result thanks to the good portfolio quality. In life insurance, the margin after costs increased year on year and showed stronger interest and risk results in particular. Furthermore, Helvetia also generated a one-off profit of CHF 102.0 million with the sale of the Spanish life insurance company Sa Nostra Vida.

Helvetia's resilience is also reflected in its capitalisation, which remains excellent: Helvetia has been awarded an "A+" rating by the S&P Global Ratings rating agency. The SST ratio was estimated to be above 300% as at 1 January 2023.

In addition to its sustainable dividend growth, resilience and outstanding capitalisation, Helvetia also stood out from the crowd last year by seizing growth opportunities as part of the *helvetia 20.25* strategy. One such example is the clear increase in income from fee and commission business, where we recorded a rise of 12.4% on a currency-adjusted basis relative to the previous year. The growth can mainly be attributed to the expansion of the "Health & Care" ecosystem in Spain. Helvetia also expanded its business with asset management services for third parties with a capital increase of the *Helvetia (CH) Swiss Property Fund*, thus increasing commission income. With the fee business, we are tapping into new sources of income, diversifying our business mix and making ourselves less dependent on interest rate developments in line with our strategy.

In the 2022 financial year, we are for the first time reporting a profitability figure for this business area in the form of the "fee margin". The fee margin shows the income generated in the fee business after deduction of costs. It totalled CHF 31.3 million last year, accounting for just under 5% of Group profit. This figure underlines the attractiveness and profitability of the fee business.

Helvetia also increased its share in Caser by 10% pts. to 80%, meaning that it is now participating in the profitable development of Caser to a greater extent. At the same time, the importance of the non-life business is growing within the Group.

Helvetia also made various small acquisitions. The focus here was placed on gaining new capabilities. For example, seven providers have been added to the "Health & Care" ecosystem in Spain. Growth opportunities have also been seized in the specialty lines through the development of new expertise. In the technical insurance business, for example, an underwriting team with a focus on insurance solutions for renewable energies and environmental technology was created.

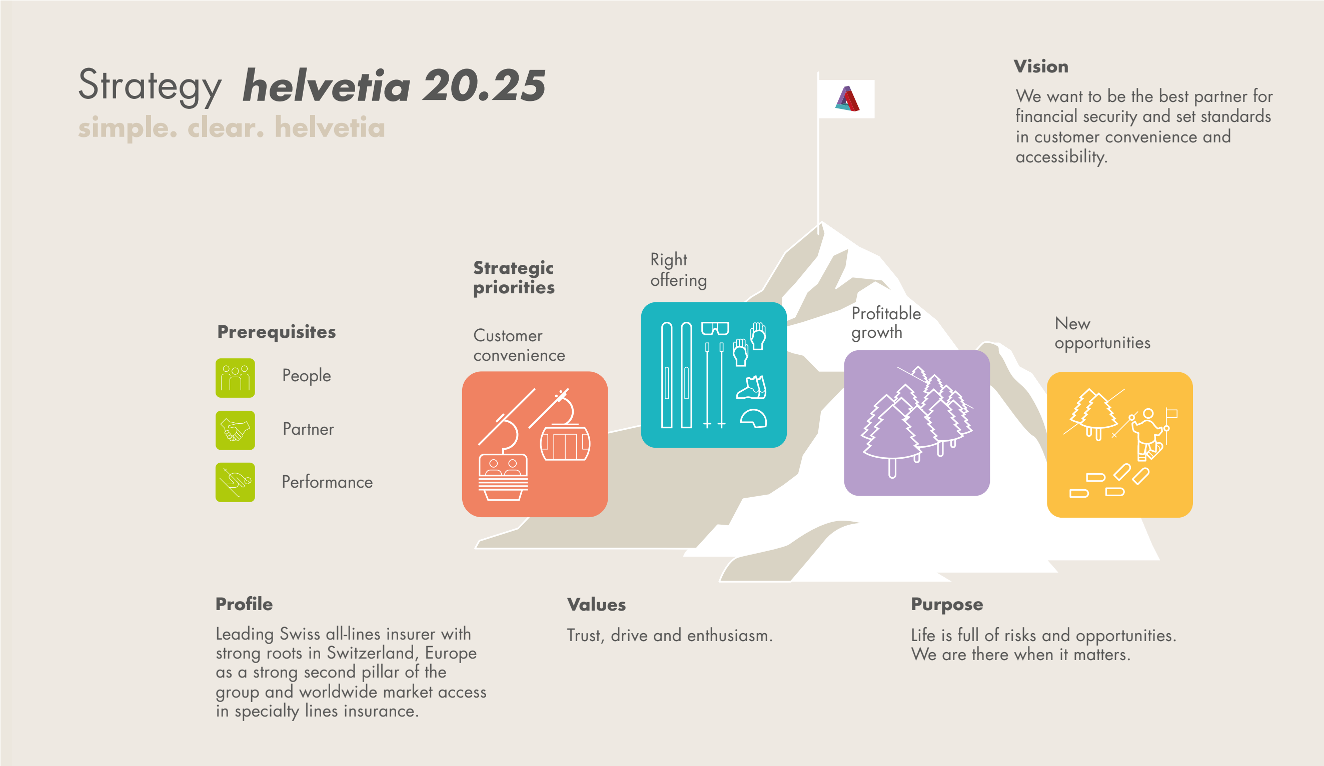
The basis for the success we enjoyed in the past financial year was formed by our purpose: "Life is full of opportunities and risks. We are there when it matters." We are confident that if we live by this raison d'être each and every day, Helvetia will also perform successfully in the future. We would like to thank you most sincerely for supporting us in doing so and for the trust you place in us.

Yours sincerely,

Dr Thomas Schmuckli
Chair of the Board of Directors

Dr Philipp Gmür
Chief Executive Officer

Philipp Gmür to stand down as Group CEO
At the end of October 2022, Philipp Gmür, Chief Executive Officer and Group CEO of Helvetia Versicherungen, announced that he was to stand down in mid-2023. He has been with the company since 1993, serving as CEO of the Swiss domestic market for 13 years before assuming his current role as Group CEO in 2016. "It is a privilege and a joy to be able to shape the Helvetia Group's development together with a strong team. However, I also look forward to passing on the baton and taking on new tasks outside the Helvetia Group," comments Philip Gmür with respect to his decision. Thomas Schmuckli, Chair of the Board of Directors, adds: "Philipp Gmür has left a lasting mark on the Helvetia Group: He has driven forward the development of Helvetia into a leading all-lines insurer in its domestic market, the internationalisation of the Group, the expansion of additional lines of business and the introduction of new business models in a targeted manner. We would already like to take this opportunity to express our sincere gratitude to Philipp Gmür for his immense and long-standing dedication to the Helvetia Group."



Our path towards 2025.

Following the successful start to the *helvetia 20.25* strategy period, Helvetia is very well positioned. In future, we want to continue on the path that we have successfully embarked upon. To allow us to do so, we have added a chapter to our proven strategy with the objective of doing even better justice to all of our stakeholder groups.

Even if the environment in which we operate is constantly changing, Helvetia's raison d'être has remained the same since 1858: Life is full of opportunities and risks. Helvetia is there for its customers when it matters. Helvetia's vision is to be the best partner for financial security and to set standards in the areas of customer convenience and customer access: simple. clear. helvetia is becoming even more part of Helvetia's DNA.

In its *helvetia 20.25* strategy, Helvetia sets four strategic priorities:

1. Helvetia embraces customer convenience. Helvetia is on hand wherever insurance and pension needs arise and provides its services in the simplest way possible for customers.

We are constantly working on new solutions to ensure a simple customer journey. In Switzerland, we are especially proud of the pleasing development of our insurer Smile. With its unique freemium model, Smile is setting new standards in the area of customer convenience with its end-to-end customer journey and has generated more than 125,000 app downloads to date. The freemium model grants free insurance coverage for parcel shipments that fail to arrive or arrive damaged. Our newly launched YOUniverse insurance solution, which is aimed at young people, also impresses with its flexible and individual selection of insurance modules. This model is currently unique on the Swiss market. In the Spanish market, we improved the customer experience for motor vehicle claims. Thank to the simple provision of an equivalent replacement car, our customers remain mobile at all times.

2. Helvetia has the perfect offering. Helvetia offers comprehensive products and services in the areas of insurance and pension provision.

We consistently focus on the needs of our customers with our insurance and pension offering. Thanks to the successful offering of Helvetia Property Invest, we provide exclusive access to an institutional real estate fund. In the Italian bancassurance environment, the award-winning, fully digital and easy-to-conclude Helvetia e-Protection life insurance is a further impressive string to our bow. All of our activities are aligned with our Sustainability Strategy 20.25. Among other things, we established a new underwriting team in the Specialty Markets segment with a focus on renewable energies and environmental technologies.

3. Helvetia grows profitably in its core business. Helvetia increases customer value creation in Switzerland, continues to develop its European business as a profitable, second strong pillar for the Group and generates additional growth in its international specialty business.

In all country markets, we were delighted to post a performance in line with our strategy in the core business. To further strengthen our position in Spain, we increased our holding of the share capital of Caser once more and now own approximately 80% of the Spanish insurer. With this transaction, we are also strengthening the non-life business throughout the Group. We want to make the focus of our core business even more global. The former Helvetia Liechtenstein now operates under the name Helvetia Global Solutions (HGS) and allows us to underwrite cross-border international risks.

4. Helvetia utilises new opportunities. Helvetia opens up new business models and ecosystems in its core business and in the area of asset management.

To strengthen our service business, the new Immo World platform went online in Switzerland. It is integrated into the Helvetia offering and provides users with free information and additional services in relation to real estate ownership. Together with MoneyPark, Helvetia thus offers a comprehensive range of services related to the "Home" ecosystem. The internationalisation of our Swiss online insurer Smile has already got off to a successful start. Since autumn 2022, Smile has also been active in Austria, and Spain will follow as the third country market. In Spain, we are successfully tapping into the so-called silver economy in connection with our "Health & Care" ecosystem. We are doing so by linking our services in the areas of attractive housing and life in old age while also making further acquisitions of hospitals and retirement homes.

Thanks to the company's performance culture and technical excellence, the digitalisation of its processes, its ability to work as a partner as well as its leadership and talent management, Helvetia creates the optimal conditions for the successful implementation of its strategy.

By further strengthening our technical integration capabilities, we improved our ability to work as a partner in all country markets. The *helvetia.way* has specified our performance culture and created a common understanding of leadership, cooperation and organisation (more in this regard can be found in the chapter "Our employees" from page 10). The basis for this success is formed by the our employees, which is why Helvetia offers them corresponding attractive prospects as an "Employer of Choice".

The financial objectives specified in Helvetia's strategy focus on profitability, operational efficiency, solid capitalisation over the long term and the ability to pay dividends. Our financial objectives are based on the strategic priorities and reflect our level of ambition.

As an integrated European financial services provider, we want to contribute to the sustainable development of both the economy and society. Within the framework of our Sustainability Strategy 20.25, we are also there when it matters in this area. We are proud that the independent rating agency MSCI increased our ESG rating to "A" and thus that our measures in the area of sustainability have been recognised.

People

Partners

Performance

Strategic priorities

- Customer convenience
- Right offering
- Profitable growth
- New opportunities

Financial objectives

Quality of results and growth	**Profitability**		
	Net combined ratio for non-life business (2021–2025)	92–94%	
	New business margin for life business (2021–2025)	2–3%	
	Fee business		
	Volume	CHF >350 million up to 2025	
	Share of Group IFRS result	>5% up to 2025	
Operational efficiency	Cost efficiency	CHF 100 million up to 2025	
Capital and dividend	Rating	A rating (S&P)	
	Cumulative dividend distribution over the next five years	CHF >1.65 billion*	
	Return on equity**	8–11%	

Helvetia acts responsibly towards the environment, society, its employees and the economic sphere.

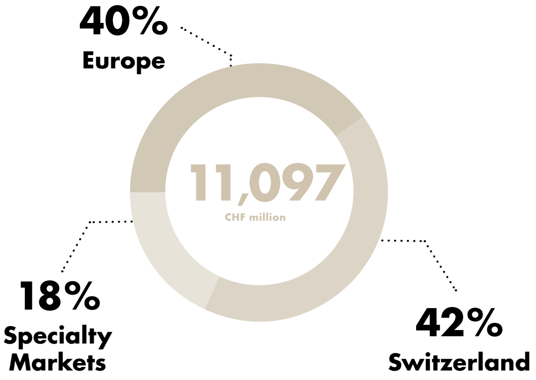
*Target adjustment as per March 2023 (former: CHF >1.5 billion) **Excluding unrealised gains and losses in equity

Our business.

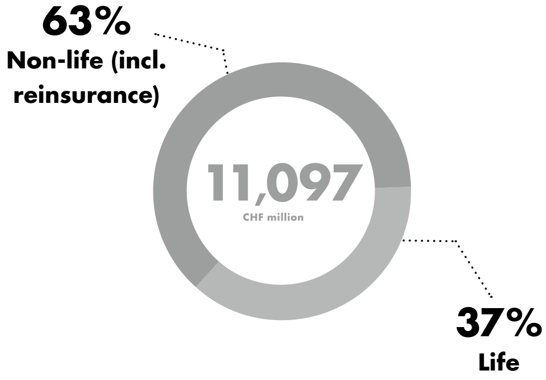
Helvetia is a successful, internationally active Swiss insurance group. With over 12,600 full-time equivalent employees, Helvetia provides services for more than seven million customers. Helvetia is active in the non-life, life and reinsurance sectors as well as increasingly in the fee and commission business. Helvetia divides its business activities into the segments of Switzerland, Europe and Specialty Markets. Its business activities in its home Swiss market are bundled in the Switzerland segment. The Europe segment covers the country markets of Germany, Austria, Spain and Italy.

In the Specialty Markets segment, Helvetia offers tailor-made cover in the specialty lines marine / transport, aviation, space, art and engineering insurance. Helvetia is therefore globally active with a local presence not only in Switzerland and France, but also in Miami for Latin America as well as in Singapore and, since 2021, the United Kingdom. Its active reinsurance business is also assigned to this segment. The reinsurance business focuses on the well-diversified non-life business.

Business volume by segment



Business volume by business area



Non-life business.

In addition to traditional indemnity (motor vehicle, property, liability) and personal (accident and health) insurance cover, Helvetia's non-life product portfolio (including reinsurance) also includes specialty insurance policies such as transport insurance, engineering insurance, art insurance and active reinsurance. The 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 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 94% at Helvetia over the past five years. In financial year 2022, the net combined ratio was 94.7%, which reflects the portfolio quality.

Helvetia is placing an emphasis on organic growth with retail customers, small and medium-sized companies and larger businesses. With Smile, for example, we are utilising opportunities arising from digitalisation. We are making our offers and business processes simpler, more customer-friendly, more digital and more efficient – by combining our traditional strengths with new possibilities.

Life business.

Helvetia offers life insurance in Switzerland, Italy, Germany, Spain and Austria. The home market of Switzerland is the most important market with 69% of the business. Here, Helvetia has established itself as one of the top two providers in the life insurance business. Our product range comprises individual and group life insurance, with these two business lines each accounting for around half of the Group's total life volume. In the European country markets, Helvetia primarily offers individual life insurance, while in Switzerland the business with BVG (Swiss occupational pension system) insurance solutions dominates with a share of 67%.

In addition to the development of technical risk, the profitability of the life business is particularly 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 obligations can be met. In the past, Helvetia has always succeeded in achieving attractive returns with the capital employed. In 2022, we again managed to generate stable interest margins between current income and the guarantees given, from which customers and shareholders benefit. With flexible life insurance solutions, Helvetia offers financial security at every stage of life. This allows our customers to turn their personal plans into reality and ensure they are prepared for the unexpected.

Other activities.

In addition to the Corporate segment (financing companies, Corporate Center, centrally managed investments [funds] and Group reinsurance), the "Other activities" business area includes the intermediary and advisory area (e.g. MoneyPark) and the non-insurance business of the Spanish company Caser, which was acquired in 2020. The latter includes nursing homes, hospitals and other services and thus forms the "Health & Care" ecosystem. This area also includes the activities in the areas of asset management for third-party investors (e.g. Swiss real estate funds) as well as various smaller service companies that cannot be assigned to the life or non-life business lines. With the aforementioned activities, Helvetia is increasingly generating commission and fee income, thus diversifying its income sources.

The *helvetia.way,* diversity and state-of-the-art working conditions strengthen our position as an attractive employer.

In order to successfully implement our *helvetia 20.25* strategy, we want to further strengthen our performance culture. Our shared corporate values of trust, dynamism and enthusiasm form the foundation here. At the same time, it is important to analyse and question changed conditions and requirements on the labour market and to derive suitable measures.

In 2022, we successfully addressed many issues that further strengthen our position as an attractive employer in Switzerland and Europe. In doing so, we focussed on the following topics:

Top Employer certification

After successfully acquiring initial certification for the country market Switzerland in 2021 and gaining recertification last year, Helvetia Germany and Helvetia Austria also met the requirements of the international "Top Employers Institute" in 2022. Switzerland was even able to further improve its good ratings from the previous year.

Recognition as a "Top Employer" highlights the provision of outstanding conditions for the employees of companies around the globe. The Top Employer audit covers topics such as recruitment, talent management, management development, occupational health management, learning opportunities and employment conditions.

In a next step, the market units of Spain, Italy and France will also strive to gain certification. This is intended to ensure comparable benchmarking for all HR issues across the entire Group and thus Helvetia's continuous development as an attractive employer.

Diversity Council and health

In 2022, we further anchored the topic of Diversity@helvetia at the company. To this end, the Diversity Council was introduced in Switzerland in August 2021. It comprises 22 motivated employees from across the various hierarchical levels, areas, generations and genders and is chaired by a member of the Executive Management Switzerland who rotates on an annual basis. In addition to raising awareness, the aim of the Diversity Council is to act as ambassadors within individual teams, to spread the workload associated with the weighty topic of diversity across more shoulders and to promote the issue in terms of content. The following activities were undertaken in this context: In June 2022, the Pride@helvetia community was launched, with the introduction of further communities in the planning stage. There were also external stories and internal information events on the topic of top sharing, i.e. the sharing of a management task. In September, a campaign was also launched in connection with the issue of "unconscious bias". The latter is currently being addressed in the Italy market unit via an e-learning course, while it is planned to roll out this campaign in the Germany market unit too during 2023.

Business Health, which is responsible for occupational health management at Helvetia Switzerland (HR), likewise developed and implemented targeted offers and seminars in 2022 that support our employees in directing and focussing their energy. At the same time, focus was placed on issues such as physical health, dealing with stress and resilience.

Intensive work was also performed in the area of leadership. After all, "healthy leadership" also means not waiting until absences occur before taking action. It is important to keep a close eye on things and to intervene adequately in a timely manner. Leadership also involves showing appreciation, recognising when employees are under stress, noticing anything unusual, maintaining contact during extended absences and offering support when employees return to the workplace. It is for this reason that we integrate the topics of early recognition, absence management and health talks in our management training and the "healthy leadership" training course. Contrary to some claims, younger employees are also not spared from the burden of stress. In 2022, we therefore also determined the health index of our 182 junior staff and derived targeted measures on this basis. Our internal further training courses for our trainees on how to deal with stress helped us to achieve our goal of ensuring a "healthy period of training and learning at Helvetia".

FlexOffice

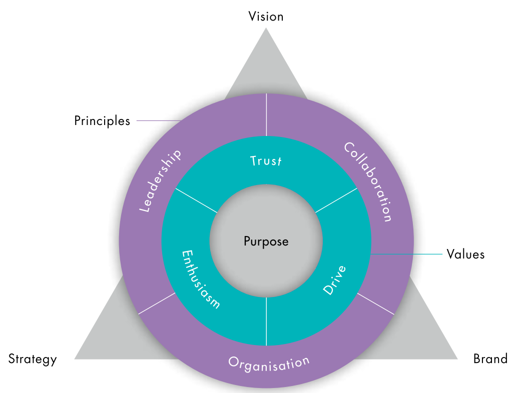
Work where you perform best – at a café, at home, in the office or on the move – and do so on up to a 100% basis following consultation with your line manager. Under this motto, Helvetia Switzerland established its so-called FlexOffice model in 2022, which provides all employees with maximum flexibility in terms of where they work from. Clear agreements within the team about availability, joint attendance days and hybrid collaboration models are, however, also important components of the great flexibility offered under this system. Management staff and employees were provided with access to an extensive training offering to enable them to make optimum use of the new flexibility in terms of their work location. Other country markets also adjusted their regulations regarding workplace flexibility in light of the positive experiences gained in the past few years. Collaboration tools introduced throughout the Helvetia Group offer the perfect conditions for successful hybrid working arrangements.

At the same time, a completely new working environment concept has also been developed according to the activity-based work approach and has already been implemented successfully in St. Gallen. Differently designed working zones – depending on the needs of individuals, teams, departments or projects – are now available as part of the concept. With the "New Office" project, Helvetia has succeeded in reaching an important milestone in the design of state-of-the-art working environments.

helvetia.way

The successful implementation of the *helvetia 20.25* strategy in 2022 was also accompanied by various measures aimed at strengthening our performance culture. Our shared values of trust, drive and enthusiasm as well as our leadership, organisational and collaboration principles not only form the basis of our performance culture, but also the essence of what unites the more than 12,500 employees of the Helvetia Group: our *helvetia.way*. The strategic importance of continuously embedding our performance culture was also emphasised by the Group CEO and the Chair of the Board of Directors at the 2022 Executive Management Meeting.

The fact that our values and principles are being lived out was demonstrated by many positive strategic developments. Our corporate values of trust, drive and enthusiasm formed a key basis for the further successful integration of Caser in various thematic areas over the past year. The high speed at which Smile's internationalisation has progressed with the inclusion of Austria has also been made possible by strong trust-based collaboration. Furthermore, based on the results of the 2021 culture survey, measures aimed at further advancing our performance culture have been defined in all country markets. In the coming year, the 2023 culture survey will once again survey the entire Group to determine how the performance culture at the Helvetia Group has developed relative to 2021 from the employees' perspective.



Our sustainability approach.

Helvetia lives up to its corporate responsibly towards the environment, society, its employees and the economic sphere. Our sustainability strategy is consistently geared towards the needs of our stakeholders and the long-term, sustainable success of Helvetia.

Our ambition

Our ambition in the area of sustainability is based on our purpose: "Life is full of opportunities and risks. We are there when it matters." The way we view our task as an insurer is underpinned by a deeply rooted understanding of pensions and risk management. With our services and the way in which we behave, we want to contribute to the positive development of the environment, society, technology and the economy.

Strategic goals

As a contribution to combating climate change, Helvetia would like to reduce the CO_2 emissions from its business operations and the indirect emissions from its investment and insurance business on a continuous basis. Helvetia has set itself the goal of achieving "net zero" for its investment portfolio by 2050. Furthermore, we want to further improve our current MSCI ESG rating from "A" to "AA" over the next few years.

Our Sustainability Strategy 20.25 is systematically geared towards the needs of our stakeholders and is divided into four operational sustainability pillars.

Four pillars of sustainability

Pillars of sustainability

Sustainable products and customer relationships

Integration of ESG aspects in our core business of insurance.

Proactive cooperation with customers, partners and other stakeholders.

- Adjustments to the Group-wide underwriting guidelines taking account of ESG aspects.
- 50% growth in products with sustainability components relative to 2021.

Governance and sustainability culture

Corporate management taking account of ESG criteria.

Integration of sustainability aspects in risk and security management.

Sustainable employer: sustainability is part of our culture.

- Implementation of new sustainability governance.
- Further development of our sustainability culture.
- Implementation of the Helvetia Sustainability Risk Framework.

Responsible investment

Measures to reduce climate risks as well to reduce the carbon footprint of our investment portfolio.

- Average MSCI letter rating of A for our portfolio investments.
- Nine photovoltaic systems put into operation.

Sustainable business operations

Measures to reduce our operational carbon footprint.

- Reduction of the CO_2 emissions per employees by 49 % relative to 2012.
- CDP rating of 'A-'.

Sustainable products and customer relationships
In our core business, we take systematic account of sustainability opportunities and risks. In the insurance business, this means integrating sustainability aspects in our product development, underwriting and claims settlement process. Helvetia intends to further expand its range of sustainable insurance solutions. At the same time, we are striving to minimise or completely avoid any potential indirect negative impacts arising from our business as regards environmental, social and governance issues. To this end and in order to take account of sustainability risks, the underwriting guidelines in the non-life business were adjusted in 2022. For example, limits were set for CO_2-intensive business activities in the power generation sector. At the same time, Helvetia is promoting the adaptation towards a more sustainable economy and society by insuring sustainable technologies for the generation of power.

Responsible investment
As an insurer, we have great leverage in the area of investment and asset management to contribute to the reduction of climate risks and the sustainability transformation of the economy and society. With the commitment to gradually align our investment portfolio with the goal of achieving net zero emissions by 2050, we are meeting the requirements set out under the Paris Agreement. We integrate ESG aspects in our investment processes in a systematic fashion. In this way, we are supporting the achievement of both climate goals and other important ESG goals as called for the United Nations ("Sustainable Development Goals"). At the same time, the consideration of ESG criteria in our investment and asset management activities is also part of our risk management.

Sustainable business operations
Over the coming years, we will further reduce our CO_2 footprint in our own business operations on a consistent basis. We report on our progress and activities annually in our sustainability report as well as within the framework of transparency initiatives such as the Carbon Disclosure Project (CDP). The CDP is considered the "gold standard" for assessing risks and opportunities relating to climate change. Our "A" rating was confirmed once more in 2022. As part of our climate strategy, we intend to introduce the "science-based target" methodology. In doing so, we want to make our measures and target achievement even more transparent and take account of the latest findings from the field of climate science.

Governance and sustainability culture
To ensure that the sustainability strategy can be implemented in an integrated fashion across all areas, Helvetia moved to adapt its governance in this regard at the beginning of 2022. Strategy implementation is managed by the Group Sustainability Committee, which has been newly established at an Executive Management level. It is supported by the Chief Sustainability Officer. The sustainability risk framework, which was newly developed in 2021, was also implemented.

Based on the company's firmly anchored values, Helvetia has a corporate culture that is strongly geared towards sustainability and which is developed further on an ongoing basis. Helvetia offers an attractive, diverse, fair and inclusive working environment that motivates employees to contribute to the company's strategy and success.

Transparent information
Helvetia wants to present the implementation of its sustainability strategy to the outside world in a transparent fashion. To this end, we are continuously expanding our non-financial reporting and publish our activities as part of various voluntary initiatives. We publish a detailed account of our sustainability achievements each year in our separate sustainability report.

Simple.
Clear.
Dynamic.

Helvetia continues to position itself as a dynamic and customer-oriented all-lines insurance company with Swiss roots. Sponsorship in the areas of sport, social affairs, culture, the economy and sustainability makes Helvetia visible and tangible as a brand. With Caser in Spain (Grupo Helvetia) and Smile in Austria, Helvetia is enjoying increased internationalisation as a multi-brand and European umbrella brand.

Branding

The insurance company Caser has been successfully anchored in the Spanish market for 75 years. Following the takeover by Helvetia, the well-known and traditional brand remains unchanged, with the exception of the addition of a reference to "Grupo Helvetia". Helvetia is thus strengthening its presence in Spain and positioning itself as a Swiss partner for financial security. With the branding of Caser – Grupo Helvetia, the Helvetia Group is expanding its European business as a further pillar in the attractive and quickly growing European market.
www.caser.es

Internationalisation

At the end of October 2022, Helvetia launched the internationalisation of its online insurer Smile in Austria. The successful business model is therefore available in Europe for the first time. The aim is to establish the Smile brand as a leading provider of online insurance in a neighbouring country by the end of the *helvetia 20.25* strategy period. In Austria, the insurance market is similar to that in Switzerland; digital, still little developed, but very online savvy. With Smile, Helvetia is utilising this potential as a first step in the company's development into a European financial services provider for insurance and pensions.
www.smile-insurances.com

Sponsorship

In addition to its brand presence in Swiss skiing, Helvetia is also active in the area of inclusive football: football as a sport also stands for team spirit and fair play, is a source of joy and generates enthusiasm. As part of its corporate responsibility, Helvetia supports the "Football is more" initiative as a social contribution. The non-profit foundation promotes inclusion and participation in society through football. Particular attention is paid to children and young people who are socially disadvantaged or mentally and / or physically impaired.
www.footballismore.org

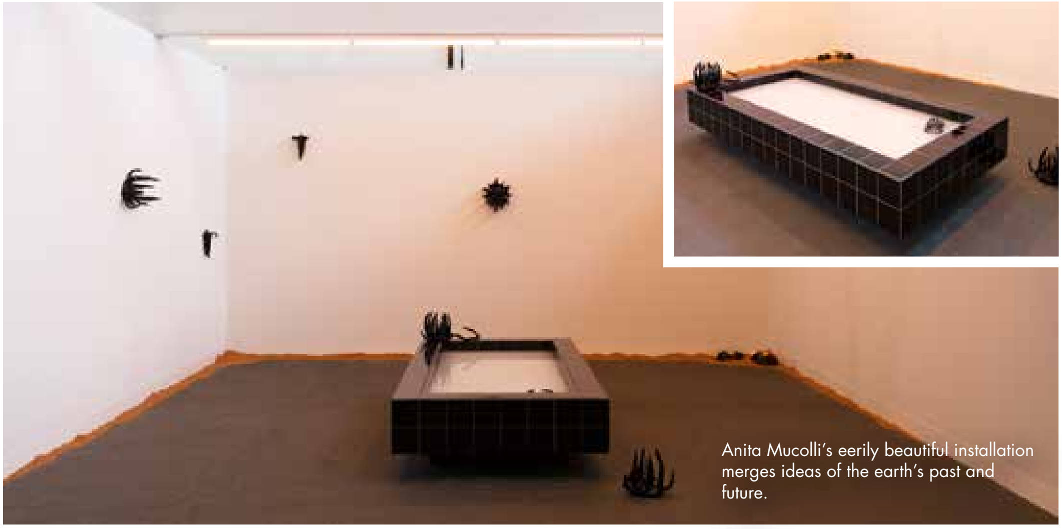
Brand as a partner

The Helvetia brand stands for stability, reliability and partnership. Helvetia wants to be the best partner for financial security and set standards in terms of convenience and simple customer access on all channels. More than 12,500 employees now work each and every day for more than 7 million customers, just as Helvetia has done for more than 160 years with customer relationships spanning generations. The Helvetia brand is thus also positioning itself as a sustainable partner for its stakeholders: customers, employees, media, politicians, suppliers, distribution partners and investors as a joint "Team Helvetia".

Liste Art Fair Basel

Promotion of young artists.

Anita Mucolli
www.anitamucolli.com



Anita Mucolli's eerily beautiful installation merges ideas of the earth's past and future.

The Helvetia Art Prize is intended to lend a helping hand to talented young artists in embarking on their professional career. Since its foundation in 2004, the award has become a relevant part of the annual programme of the young artists it aims to promote and makes an important contribution to the development of the Swiss cultural landscape. The prize, which is awarded on an annual basis, includes financial support of CHF 15,000 and solo presentation at the *Liste Art Fair Basel*, which runs in parallel to *Art Basel*. Almost all of the award winners have been able to develop and expand their network thanks to this accolade and establish themselves in the national and international art scene.

Anita Mucolli (*1993), the winner of the Helvetia Art Prize 2021, creates immersive room installations in which she reflects on possible future scenarios. Her rooms are often reminiscent of film scenarios or theatre backdrops, combining the familiar and the alien at the same time. Anyone who enters the room becomes part of it; the borders between reality and fiction become blurred.

For the Liste Art Fair Basel 2022, the Master's graduate of the FHNW Academy of Art and Design created a much-acclaimed installation entitled "The Other", which is reminiscent of the setting of a science fiction film: a black-tiled swimming pool as the habitat of creatures and life forms that are immersed in it and continue to evolve in a liquid that is unfamiliar to us. They join a line of monsters and fantasy creatures that writers, film-makers and artists have devised for us in order to accustom our senses to life forms that our eyes can never see.

Helvetia art insurance

The foundations for Helvetia art insurance were laid by the former Nationale Suisse. Helvetia is now Switzerland's leading art insurer. We offer art insurance in Germany, France, Italy, Switzerland, Spain and – via Miami – Latin America. The majority of premiums are still written in Switzerland. Our underwriters with a background in art history support our distribution partners and customers and exchange information with each other on complex solutions and specialist topics, including across national borders.

We insure the collections of wealthy retail customers irrespective of whether it is an exclusive Pokémon collection or paintings by Gerhard Richter. We also insure art collections of companies and galleries as well as museums, including special exhibitions. Helvetia enjoys an outstanding reputation in the art world.

Long-standing commitment to art

Helvetia is not only the number one in the Swiss art insurance business, but can also call one of the most important collections of contemporary Swiss art with a history of almost 80 years its own. The professionally curated collection with more than 2,000 works by around 400 artists focusses on painting, drawing and photography. An insight is provided by the periodically changing exhibitions in the Helvetia Art Foyer at the head office in Basel. Three exhibitions were also shown in 2022.

Risk, capital and investment management.

Risk management

Comprehensive risk management is a top priority for the Helvetia Group and integral to the way that we manage our business. A primary objective of risk management is, in particular, 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 consistent application of Group-wide risk management standards. 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 functions 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) as well as the Executive Management (particularly the Risk Committee). 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 entered into by the Helvetia Group irrespective of an 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. The Risk Committee is supported by specialised risk-controlling functions, such as the Group actuarial function and risk controlling in asset management. Internal Audit independently monitors the efficiency of the risk management system.

The risk takers control and manage risks in an operational context. They are responsible for complying with / observing the guidelines and policies for risk management within the scope of their operating activities in the respective business areas and processes.

Risk management organisation

Risk owner

Board of Directors
(Investment and Risk, Audit, Strategy & Governance Committees)

Executive Management
(Risk Committee)

Risk observer

Risk Committee

Risk management

Specialised risk controlling functions
(e.g. Group Actuarial Departments Life / Non-Life, Asset Management)

Risk taker

Risk management in the business areas and processes

Internal Audit

Risk management process and risk environment

The key components of the risk management process at Group level 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.

In its business activities, Helvetia is exposed to numerous risks that are included in the Group's risk management process.

Market risks 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 meet payment obligations 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. They are consciously accepted as part of the chosen business strategy. Operational risk includes the risk of losses due to errors or the failure of internal processes, employees or systems, or as a result of external events whereby operational risks are also taken into consideration. Cyber risks represent an important sub-category of operational risks. 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. Emerging 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. Sustainability risks can arise from environmental, social or governance (ESG) factors. Sustainability risks (including climate-change risks) are not viewed as a fundamentally new risk category, but rather as risk drivers, which impact and influence the existing risk landscape.

A detailed portrayal of the risks resulting from financial instruments and insurance contracts is provided in section 16 (from page 172) of the Financial Report.

Methods for risk analysis and control

The diverse risk landscape requires the use of various methods of risk analysis. Among other things, the Helvetia Group uses internal stochastic risk models as an instrument for analysing and quantifying market, counterparty and technical risks. Scenario techniques are also used, especially during the analysis of operational and strategic risks.

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

Sustainability risks

Market risks	Liquidity risks	Counterparty risks	Technical risks	Operational risks	Strategic risks	Emerging 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, cyber risks)	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

Our capital management is an essential pillar for achieving the Helvetia Group's long-term growth targets aimed at profitability. The optimisation of the capital structure, capital allocation and income flows has the following objectives:
– to ensure compliance with supervisory capital requirements at all times;
– to secure the capital required to underwrite new business;
– to optimise the earning power of its equity and the associated dividend potential;
– to support strategic growth;
– to ensure financial flexibility;
– to minimise capital costs.

These objectives are kept in balance by taking account of risk capacity and cost/benefit arguments. Furthermore, as part of our capital management, Helvetia pursues the goal of an interactive rating of financial strength from Standard & Poor's of at least "A–" at Group level. Helvetia currently has a rating of "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 IFRS equity forms the basis for establishing the available capital. Depending on the model, additional capital is added and other components, such as planned dividend payments and intangible assets, are deducted.

As is the case 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 simulations 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 relevant capital models, and is aligned with the corporate strategy using multi-year capital planning. At an operational level, the capital management process incorporates the financing of the Group as a whole as well as the safeguarding of the adequate and efficient capitalisation of the individual legal entities of the Group. In this process, capitalisation is closely monitored and optimised according to internally defined thresholds. This management also takes account of liquidity requirements.

Outlook

The supervisory requirements for risk and capital management remain subject to changes. Helvetia is proactively following the ongoing revision of the Federal Insurance Supervision Act and the downstream regulation in both Switzerland and our foreign markets and is taking account of the new requirements in its risk and capital management and planning. The upcoming introduction of the new IFRS 17/9 accounting standards is also adequately taken into account in our risk and capital management.

The European Insurance and Occupational Pensions Authority (EIOPA) has implemented a review process to determine the capitalisation under Solvency II. Helvetia also monitors developments here on an ongoing basis, implements the new requirements promptly and appropriately and takes account of these in its capital management of the relevant market units in a forward-looking fashion.

Investment management

The Helvetia Group pursues a sustainable investment policy tailored to the liabilities arising from the insurance business. The goal is to optimally align our investments and technical liabilities in order to generate an attractive long-term risk-adjusted return for our customers and shareholders and to make a reliable contribution to the Group result.

Proven asset liability management – tried-and-tested investment strategy

Helvetia's investment strategy is based on a proven asset-liability concept. First, a strategic asset allocation for each business unit and the Helvetia Group from a careful analysis of the liabilities is derived. This takes account of both the high security requirements of the insurance business and achieves an attractive risk-return ratio. Asset liability management also takes account of aspects such as sufficient capital requirements for the strategic further development of the Group and the fulfilment of regulatory demands. In doing so, the supervisory solvency requirements must be fulfilled at all times. In the life insurance business, the terms of fixed income securities and liabilities are aligned with one another. Due to the long maturities of the assets, changes in interest rates only gradually affect direct yields. At the same time, the change in the guaranteed interest rates included in life insurance policies also helps balance out this effect.

Broadly diversified investment portfolio

The broad diversification of the investment portfolio is a cornerstone of our investment management. The balanced distribution of the portfolio applies both between and within the individual asset classes and covers currencies, regions and sectors. Moreover, we place high demands on diversification across issuers and the quality of the counterparties. At the end of the year, a large part of the bond portfolio had at least an AA rating.

Attractive, stable investment income

The careful combination of low-risk assets, such as high-quality bonds and mortgages, and instruments with higher returns, such as real estate, equities, corporate bonds and alternative investments, allows us to generate attractive investment income 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 return potential. The high-quality property portfolio is an excellent fit with the liabilities from the insurance business. This is primarily due to the long-term stable and attractive income and the stable values of the assets.

Prudent investment strategy and timely risk management

The investment strategy is implemented as part of the periodic review of the investment policy. In addition to rebalancing the portfolio, we also take advantage of market opportunities as they arise – within the tactical ranges and risk limits. 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 currencies that are constantly hedged to a large degree with derivative instruments and to equities whose risks are also controlled using derivative instruments. Counterparty risks are subjected to ongoing analysis, control and management using various criteria such as credit ratings, credit quality and the development of interest spreads. In order to avoid concentration risks, 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.

Share and bonds.

Helvetia share

Security symbol	HELN
Nominal value	CHF 0.02
Security number	46 664 220
Listed on	SIX

The financial markets faced a difficult environment in 2022. Equity markets were affected by a more restrictive monetary policy, geopolitical crises and economic uncertainties. The Swiss Performance Index reported a total return of –16.5 %, and the performance of the Swiss Market Mid Cap Index (SMIM) was as low as –26.3 %. On the other hand, the European insurance sector fared much better, with a performance of +5.6 %. The sector's resilience can likely also be attributed to its beneficial positioning in an environment of rising interest rates. In this challenging environment, the Helvetia share generated a total return of +5.0 %.

The rising inflation rates and rapid interest rate hikes led to an increase in yields on government bonds. This was reflected in a negative performance on the bond markets. The broad Swiss Bond Index (SBI) lost 12.1 % year on year.

Patria Genossenschaft as core shareholder

Compared with the end of 2021, there were no changes in the composition of the core shareholder base. As at 31 December 2022, Patria Genossenschaft still held the most significant stake in Helvetia Holding, at 34.1 %. The free float was thus unchanged at 65.9 %.

Shareholders numbered 28,768 as of 31 December 2022, a 7 % increase over year-end 2021. There was a minor shift in the composition of the investor groups in comparison with the end of 2021. The proportion of private individuals (46.0 % of the free float entered in the share register) increased by almost 2 percentage points at the expense of financial institutions (6.6 %) and other institutional investors (47.4 %, excluding the aforementioned core shareholder).

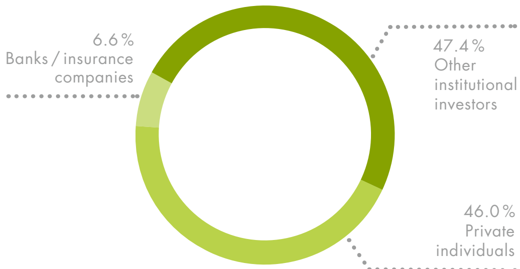
The majority of the registered shareholders are based in Switzerland. On 31 December 2022, measured by the registered free float, 80.1 % of the shares were held by investors who have their registered office in Switzerland (31 December 2021: 81.7 %). A total of 19.9 % (31 December 2021: 18.3 %) were held by foreign investors, the share of whom increased slightly year on year.

Key share data Helvetia Holding AG

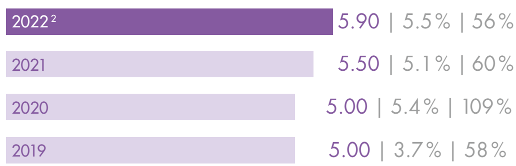
	2022	2021
Number of shares issued		
Treasury shares	117 070	164 885
Shares outstanding	52 908 615	52 860 800
Number of shares issued	53 025 685	53 025 685
Price of Helvetia registered shares in CHF		
Year-end	107.8	107.4
High for the year	132.3	114.3
Low for the year	90.6	87.1
Market capitalisation in CHF million	5 716.2	5 695.0
Consolidated equity per share in CHF	79.7	121.3
Price- / book ratio (P / B)[1]	1.4	0.9
Group profit for the period per share in CHF	10.6	9.2
Price / earnings ratio (P / E)[1]	10.2	11.7
Dividend per share[2]	5.90	5.50
Payout ratio	56 %	60 %
Dividend yield[1/2]	5.5 %	5.1 %

[1] Based on year-end price
[2] Proposal to the Annual General Meeting

Investor groups
(excluding core shareholder) in %



Dividend history
Dividend per share (in CHF) | dividend yield at year-end price | payout ratio[1]



[1] 2019 excl. positive one-off tax effect
[2] Proposal to the Annual General Meeting

Unregistered shares at the end of December 2022 were slightly higher than at the end of the previous year, at 25.4% (31 December 2021: 24.7%).

Continued normalisation of trading volume

The number of Helvetia shares traded and the trading volume declined during 2022 relative to the previous year. After 2020 and, to a lesser extent, 2021 had been dominated by extraordinarily high trading volumes during the course of the pandemic, the trading volume continued to normalise during the reporting year. On average, 83,599 Helvetia shares were traded every day in 2022, which is around 14% lower than in the previous year. Due to favourable price developments, the average daily trading volume only declined by just under 7% to CHF 9.3 million.

Return to physical attendance at Annual General Meeting

In April 2022, the ordinary Annual General Meeting was attended in person by shareholders for the first time since 2019. Helvetia presented the previous year's strong annual result to the 1,810 shareholders with voting rights. The Annual General Meeting approved the management report, the financial report and the consolidated financial statements for 2021, and discharged the Board of Directors and the Executive Management from their activities in the preceding financial year. It also confirmed a dividend increase of 10% to CHF 5.50 per share and approved the total fixed remuneration for the members of the Board of Directors and the fixed and variable remuneration of the Executive Management.

Doris Russi Schurter, the previous Chair of the Board of Directors, did not stand for re-election. The shareholders elected Dr Thomas Schmuckli as the new Chair. Luigi Lubelli was elected as a new member of the Board of Directors. Having reached the maximum term of office for members of the Board of Directors, Prof. Christoph Lechner did not stand for re-election.

Issue of senior bonds

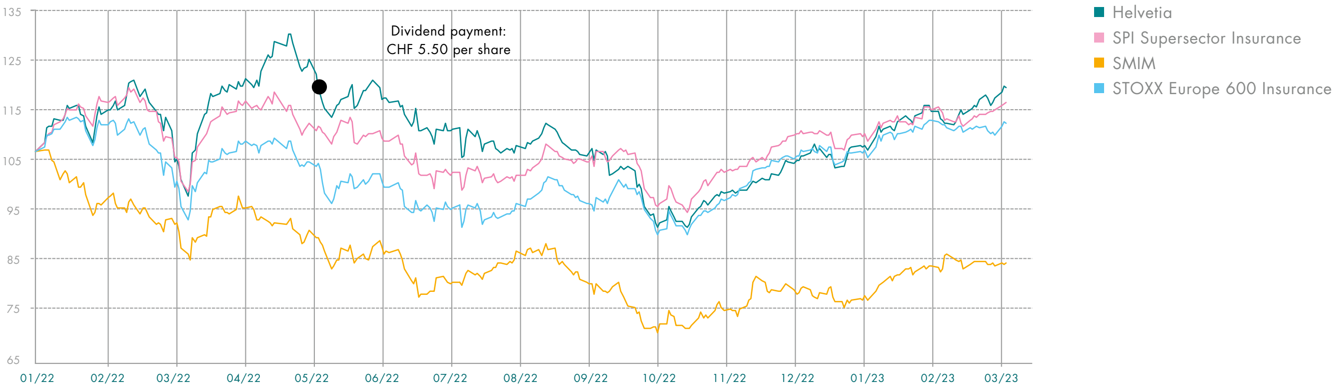
In June 2022, Helvetia issued two senior bonds worth a total of CHF 400 million. Helvetia is using the proceeds from the issue for general corporate purposes, including the refinancing of a hybrid bond in the amount of CHF 300 million, which was repaid in November 2022. The successful transactions in a challenging market environment underline Helvetia's outstanding financing capacity on the Swiss capital market.

Bonds in circulation

	Issue volume	Interest	Term	Year of issue
Senior bond	CHF 150 million	1.50% p.a.	10.5 years	2014
Subordinated bond	CHF 225 million	4.00% p.a.	30 years	2014
Subordinated bond	EUR 500 million	3.375% p.a.	30.5 years	2017
Subordinated bond	CHF 275 million	1.50% p.a.	Perpetual	2020
Subordinated bond	CHF 125 million	1.45% p.a.	20.5 years	2020
Subordinated bond	EUR 600 million	2.75% p.a.	21.25 years	2020
Green subordinated bond	CHF 200 million	1.75% p.a.	Perpetual	2020
Senior bond	CHF 250 million	1.45% p.a.	4 years	2022
Senior bond	CHF 150 million	1.95% p.a.	7 years	2022

Share price development 1.1.2022–1.3.2023

in CHF



Corporate governance.

> "Effective and forward-looking corporate governance is part of our DNA: it is the strong foundation of our responsible, value-oriented company leadership and as such it makes a key contribution to the Helvetia Group's lasting success."
> Dr Thomas Schmuckli, Chair of the Board of Directors

Helvetia is aware of the importance of good corporate governance. It is a key requirement for the business success of the entire Helvetia Group and forms the basis for sustainably increasing the company's value – especially in the interest of shareholders, but also in the interest of all other stakeholders. In meeting its obligation to ensure corporate governance that is geared towards economic, social and environmental goals, Helvetia not only complies with the relevant regulatory requirements, such as those stipulated under the Circular 2017/2 "Corporate Governance – Insurers" of the Swiss Financial Market Supervisory Authority (FINMA), but also consistently follows recognised guidelines and recommendations, including the "Swiss Code of Best Practice for Corporate Governance" of economiesuisse, the Swiss economy's umbrella organisation.

The principles and rules of corporate governance at Helvetia are laid down in the Articles of Association, the organisational regulations, the regulations governing the executive boards of Helvetia, the code of conduct of the Helvetia Group and various other internal directives. These documents are reviewed on a regular basis and, where necessary, adjusted in line with revised regulatory requirements or new standards in the area of corporate governance. The Articles of Association of Helvetia Holding AG, the organisational regulations applicable across the Group and other individual governance-related documents are published on the website of the Helvetia Group.

The following information is provided as per the structure provided for under the "Directive on Information relating to Corporate Governance" (DCG) of SIX Exchange Regulation AG in the version of 18 June 2021. This requires all issuers whose ownership interests have a primary listing on SIX Swiss Exchange to disclose to investors key corporate governance information as listed in the annex to the DCG. The amendments to the DCG that came info force on 1.1.2023 will be implemented for the first time for the reporting period 2023.

The compensation report below (from page 52) provides information on our compensation system in general and specific details on the compensation paid to the Board of Directors and Executive Management. Where information on corporate governance is provided elsewhere, i.e. outside of this chapter, reference is made to where it can be found.

→ **Articles of Association of Helvetia Holding AG:**
https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/articles-of-association.pdf

→ **Organisational regulations of the Helvetia Group:**
https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/organisational-regulation.pdf

→ **Further business publications:**
https://www.helvetia.com/corporate/web/en/home/investors/publications/business-publications.html

1. Corporate structure and shareholders

1.1 Corporate structure

Helvetia is an international Swiss all-lines insurance group. The parent company, Helvetia Holding AG, is organised in accordance with Swiss law.

1.1.1 Operational Group structure

The management structure is shown on page 51 of this report. This structure is intended to create the best possible legal, financial, fiscal and regulatory framework and to ensure smooth, efficient and flexible business operations.

1.1.2 Listed companies
Helvetia Holding AG has its head office in St. Gallen and is listed on SIX Swiss Exchange AG in Zurich: security number 46 664 220, ISIN CH0466642201, ticker symbol HELN. It had a market capitalisation of CHF 5,716 million as at 31 December 2022. Key data for investors is given on pages 20 and 21 under "Share and bonds". Helvetia Holding AG is the only listed company in the Group structure of the Helvetia Group.

1.1.3 Non-listed companies
The Group's subsidiaries included in the scope of consolidation are listed on pages 201 to 204. Reports on the main subsidiaries – Helvetia Schweizerische Versicherungsgesellschaft AG, St. Gallen (Helvetia Versicherungen) and Helvetia Schweizerische Lebensversicherungsgesellschaft AG, Basel (Helvetia Leben) – can be found in the Notes from page 210. The complete list of Group companies, including investments, is shown from page 201.

1.2 Major shareholders
Helvetia maintains an open and shareholder-friendly strategy in an effort to build up a widely diversified and informed shareholder base. We also have a stable and long-term relationship with our most significant shareholder Patria Genossenschaft, Basel (founding partner). On the reporting date, 28,768 (previous year: 26,976) were registered in the share registered of Helvetia Holding AG.

Patria Genossenschaft, Basel, remains the largest shareholder with 34.1 %.

At the end of 2022, no other shareholder exceeded the reporting threshold of 3 %. All Helvetia's notices on share transactions and investments subject to a reporting obligation can be found on the website of SIX Exchange Regulation AG by selecting "Helvetia Holding AG" under the "Significant shareholders" section.

Further information on the shareholder structure is given on page 20 under "Share and bonds".

→ **SIX Exchange Regulation AG | "Significant shareholders" (issuer: Helvetia Holding AG):**
https://www.ser-ag.com/en/resources/notifications-market-participants/significant-shareholders.html#/

1.3 Cross-holdings
There are no cross-holdings that exceed 5 % of the capital or voting rights.

2. Capital structure
2.1 Capital
Helvetia Holding AG has share capital of CHF 1,060,513.70, consisting of 53,025,685 registered shares with a nominal value of CHF 0.02 each. At the year-end price of CHF 107.80 per share, this equals a market capitalisation of CHF 5,716 million.

2.2 Authorised and conditional capital
Helvetia Holding AG had no authorised capital as at 31 December 2022. A corresponding authorisation of the Board of Directors as provided for under the Articles of Association expired on 24 April 2022 in accordance with the resolution of the Annual General Meeting of 24 April 2020. Accordingly, Art. 4a ("Authorised capital") of the Articles of Association of Helvetia Holding AG was deleted without replacement. There is, however, conditional capital through which the share capital can be increased by a maximum of 6,489,660 fully paid-up registered shares with a par value of CHF 0.02 each. This corresponds to a nominal share capital increase of a maximum of CHF 129,793.20 or approximately 12 % of the existing share capital. The individual conditions can be found in Art. 4 of the Articles of Association.

→ **Articles of Association of Helvetia Holding AG:**
https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/articles-of-association.pdf

2.3 Changes in capital

The Annual General Meeting of 24 April 2020 approved the creation of authorised capital amounting to a maximum of CHF 149,177.00 by issuing a maximum of 7,458,850 registered shares to be fully paid up with a nominal value of CHF 0.02 in accordance with Art. 4a (repealed) of the Articles of Association. On this basis of the corresponding authorisation of the Board of Directors, a capital increase of CHF 66,000.00 to CHF 1,060,513.70 through the issuing of 3,300,000 fully paid-up registered shares with a nominal value of CHF 0.02 at an issue price of CHF 0.02 was resolved upon on 17 June 2020. The proceeds from the newly issued registered shares were partially used for the financing or refinancing of the indirect acquisition of a majority holding in Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros S.A, Spain. The newly issued registered shares were placed at market conditions. The remaining authorised capital of a maximum of 4,158,850 fully paid-up registered shares with a par value of CHF 0.02 each or CHF 83,177 expired on 24 April 2022. The underlying provision of the Articles of Association (Art. 4a "Authorised capital") was deleted accordingly without replacement.

→ **Articles of Association of Helvetia Holding AG:**
https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/articles-of-association.pdf

2.4 Shares and participation certificates

The share capital comprises 53,025,685 fully paid-up registered shares with voting and dividend rights with a nominal value of CHF 0.02 each (Art. 3 of the Articles of Association of Helvetia Holding AG). There are no preferential rights or participation certificates. Further details on the Helvetia share can be found on pages 20 and 21 in the section "Share and bonds". On 31 December 2022, Helvetia held 117,070 treasury shares (0.22%).

→ **Articles of Association of Helvetia Holding AG:**
https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/articles-of-association.pdf

2.5 Dividend right certificates

There are no dividend right certificates.

2.6 Restriction on transferability and nominee registrations

The Board of Directors may refuse to approve registration with voting rights especially if an individual would therefore then own more than 5% of the voting rights of the entire share capital entered in 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 as well as buyers of shares who act in a coordinated manner to circumvent the restriction. This restriction also applies if the shares were subscribed to or acquired by means of subscription, option or conversion 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 Association of Helvetia Holding AG. Any amendment by the Annual General Meeting to the statutory restriction of transferability referred to above requires a two-thirds majority of votes represented.

→ **Articles of Association of Helvetia Holding AG:**
https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/articles-of-association.pdf

2.7 Convertible bonds and options

There are no convertible bonds, options or employee options.

3. Board of Directors

The Board of Directors of Helvetia Group 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. The Board of Directors currently has nine members. Dr Thomas Schmuckli, who has served as a member of the Board of Directors since 2018, was elected Chair of the Board of Directors at the 2022 Annual General Meeting. Prior to his election as Chair, Dr Thomas Schmuckli held the office of Vice Chair.

Having reached the maximum term of office for members of the Board of Directors, which has applied since 2022, Jean-René Fournier will not stand for re-election at the 2023 Annual General Meeting. He has been on the Board of Directors since 2011 and has served as a member of various committees. Dr Yvonne Wicki Macus and Dr René Cotting will be nominated as new members of the Board of Directors at the 2023 Annual General Meeting. The members of the Board of Directors of Helvetia Holding AG are identical to the Boards of Directors of the two subsidiaries, Helvetia Schweizerische Versicherungsgesellschaft AG and Helvetia Schweizerische Lebensversicherungsgesellschaft AG.

In addition to the Federal Insurance Supervision Act (ISA), the FINMA Circular 17/2 "Corporate Governance – Insurers", among other regulations, also requires licensees such as Helvetia to ensure that individuals who hold positions in which they are responsible for proper business conduct are both "fit", i.e. possess relevant expertise and professional experience, and "proper", i.e. have an impeccable character and a good reputation. While the obligation to ensure "properness" must be met by the individuals who hold such a position, it is a company's strategic and operational management as a whole that is evaluated with respect to "fitness". As the highest management body, the Board of Directors must therefore be comprised in such a way that it can supervise and fulfil its responsibility for the overall management of the Helvetia Group in a flawless manner under all circumstances. For this reason, the Board of Directors of the Helvetia Group is made up of individuals with extensive specialist knowledge, considerable professional and international experience and a high degree of integrity – personal characteristics that, in particular, should ensure independent decision-making in dialogue with the Executive Management. Helvetia also ensures adequate gender diversity and that the composition of the Board of Directors is conductive to the sustainable development of the company.

As far as the assessment of the independence of Board members is concerned, Helvetia follows the recommendations of the Swiss Code of Best Practice for Corporate Governance and the requirements of Circular 17/2 Corporate Governance – Insurers. All Board members are non-executive members and no Board member belonged to the Executive Management of the Helvetia Group or the Executive Management of any of its Group companies in the three 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. Anti-conflict-of-interest rules are consistently applied by all committees of the Board of Directors. Every year, the Board of Directors assesses the level of compliance with these requirements 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 following table contains information on the composition of the of Directors, the Board committees and the first time each Board member was elected.

The Board of Directors of Helvetia Holding AG

As at: 31.12.2022

	Function	Year of birth	Election by AGM	Nationality	SGC	NCC	IRC	AC
Dr Thomas Schmuckli	Chair	1963	2018	Switzerland	o o		o	
Dr Hans C. Künzle	Vice Chair	1961	2014	Switzerland	o		o o	
Beat Fellmann	Member	1964	2018	Switzerland			o	o
Jean-René Fournier	Member	1957	2011	Switzerland		o		
Dr Ivo Furrer	Member	1957	2017	Switzerland	o			o o
Luigi Lubelli	Member	1969	2022	Italy			o	
Dr Gabriela Maria Payer	Member	1962	2014	Switzerland	o	o o		
Dr Andreas von Planta	Member	1955	2014	Switzerland		o		o
Regula Wallimann	Member	1967	2018	Switzerland		o		o

SGC Strategy and Governance Committee
IRC Investment and Risk Committee
o o Chair
NCC Nomination and Compensation Committee
AC Audit Committee
o Member

3.1 Members of the Board of Directors

Thomas Schmuckli

Doctorate in law (University of Fribourg), lawyer
Swiss, Zug, 1963
Chair, non-executive and independent

Committee membership
Strategy and Governance Committee (Chair)
Investment and Risk Committee

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungs-gesellschaft AG

Professional background, exercising operational executive functions
Credit Suisse: 1993 – 1998 various management roles in the Legal department of the Leu Group, 1998 – 2000 Member of a credit recovery task force, 2005 – 2007 Head of Legal & Compliance Corporate & Institutional Clients, 2007 – 2013 Head of Legal & Compliance Asset Management Switzerland; Zuger Kantonalbank: 2000 – 2005 Member of the Extended Executive Management (product, project and process management); independent Member of the Board of Directors since 2014

Appointments at listed companies
Chair of the Board of Directors of Bossard Holding AG, Zug

Appointments at other companies
Chair of the Board of Directors of Bossard Finance AG, Zug; Member of the Board of Directors of Hans Oetiker Holding AG, Horgen

Pro bono appointments
One appointment at a charitable institution

Hans C. Künzle

Doctorate in law (University of Zurich)
Swiss, Kilchberg ZH, 1961
Vice Chair, non-executive and independent

Committee membership
Strategy and Governance Committee
Investment and Risk Committee (Chair)

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungs-gesellschaft AG

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-Versicherungs-Gesellschaft AG, Basel; since 1 January 2015 Vice Chair of the Board of Directors of Helvetia Insurance

Appointments at listed companies
None

Appointments at other companies
Five appointments, in particular Chair of the Board of Directors of Forum Capital Management AG; Member of the Board of Directors of Hochalpines Institut Ftan (HIF) AG; Member of the Board of Directors of JANZZ.technology AG

Pro bono appointments
Four appointments, in particular President of the National Committee of UNICEF Switzerland and Liechtenstein and Member of the Supervisory Board of the Institute for Business Management of the University of St. Gallen

Beat Fellmann

Degree in economics (University of St. Gallen) and Swiss Certified Public Accountant
Swiss, Seuzach, 1964
Member, non-executive and independent

Committee membership
Investment and Risk Committee
Audit Committee

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungs-gesellschaft AG

Professional background, exercising operational executive functions
Bühler AG: 1991 – 1998 Various functions within the Group; Holcim AG: 1998 – 2004 Head of Financial Holdings in Zurich, Amsterdam and Hamburg, 2005 – 2008 Deputy Group CFO and Member of the Extended Executive Management; Implenia Ltd: 2008 – 2019 CFO and Head of Corporate Center and Head of Real Estate Investment Committee; Exyte AG, Stuttgart: 2019 – 2020 Member of the Board; Valora Holding AG: since 2020 CFO Group, Member of the Executive Management

Appointments at listed companies
None

Appointments at other companies
Member of the Board of Directors of Vitra Holding AG and Member of the Swiss Takeover Board (TOB)

Pro bono appointments
None

Jean-René Fournier

Degree in economics (University of Fribourg)
Swiss, Sion, 1957
Member, non-executive

Committee membership
Nomination and Compensation Committee

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungs-gesellschaft AG

Professional background, exercising operational executive functions
Management positions at UBS; 1997 – 2009 State Council of the canton of Valais; 2007 – 2019 Council of States of the canton of Valais; 2011 – 2013 President of the Finance Commission of the Council of States, Vice Chair of the Council of States and President of the Finance Delegation of the Federal Assembly 2017 / 2018; Chair of the Council of States 2018 / 2019

Appointments at listed companies
None

Appointments at other companies
Chair of the Board of Directors of Patria Genossen-schaft, Basel; Chair of the Board of Directors of Immobilien Gletsch AG, Obergesteln; Chair of the Board of Directors of Loterie Romande, Lausanne; Chair of the Board of Directors of Fournier & Cie. AG, Riddes; member of the Board of Directors of Industrie Wood Concept SA, Ardon

Pro bono appointments
President of the Board of Trustees of the Disability Foundation Valais de Cœur

Ivo Furrer

Doctorate in law (University of Zurich)
Swiss, Zurich, 1957
Member, non-executive and independent

Committee membership
Strategy and Governance Committee
Audit Committee (Chair)

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungsgesellschaft AG

Professional background, exercising operational executive functions
1982–1999 Winterthur Versicherungen, various management positions in Canada, the US and London as well as Chief Underwriting Officer Global Corporate; 1999–2002 Credit Suisse Group, including as a member of the Executive Committee e-Investment Services Europe; 2002–2008 Zurich Financial Services, Head of international key account business in Germany, member of the Global Corporate Executive Committee, CEO Life Switzerland; 2008–2017 Swiss Life Group, CEO Switzerland and member of the Corporate Executive Board.

Appointments at listed companies
Member of the Board of Directors of Julius Baer Group AG; member of the Board of Directors of Fundamenta Group AG

Appointments at other companies
Member of the Board of Directors of Inventx AG, Chur

Pro bono appointments
Member of the Board of Trustees of the Swiss Foundation for Work and Further Education (SSAW)

Luigi Lubelli

University degree in economics
(Bocconi University, Italy),
CRMA FRM GREA
Italian, Spain, 1969
Member, non-executive and independent

Committee membership
Investment and Risk Committee

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungsgesellschaft AG

Professional background, exercising operational executive functions
2000–2015 Various management positions at MAPFRE, Spain, including as Deputy General Manager for Risks and Capital Markets and Group CRO; 2015–2018 Assicurazioni Generali, Italy, including as Group CFO; 2019 Allfunds Bank, Spain, CFO and member of the Board of Directors; since 2019 Adjunct professor, finance and risk management at the Bespoke School of Finance, Madrid; since 2020 Owner of consulting firm

Appointments at listed companies
None

Appointments at other companies
Member of the Board of Directors of Linnex Capital SICAV, Luxembourg; Member of the Board of Directors of QSR North Spain Holding S.L., Spain

Pro bono appointments
None

Gabriela Maria Payer

Doctorate in philosophy (University of Zurich)
Swiss, St. Moritz, 1962
Member, non-executive and independent

Committee membership
Strategy and Governance Committee
Nomination and Compensation Committee (Chair)

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungs-gesellschaft AG

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; from 2012–2017 Head of Training and Member of the Executive Management of the Swiss Finance Institute; since 2012 Owner of the consulting company, PAYERPARTNER, for strategic business development and various Board of Directors appointments

Appointments at listed companies
None

Appointments at other companies
Chair of the Board of Directors of the Upper Engadine Healthcare Foundation (SGO), Samedan; Vice Chair of Sygnum Bank Ltd, Zurich and Singapore; member of the Board of Directors of Sphaira Innovation AG, Zug

Pro bono appointments
Three advisory mandates at the Universities of Bern and Lucerne

Andreas von Planta

Doctorate in law (University of Basel), LL.M. (Columbia University), lawyer,
Swiss, Cologny, 1955
Member, non-executive and independent

Committee membership
Nomination and Compensation Committee
Audit Committee

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungs-gesellschaft AG

Professional background, exercising operational executive functions
Since 1983 law firm Lenz & Staehelin, Geneva; partner from 1988–2017; Senior Counsel since 2018.

Appointments at listed companies
Member of the Board of Directors of Novartis AG, Basel

Appointments at other companies
Six appointments, in particular Chair of the Board of Directors of HSBC Private Bank (Suisse) SA, Geneva, and President of the Regulatory Board of SIX Swiss Exchange AG (previously registration office of SWX Swiss Exchange)

Pro bono appointments
Member of the Board of Trustees of the Conservatoire de Musique de Genève

Regula Wallimann

Degree in economics (University of St. Gallen),
Swiss and US-Certified Public Accountant
Swiss, Meilen, 1967
Member, non-executive and independent

Committee membership
Nomination and Compensation Committee
Audit Committee

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungsgesellschaft AG

Professional background, exercising operational executive functions
1993 – 2017 Accountant at KPMG, including assumption of responsibility for the auditing of large, listed, internationally active industrial firms as Global Lead Partner from 2003 – 2017; independent member of the Board of Directors since 2017

Appointments at listed companies
Member of the Board of Directors of Straumann Holding AG, Basel; Member of the Board of Directors of Adecco Group AG, Zurich

Appointments at other companies
Vice-Chair of the Board of Directors of Swissgrid Ltd, Aarau; Member of the Board of Directors Radar Topco S.à.r.l., Luxembourg (Swissport Group, Opfikon), including appointments in its group companies

Pro bono appointments
Member of the Supervisory Board of the Institute for Accounting, Controlling and Auditing (ACA) of the University of St. Gallen (HSG)

Secretary of the Board of Directors
Barbara Bolliger
Law degree (University of Zurich), lawyer

3.2 Other activities and interests

In addition to their activities on the Board of Directors of the Helvetia Group, the individual Board members sometimes perform other activities, especially as members of management and supervisory committees, which may give rise to interests with third parties. Details of such activities that must be disclosed in accordance with the relevant requirements can be found on pages 28 to 32 as well as in detail in the compensation report (chapter 4.4, page 61).

In addition, the following interests exist:
– As its Chair, Jean-René Fournier represents Patria Genossenschaft, Basel, the most significant shareholder of Helvetia Holding AG, on the Board of Directors of the Helvetia Group. The statutory purpose of Patria Genossenschaft is, among other things, to promote the conclusion and implementation of life insurance policies at beneficial conditions with Helvetia in the interest of its members and to strengthen its economic independence and development through financial participation in Helvetia Holding AG.
– No member of the Board of Directors holds any official functions or political offices that would have to be disclosed here.

3.3 Statutory rules regarding the number of activities allowed pursuant to Art. 12 para. 1(1) of the Ordinance Against Excessive Remuneration in Listed Companies Limited by Shares (ERCO) / Art. 626 para. 2(1) of the Swiss Code of Obligations (CO) (version of 1 January 2023)

According to Art. 32 ("Mandates outside the Group") of the Articles of Association of Helvetia Holding AG, members of the Board of Directors may not hold more than five additional mandates with listed and ten additional mandates with non-listed companies.

This restriction does not apply to:
a) Mandates with companies that are controlled by the company directly or indirectly or in joint agreement with third parties or which control the company directly or indirectly or in joint agreement with third parties;

b) Mandates accepted by a member of the Board of Directors on instructions of the company or companies directly or indirectly controlled by the company. Members of the Board of Directors may not hold more than ten such mandates; and
c) Mandates with associations, charitable organisations, foundations and staff pension funds. Members of the Board of Directors may not hold more than ten such mandates.

Mandates include mandates in the most senior governing or managing body of a legal entity that is obliged to register with the Commercial Register or a similar foreign register. Mandates with different legal entities controlled by the same company or beneficial owner count as a single mandate.

The mandates of the individual Board members are provided on pages 28 to 32 as well as in detail in the compensation report (chapter 4.4, page 61).

→ **Articles of Association of Helvetia Holding AG:**
https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/articles-of-association.pdf

3.4 Election and term of office

All members of the Board of Directors, including the Chair and the members of the Nomination and Compensation Committee, are individually elected at the Annual General Meeting each year in accordance with the applicable legal provisions of the CO (formerly VegüV). While the re-election of sitting Board members is possible in principle, the option of re-election ends at the latest with the ordinary Annual General Meeting in the year in which a Board member turns 70. In addition to this maximum age, a maximum term of office has also applied since 1 January 2022. According to this, the term of office of a Board member of the company generally ends upon completion of his or her 12th year of office. In exceptional cases, the Board of Directors can propose to the Annual General Meeting that the maximum 12-year term be extended for a member, provided the maximum age of 70 is not exceeded. The normal term of office of 12 years can be extended by up to a maximum of three years. The exceptions for the extension of the term of office must be in the interest of the company, in particular (a) for the purpose of securing skills and experience in the Board of Directors that are of great significance for the future development of the company and (b) for the purpose of succession planning in the Board of Directors, in particular concerning the replacement of the Chair (i) of the Board of Directors or (ii) of one of its committees.

At the 2022 ordinary Annual General Meeting, the long-standing Chairwoman of the Board of Directors, Ms Doris Russi Schurter, did not stand for re-election. The Annual General Meeting appointed Dr Thomas Schmuckli, the previous Vice Chair, as her successor on 29 April 2022. Having reached the applicable maximum term of office members of the Board of Directors, Prof. Christoph Lechner did not stand for re-election at the 2022 Annual General Meeting. In his place, the shareholders elected Mr Luigi Lubelli as a new member of the Board of Directors.

Further information on the composition of the Board of Directors and the first-time election of its individual members can be found in the table on page 27.

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 latter are reviewed on a regular basis and, where necessary, adjusted in line with revised regulatory requirements or new standards in the area of corporate governance. The Articles of Association of Helvetia Holding AG, the organisational regulations applicable across the Group and other individual governance-related documents are published on the website of the Helvetia Group.

→ **Articles of Association of Helvetia Holding AG:**
https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/articles-of-association.pdf

→ **Organisational regulations of the Helvetia Group:**
https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/organisational-regulation.pdf

→ **Further business publications:**
https://www.helvetia.com/corporate/web/en/home/investors/publications/business-publications.html

3.5.1 Division of duties in the Board of Directors

The table on page 27 shows the tasks that were delegated to the committees by the Board of Directors. The figure shows the constitution of the Board of Directors as at 31 December 2022. The Board of Directors appoints from among its members the Vice Chairperson(s) of the Board of Directors as well as the Chairpersons and members of the various committees (exception: the members of the Nomination and Compensation Committee) and designates the secretary of the Board of Directors. The Chair heads the Board of Directors. They convene the meetings of the Board, prepare the agenda for the Board meetings and chair these meetings. They prepare the Annual General Meeting and the invitation to the Annual General Meeting, and also chair this meeting. They draw up the strategic objectives that are discussed by the Board of Directors and represent the shareholders in important strategic projects in consultation with the CEO. They ensure that shareholders receive timely and correct information on the Group's business operations and nurture relationships with major investors. Together with the other executive bodies of the Group, the Chair ensures good corporate governance and an effective internal control system. They serve as line manager to the CEO and act in consultation with the CEO whenever possible. Together with the CEO, they prepare the CEO's annual agreement on objectives, and assess the CEO's performance every year. The Chair may take part in important meetings of the Executive Management as a guest; to this end they receive the agenda and accompanying documents for all meetings. They manage the secretary of the Board of Directors, assess requests for information, meetings or the inspection of documents from members of the Board of Directors as well as their acceptance of new Board or similar mandates (the Strategy and Governance Committee decides on such mandates of the Chair), sign Commercial Register applications together with another member of the Board of Directors and handle other tasks delegated to them by the Board of Directors. They may inspect any and all documents at all times. If the Chair is unable to act, the Vice Chair or another member appointed by the Board of Directors from among its own members performs his function. If the office of Chair is vacant, the Board of Directors appoints a Chair from among its own members until the conclusion of the next ordinary Annual General Meeting.

3.5.2 Composition of the Board committees,their duties and delineation of powers

In order to incorporate the individual skills of its members into the decision-making process in a targeted manner, the Board of Directors has formed committees from among its members which report to the Board of Directors for the preparation of its resolutions or for the performance of its supervisory function. The following committees exist for this purpose: 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 of the Helvetia Group and the composition of each committee is presented on page 27 of this annual report.

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. It monitors, in particular, strategy implementation, 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. The SGC assumes duties and powers that have been assigned to it by the Board of Directors, deals with issues entrusted to it by the Chair that are not reserved for the full Board of Directors in accordance with the law, the articles of association or Group regulations, and discusses important and urgent issues. See Art. 13 ff. of the organisational regulations of the Helvetia Group.

b) The Nomination and Compensation Committee (NCC) prepares the resolutions to be adopted by the Board of Directors in connection with the compensation report as well as the compensation policy of the company and the structure of the compensation paid to the members of the Board of Directors and the Executive Management and monitors their correct implementation. It also prepares the proposals to be made by the Board of Directors to the Annual General Meeting with respect to the total amount of fixed and variable compensation to be paid to the members of the Executive Management and the Board of Directors. The NCC 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. Furthermore, it prepares the resolutions by the Annual General Meeting regarding the appointment and dismissal of members of the Board of Directors. The NCC also prepares the personnel decisions to be taken by the Board of Directors, including personnel planning, the appointment and dismissal of members of the Executive Management and of those responsible for Risk Management, Compliance and Internal Audit. It handles the appointment and dismissal of the CEOs in all country markets, takes note of the appointment and dismissal of other members of the Executive Management in all country markets and periodically reviews plans and measures to retain and promote senior managers. See Art. 16 ff. of the organisational regulations of the Helvetia Group.
c) The Investment and Risk Committee (IRC) formulates the basic guidelines and investment strategy. It approves the strategic ranges of asset allocation at least once a year, monitors 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. The IRC also prepares the most important risk strategies and tolerances as well as the risk appetite and the applicable risk limits, and monitors all risks (including the strategic risks and operational risks relevant to the whole company) as well as the related risk management measures and compliance with limits. See Art. 19 ff. of the organisational regulations of the Helvetia Group.
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. It assesses risk governance and risk organisation, and monitors the functional capacity and effectiveness of the internal control systems (ICS). The AC 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 optimum cooperation between internal and external control units, the AC, the Chair of the Board of Directors 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. The AC 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. See Art. 22 ff. of the organisational regulations of the Helvetia Group.

→ **Organisational regulations of the Helvetia Group:**
https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/organisational-regulation.pdf

3.5.3 Modus operandi of the Board of Directors and its committees

The Board of Directors convenes as often as business requires, but at least five times a year. The half to full-day meetings are generally held at the Group head office in St. Gallen, and the executive seminar, which usually lasts two days, is generally held at external premises. The Chair of the Board of Directors generally acts as chair. If they are unable to attend, the Vice Chair or another member of the Board of Directors sits as chair. 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.

In the event of a tie, the Chair shall cast the deciding vote. Resolutions may also be passed by circular letter. See Art. 3 ff. of the organisational regulations of the Helvetia Group.

As a general rule, meetings are attended by all Board members and, in an advisory capacity, also some of the members of the Executive Management. Meetings are generally organised as follows: the meeting starts as a closed meeting of the Board of Directors for discussing internal topics. The meeting is then continued in the presence of the CEO and the CFO and, depending on the topic, some or all members of the Executive Management.

Members of the Board of Directors and all executive bodies are obliged to abstain from decision-making processes and resolutions if business is being dealt with that involves their own interests or the interests of related or represented natural persons or legal entities (Art. 38 of the organisational regulations).

In the 2022 reporting year, 12 meetings (six half-day and six full-day), including a two-day seminar of the full Board of Directors, were held, three times in the absence of one member of the Board of Directors and twice in the absence of two members of the Board of Directors.

The individual committees of the Board of Directors also convene as often as business requires – generally for a half-day meeting.

The SGC thus met five times in the 2022 reporting year, once in the absence of one member of the Board of Directors. The CEO takes part in the meetings of the SGC in an advisory capacity.

In 2022, the NCC held six meetings, all of which were attended by all its members. One circular resolution was used in the reporting year. The CEO takes part in the meetings of the NCC on an advisory basis, provided that topics of the Executive Management are being addressed.

The IRC held seven meetings in 2022, all of which were attended by all members of the Board of Directors. The CEO, CFO, CIO and the Head of Risk Management attend the meetings of the IRC in an advisory capacity. The CEO, CFO and the Head of Risk Management were present at all meetings in the year under review, while the CIO took part in six meetings.

In 2022, the AC held seven meetings, all of which were attended by all members of the Board of Directors. The CEO, CFO and the Head of Internal Audit attend the meetings in an advisory capacity; in 2022, they were present at all meetings. The external auditors also attended five meetings.

The Chair and Vice Chair of the Board of Directors must be members of the SGC in accordance with the applicable provisions of the organisational regulations. Accordingly, the Chair of the Board of Directors also chairs the meetings of the SGC. The Chair of the Board of Directors may also attend the meetings of the NCC and the AC as a guest. They are also a current member of the IRC.

Additional internal and external specialists may also be called upon to attend the meetings of the Board of Directors and its committees to deal with specific topics and issues.

→ **Organisational regulations of the Helvetia Group:**
https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/organisational-regulation.pdf

3.6 Assignment of powers

The Board of Directors possesses, in particular, the following powers based on its inalienable and non-transferable duties stipulated in the provisions of Swiss company law (Art. 716a CO), the Articles of Association of Helvetia Holding AG (Art. 19) and the internal organisational regulations of the Helvetia Group (Art. 8):

- overall management of the Group and issuing of the required regulations and directives;
- definition of the organisational principles;
- definition of the structure and principles of accounting, financial control and financial planning;
- appointment and dismissal of the Chair and of other members of the Executive Management;
- regulation of signing authority;
- ultimate supervision of the persons entrusted with managing the company, in particular with regard to compliance with the law, Articles of Association, regulations and directives;

- preparation of the annual report and the compensation report;
- preparation of the Annual General Meeting and implementation of its resolutions;
- adoption of resolutions on an increase in the share capital, insofar as this falls under the powers of the Board of Directors, and determination of capital increases and the corresponding amendments to the Articles of Association;
- approval of legal transactions that have or could have a material impact on the Group, including: the purchase and sale of participations, the establishment of collaborations and alliances, the opening and closing of branches and major investments, provided responsibility here is not delegated to the IRC, the Chair of the Board of Directors or the Executive Management.

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:

→ **Organisational regulations of the Helvetia Group:**
https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/organisational-regulation.pdf

3.7 Information tools and control instruments regarding the Executive Management

The Board of Directors is continuously informed about the activities within the Helvetia Group, its business performance and relevant developments in the market. At its meetings, it requests information concerning:

- the 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;
- the course of business and market trends, to be provided by the CEO and/or the respective market area and support function heads, as well as (where necessary) the main projects, to be provided by the persons responsible;
- the status of compliance with budget and other annual objectives as well as strategic multi-year plan values;
- the results and findings of the audits conducted by internal and external auditors, which are, in particular, discussed in the meetings of the AC 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;
- important facts and events, generally as part of ordinary reporting or (on an ad hoc basis) upon the occurrence of extraordinary events.

The members of the Board of Directors also regularly 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 detail in Appendix II of the organisational regulations of the Helvetia Group.

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 the meetings, every member of the Board of Directors may ask the CEO to provide information about the general course of business and, with the approval of the Chair, also about specific business cases, or may inspect any business documents as required. See Art. 9 of the organisational regulations.

In the 2022 reporting year, the Chair of the Board of Directors also met regularly with the CEO as well as occasionally with other members of the Executive Management outside of the regular meetings in order to exchange information.

Helvetia has introduced and implemented a coordinated and formalised concept for risk management and risk control. Further information in this regard can be found on pages 16 ff.

The Board of Directors also has the Internal Audit unit at its disposal as an auditing and supervisory body. Working in a systematic, objective and independent fashion, it assesses whether risks are correctly identified and monitored, internal controls are effective and existing management processes are suitable to ensure compliance with the relevant legal and regulatory requirements as well as internal regulations and directives. It can also examine whether the Executive Management is adequately meeting its monitoring and supervisory obligations. See Art. 36 of the organisational regulations.

The Board of Directors also receives regular reports concerning Helvetia's general development and specific activities in the areas of compliance and risk management.

→ **Organisational regulations of the Helvetia Group:**
https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/organisational-regulation.pdf

4. 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. It has been headed by Dr Philipp Gmür since 1 September 2016. Together with the division heads of the Executive Management and the Executive Management boards of the market units in and outside of Switzerland, he is responsible for the operational management of the Group.

The detailed organisational chart of the Helvetia Group as at 31 December 2022 can be found on page 51 of this report.

4.1 Members of the Executive Management

Philipp Gmür

Doctorate in law (University of Fribourg), lawyer, LL.M. (Duke Law School), Swiss, Lucerne, 1963
Group CEO

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungs-gesellschaft AG

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 and CEO Switzerland; in his current position since 1 September 2016

Appointments at listed companies
Member of the Board of Directors of Allreal Holding AG

Appointments at other companies
Member of the Board of Directors of Grand Casino Luzern Group and a further Board of Directors appointment at a non-listed company

Pro bono appointments
Chair of the Funding Association and Member of the Executive Committee of the I. VW Institute of Insurance Economics, St. Gallen; Member of the Board of Directors of economiesuisse; Member of the Board of Trustees of Avenir Suisse; Member of the Board of Directors of the St. Gallen-Appenzell Chamber of Commerce and Industry; Vice President of the Executive Committee of the Europa Forum, Lucerne, and two Board of Trustees appointments

Achim Baumstark

Diploma in computer science (University of Karlsruhe)
German, Basel, 1964
Group Chief Technology Officer

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungs-gesellschaft AG

Professional background
1992–1995 Consultant and Project Manager at Andersen Consulting; 1995–2000 Programme Manager at debis Systemhaus, Stuttgart; 2000–2005 Managing Director, Chief Operating Officer at Daimler Chrysler Services Information Technology Ltd, United Kingdom; 2005–2006 Chief Information Officer for Europe / Africa / Asia Pacific at Daimler Chrysler Financial Services AG, Berlin; Director ITF / F at Daimler Chrysler AG, Stuttgart; 2009–2012 Head of Group Solutions at Zurich Financial Services; 2012–2013 Chief Information Officer at Zurich Switzerland; 2013–2017 Chief Information Officer, Member of the Executive Board of the Helsana Group; Member of the Executive Management in his current position since 1 April 2017

Appointments at listed companies
None

Appointments at other companies
Member of the Board of Directors of Prevo AG, Basel

Pro bono appointments
None

Roland Bentele

Doctorate in law (University of Fribourg)
Swiss, St. Gallen, 1961
Group Chief Corporate Center Officer

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungsgesellschaft AG

Professional background
1989–1991 Assistant, University of Freiburg; 1992–1993 Auditor, St. Gallen District Court; 1994–1996 Legal Assistant, Legal Department of the Civil Engineering and Road Administration of the Canton of St. Gallen; 1996 Personnel Consultant, Urs Ledermann + Partner AG; 1996–1997 Legal Assistant, law firm Jürg Grämiger; 1997–2002 various roles, finally as Head of Human Resources Swissair Airline, Member of the Executive Board, SAir Group / Swissair; 2002–2004 Senior Vice President Human Resources, Hilti AG; 2004–2009 Head of Human Resources, Member of the Executive Board, Unique (Flughafen Zürich AG); 2009–2013 Managing Director, from 2013 Chair of the Board of Directors, Neomentum AG; 2014 joined the Helvetia Group, Head of Human Resources International, from 2017 Head of HR Group, Member of the Extended Executive Management, since 2019 Head of Corporate Center, since 2020 Member of the Executive Management in his current position

Appointments at listed companies
None

Appointments at other companies
Member of the Board of Directors of Genossenschaft Konzert und Theater St. Gallen

Pro bono appointments
Member of the Swissair Staff Foundation for Children in Need, Member of the Board of Verein Textilmuseum St. Gallen; Vice Chair of the Board of Pflegeheim St. Otmar, St. Gallen

Markus Gemperle

Doctorate in law University of St. Gallen,
Swiss, Niederteufen, 1961
CEO Europe

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungsgesellschaft AG

Professional background
1988–1990 Academic Assistant, Institute of Insurance Economics, University of St. Gallen; 1990 joined Helvetia Insurance: head of various departments in the non-life business in Switzerland; 2002 Head of Corporate Center Helvetia 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 Executive Management in his current position

Appointments at listed companies
None

Appointments at other companies
Member of the Board of Directors at Abraxas Informatik AG, St. Gallen

Pro bono appointments
None

Martin Jara

Doctorate in economics (University of St. Gallen)
Swiss, Effretikon and Basel, and Austria, 1972
CEO Switzerland

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungsgesellschaft AG

Professional background
1995–2001 Academic Assistant, Institute of Insurance Economics, University of St. Gallen; 2002–2005 Winterthur Group, Head of COO & Regional Office (CEE, Belgium, Spain & UK Life); 2005–2008 SUVA, Winterthur Agency Head and Risk / Underwriting Improvement Management; 2008–2020 Allianz Suisse, Head of Broker Business (until 2011), Head of Market Management & Corporate Development (until 2014), Head of Sales (until 2020), Member of the Executive Board (2010–2020); 1 May 2020 joined the Helvetia Group, Member of the Executive Management in his current position

Appointments at listed companies
None

Appointments at other companies
Member of the Board Committee of the Swiss Insurance Association (SIA)

Pro bono appointments
None

André Keller

Business Administrator HWV, CFA, FRM, CAIA
Swiss, Wettswil am Albis, 1970
Group Chief Investment Officer

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungsgesellschaft AG

Professional background
Until 1998 Swiss Bank Corporation / UBS AG; 1998–2009 Swiss Re: various management positions, including 2004–2007 Head of Asset Allocation, 2007–2009 Head of Alternative Equity Strategies; 2009–2014 Nationale Suisse: Head of Asset Management and Deputy CIO; 2014–2015 Catlin Group Ltd.: Head of CIO Office, Deputy CIO; 2015–2019 XL Group Ltd., later AXA XL: Managing Director, Head of Global Asset Positioning, from 2017 Executive Vice President, Group CIO; 1 April 2019 joined the Helvetia Group and Member of the Executive Management in his current role

Appointments at listed companies
None

Appointments at other companies
Member of the Investment Committee of the Swiss Insurance Association (SIA)

Pro bono appointments
None

Annelis Lüscher Hämmerli

Dr. rer. nat (Max Planck Institute, Plön) / Master of Advanced Studies in Finance, ETH and University of Zurich, Diploma as IFRS Accountant
Swiss, Bern, 1975
Group Chief Financial Officer

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungs-gesellschaft AG

Professional background
2004–2007 Swiss Life: Head Financial Risk Methods; 2007–2020 Swiss Life Asset Managers: Head Investment Risk; 2016–2020 Swiss Life Asset Managers: Chief Risk Officer; 2020–2020 Swiss Life Asset Managers France: Chief Investment Officer; 1 October 2020 joined the Helvetia Group, Member of the Executive Management in her current role

Appointments at listed companies
Member of the Board of Directors of Berner Kantonalbank

Appointments at other companies
None

Pro bono appointments
None

Beat Müller

Degree in actuarial science (University of Basel), Actuary SAA, graduate Swiss pension insurance expert
Swiss, Breitenbach, 1964
Group Chief Actuarial Officer

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungs-gesellschaft AG

Professional background
1985–1989 various positions at a pension fund advisory office and at IBM; 1990 joined Helvetia Insurance: 1990–2007 Actuary and Chief Actuary Life Insurance, from 2003 also Head of Actuarial Services Life Helvetia Group; 2007 Head of Actuarial Services / ALM and Member of the Executive Management of Helvetia Switzerland; Member of the Executive Management in his current role since 1 January 2017

Appointments at listed companies
None

Appointments at other companies
Member of the Strategy and Governance Committee of the Swisscanto Collective Foundation of the Cantonal Banks

Pro bono appointments
None

David Ribeaud

Diploma in natural sciences (ETH Zurich), Actuary SAA
Swiss, Zurich, 1970
CEO Specialty Markets

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungs-gesellschaft AG

Professional background
1995 Joined Swiss Re, last working as Senior Underwriter Property & Casualty; 2001 moved to Zurich Global Corporate Switzerland as Actuary Head; 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 Executive Management in his current position

No other appointments

Note: The CVs of the members of the Executive Management are published on the website of the Helvetia Group and can be accessed via the following link: https://www.helvetia.com/corporate/web/en/home/about-us/profile/executive-management.html

4.2 Other activities and interests

See pages 39 to 43 as well as the compensation report (chapter 5.5, page 68) in this regard.

4.3 Statutory rules regarding the number of activities allowed pursuant to Art. 12 para. 1 (1) VegüV / Art. 626 para. 2(1) CO (version of 1 January 2023)

According to Art. 32 ("Mandates outside the Group") of the Articles of Association of Helvetia Holding AG, members of the Executive Management may not hold more than five additional mandates with listed and ten additional mandates with non-listed companies. In practice, however, this statutory rule, which applies to the members of the Board of Directors in equal measure, is applied much more restrictively to members of the Executive Management. The members of the Executive Management, who are generally fully employed, should dedicate their entire working capacity primarily to the dutiful performance of their tasks with the Helvetia Group. External mandates are therefore only approved in certain exceptional cases. In particular, the acceptance of a third-party mandate must in no way impair the dutiful fulfilment of an individual's tasks as a member of the Executive Management of the Helvetia Group. In this respect, any conflicts of interest that could potentially be associated with the exercise of a mandate must also be examined and avoided.

This restriction does not apply to:

a) Mandates with companies that are controlled by the company directly or indirectly or in joint agreement with third parties or which control the company directly or indirectly or in joint agreement with third parties;
b) Mandates accepted by a member of the Executive Management on instructions of the company or companies directly or indirectly controlled by the company. Members of the Executive Management may not hold more than ten such mandates; and
c) Mandates with associations, charitable organisations, foundations and staff pension funds. Members of the Executive Management may not hold more than ten such mandates.

Mandates include mandates in the most senior governing or managing body of a legal entity that is obliged to register with the Commercial Register or a similar foreign register. Mandates with different legal entities controlled by the same company or beneficial owner count as a single mandate.

The mandates of the individual members of the Executive Management are provided on pages 39 to 43 as well as in the compensation report (chapter 5.5, page 68).

→ **Articles of Association of Helvetia Holding AG:**
https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/articles-of-association.pdf

4.4 Management contracts

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

5. Compensation, shares and loans

5.1 Contents and method for determining compensation and participation programmes

The Board of Directors is also responsible for regulating general compensation issues and compensation models under the VegüV, the provisions of which were transferred to the CO upon the entry into force of the revised Swiss company law, whereby individual provisions were supplemented and clarified in greater detail. It is supported in its work by the NCC, which provides advice to the Board of Directors at least once a year in the decision-making process in accordance with the internal organisational regulations and has final decision-making power in some areas. The (total) compensation of the members of the Executive Management is reviewed at regular intervals in cooperation with consulting firms specialising in compensation issues for insurers and financial services providers, 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. Such a compensation review took place once again in 2022. Members of the Executive Management do not participate in meetings of the Board of Directors at which discussions are held on specific issues relating to compensation and corresponding decisions are made. The delineation of powers for compensation matters is defined in Appendix I of the organisational regulations. Further details on the compensation can be found in the compensation report from page 52.

→ **Organisational regulations of the Helvetia Group:**
https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/organisational-regulation.pdf

5.2 Details on issuers subject to the VegüV and the compensation provisions stipulated under the revised Swiss company law

5.2.1 Statutory rules regarding principles of performance-related compensation and additional amount for new Executive Management members

In addition to their fixed compensation, the members of the Executive Management can also be paid variable compensation that is based on the achievement of specific performance objectives and geared towards business performance. The performance objectives can include personal objectives, Group objectives and division-specific objectives. Objectives that are related to the market, other companies or similar benchmarks are also possible. The function and level of responsibility of the recipient of the variable compensation should be taken into account when formulating the performance objectives. The Board of Directors or, if the matter has been delegated to it, the Compensation Committee determines the weighting of the performance objectives and the target values and reports on these in the compensation report. In 2017, the Board of Directors decided to in future only pay itself fixed compensation. A member of the Board of Directors must obtain at least 30% of this fixed compensation in the form of blocked shares. Compensation is paid in the form of cash, shares, options, similar instruments or units, benefits in kind or services. The Board of Directors or, if the matter has been delegated to it, the Compensation Committee determines the conditions and deadlines for allocation, exercise and transfer as well as the vesting periods and conditions of expiry, if any. The Board may decide that conditions and deadlines for exercise and transfer as well as vesting periods are shortened or cancelled, payments are made under the assumption that the target values are reached or payments are cancelled if specific events defined in advance should occur, such as a change in control or the termination of an employment or mandate relationship. In doing so, the Board of Directors takes account of the company's ability to recruit suitable employees on the labour market and to retain these employees. The company may acquire the necessary shares or other equity securities on the market or provide them in the form of a conditional capital increase. The compensation can be paid by the company or the companies controlled by it.

See also Art. 30 of the Articles of Association of Helvetia Holding AG.

If there are any changes to the Executive Management during the course of a year, the company or the companies controlled by it are authorised to pay an additional amount for this period to each member of the Executive Management who joins the Executive Management after the date on which the Annual General Meeting approved the compensation if the amount that was already approved is not sufficient to cover their compensation. The additional amount per compensation period may not exceed 40% for the Chief Executive Officer and 25% for the other positions on the Executive Management of the total maximum amount of compensation that was most recently approved for the Executive Management (Art. 29 of the Articles of Association of Helvetia Holding AG).

→ **Articles of Association of Helvetia Holding AG:**
https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/articles-of-association.pdf

5.2.2 Statutory rules for loans, credit and pension benefits to members of the Board of Directors and the Executive Management

Loans may only be granted to the members of the Board of Directors at market conditions and to the members of the Executive Management at the usual employee conditions. Loans may only be granted for as long as the total amount of all outstanding loans to members of the Board of Directors and the Executive Management, including the new loans, is not more than twice the total amount of compensation that was most recently approved by the Annual General Meeting (Art. 33 of the Articles of Association of Helvetia Holding AG).

→ **Articles of Association of Helvetia Holding AG:**
https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/articles-of-association.pdf

5.2.3 Statutory rules regarding voting on compensation by the Annual General Meeting

In accordance with the compensation provisions transferred from the VegüV to the revised Swiss company law and the Articles of Association of Helvetia Holding AG, the Board of Directors prepares an annual written compensation report and presents the total amounts of the compensation of the Board of Directors and the Executive Management to the Annual General Meeting to be voted on. No payments / share allocations may be made to the Board of Directors and the Executive Management prior to the approval of the compensation.

The Annual General Meeting thus has the following powers in matters of compensation (see Art. 28 of the Articles of Association of Helvetia Holding AG):

- 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 Executive Management are determined.
- Approval of the following total amounts by way of individual voting:
  a) fixed compensation of the Board of Directors for the period up to the next ordinary Annual General Meeting (prospective vote);

b) fixed compensation of the Executive Management for the period from 1 July of the current year to 30 June of the following year (prospective vote);
c) variable compensation of the Executive Management for the concluded financial year (retrospective vote). No variable compensation is paid to the Board of Directors.

→ **Articles of Association of Helvetia Holding AG:**
https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/articles-of-association.pdf

6. Co-determination rights of shareholders

Helvetia observes the principle of equal treatment of shareholders.

6.1 Voting rights 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 2.6 of this chapter (see Art. 7 and 8 of the Articles of Association of Helvetia Holding AG in this regard).

The Board of Directors specifies the rules that govern participation in the Annual General Meeting and the determination of voting rights. For independent voting 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 2022 Annual General Meeting, no individual shareholder with voting rights represented more than 10% of the voting rights, with the exception of Patria Genossenschaft as the most significant individual shareholder and founding member of Helvetia in its current form.

Shareholders who possess voting rights but who do not attend the Annual General 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, they may only represent the voting rights of third parties if, together with their 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. See also Art. 14 and 15 of the Articles of Association of Helvetia Holding AG.

→ **Articles of Association of Helvetia Holding AG:**
https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/articles-of-association.pdf

6.2 Statutory quorum

The Annual General 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 Association, the Annual General Meeting passes resolutions by a relative majority of the votes cast. In addition to the resolutions cited in Art. 704, para. 1 CO, a two-thirds majority of represented votes is required for amendments to the Articles of Association, the premature termination of office of more than one member of the Board of Directors, and the liquidation of the company. See also Art. 17 of the Articles of Association of Helvetia Holding AG.

→ **Articles of Association of Helvetia Holding AG:**
https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/articles-of-association.pdf

6.3 Convening the Annual General Meeting

The Annual General 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.

The ordinary Annual General Meeting is held within six months of the end of the financial year, generally in April. Extraordinary Annual General Meetings take place if the Board of Directors or the statutory auditors consider them necessary, if this is passed by a Annual General Meeting or if shareholders who represent at least 10% of the share capital jointly request in writing an extraordinary Annual General Meeting, while 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 Swiss Official Gazette of Commerce. See also Art. 11 and 13 of the Articles of Association of Helvetia Holding AG.

→ **Articles of Association of Helvetia Holding AG:**
https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/articles-of-association.pdf

6.4 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 Annual General Meeting (see Art. 12 of the Articles of Association of Helvetia Holding AG).

→ **Articles of Association of Helvetia Holding AG:**
https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/articles-of-association.pdf

6.5 Registration of shares
The right to attend the Annual General Meeting 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 specified by the Board of Directors and announced in the Swiss Official Gazette of Commerce. In exceptional cases, guest tickets for the Annual General 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. See also Art. 14 of the Articles of Association of Helvetia Holding AG.

→ **Articles of Association of Helvetia Holding AG:**
https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/articles-of-association.pdf

7. Change in control and protection measures
7.1 Obligation to announce takeover bids
Art. 37 of the Articles of Association of Helvetia Holding AG states that the obligation to announce a takeover bid in accordance with Art. 135 para. 1 of the Financial Market Infrastructure Act (Fin-MIA) of 19 June 2015 (version as at 1 August 2021) only applies if a shareholder acquires 40% or more of the voting rights.

→ **Articles of Association of Helvetia Holding AG:**
https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/articles-of-association.pdf

7.2 Clauses regulating a change in control
In accordance with Art. 735c and Art. 735d of the CO, the employment contracts of members of the Board of Directors and the Executive Management as well as of other members of Helvetia's management 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. See Art. 31 of the Articles of Association of Helvetia Holding AG in this regard.

→ **Articles of Association of Helvetia Holding AG:**
https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/articles-of-association.pdf

8. Statutory auditors

8.1 Term of office and tenure of office of the 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 Annual General Meeting every year. The KPMG AG audit team for the 2022 financial year consisted of:

– Rainer Pfaffenzeller (since 2019), German Public Auditor and Swiss Audit Expert, Partner Financial Services; lead auditor.
– Christoph Hörl (since 2020), German Public Auditor and Swiss Audit Expert, Director.

8.2 Audit fees

In the reporting year, the fees charged by the auditors amounted to: CHF 7,362,118.

8.3 Fees for additional consultancy services

CHF 71,786. These fees covered quality assurance review services for the introduction of new legal standards, as well of training courses and tax advisory services.

8.4 Information tools of the external auditors

The AC prepares the election of the statutory auditors for the Board of Directors. It monitors and assesses their audit 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.

Representatives of the external auditors attend meetings of the AC in an advisory capacity. Copies of the minutes are sent to all members of the Board of Directors. Reports on the activities of the AC are provided at the meetings of the full Board of Directors. In the 2022 reporting year, the external auditors were represented at five meetings of the AC. Discussions between the external auditors, the Chair of the Board of Directors, the Chair of the AC, the CEO and the CFO take place annually. Meetings or an exchange of experience with specialists from the areas of finance, risk management, legal and compliance, general council and corporate governance are also held periodically. It is also ensured that the external and internal audit teams liaise on a regular basis regarding issues such as audit planning, audits and results as well as current problems.

→ **Organisational regulations of the Helvetia Group:**
https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/organisational-regulation.pdf

9. Information policy

As a listed company, Helvetia follows a consistent and transparent information policy towards its (potential) shareholders, customers, employees and the public. Shareholders receive a supplementary letter to shareholders about the previous business year, including the most important key figures, along with the invitation to the Annual General Meeting. The annual report and the letter to shareholders in spring as well as the interim report in autumn are made available to the general public on the website of the Helvetia Group. The same applies to a great deal of further information about the Helvetia Group, especially with respect to its strategic focus, the price development of its share and its social and environmental commitment. In addition, further publications, media releases and important dates can be found here at any time.

→ **Website of the Helvetia Group (main page):**
https://www.helvetia.com/corporate/web/en/home.html

→ **Business publications of the Helvetia Group:**
https://www.helvetia.com/corporate/web/en/home/investors/publications.html

→ **Share and shareholders:**
https://www.helvetia.com/corporate/web/en/home/investors/services/shares-and-shareholders.html

→ **Information on the Annual General Meeting:**
https://www.helvetia.com/corporate/web/en/home/investors/publications/annual-general-meeting.html

→ **Ad hoc news and media releases:**
https://www.helvetia.com/corporate/web/en/home/media/publications/media-releases.html

Interested parties may also register online to receive the latest information on the company immediately upon its release and to request particular publications. The following link can be used for this:

→ **Helvetia News subscription:**
https://www.helvetia.com/corporate/web/en/home/media/services/news-subscription.html

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 on page 237 of this financial report as well as on the website of the Helvetia Group.

→ **Contact Investor Relations:**
https://www.helvetia.com/corporate/web/en/home/investors/services/contact.html

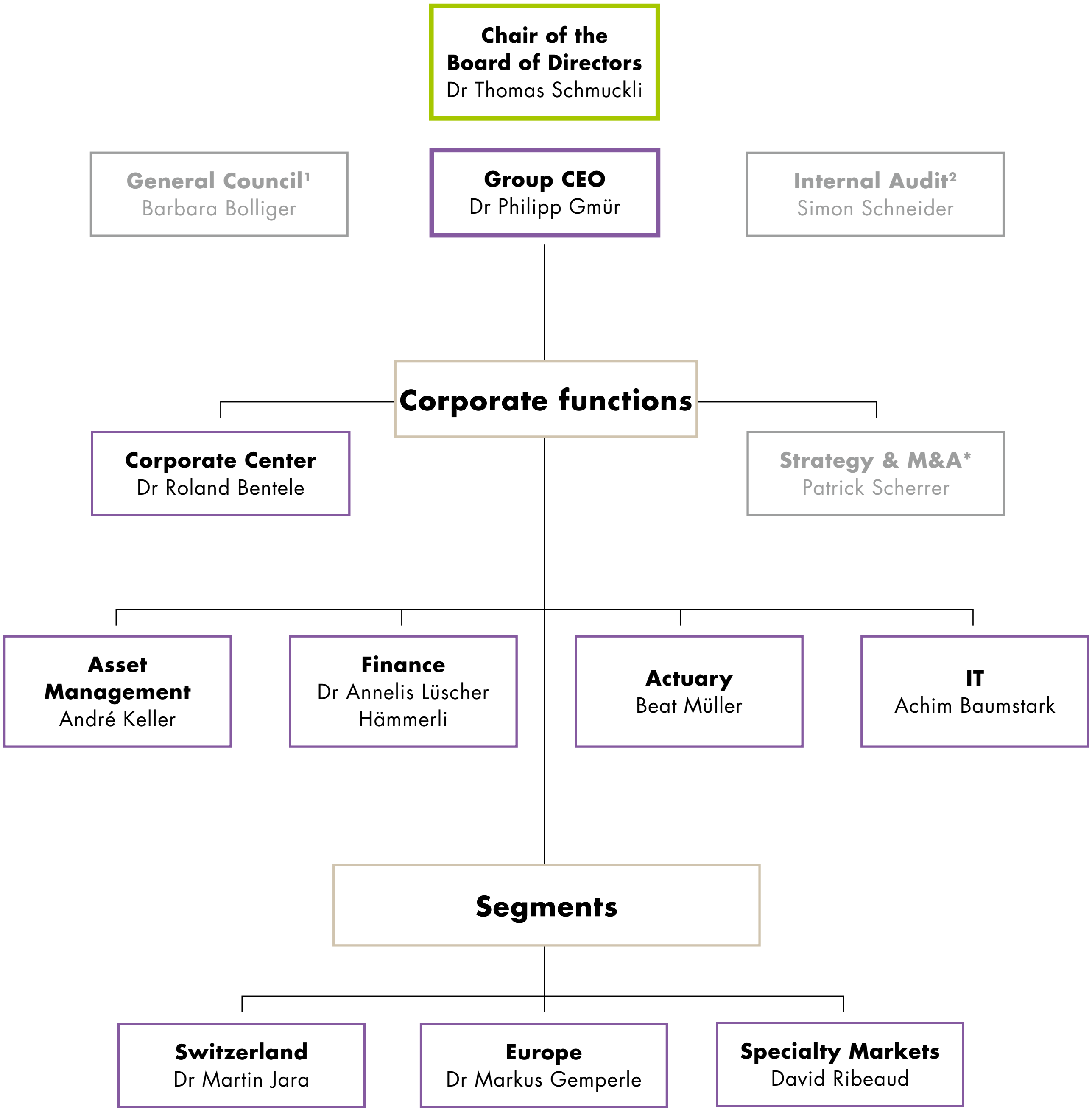
Prior to the Annual General Meeting, shareholders have the option of paperless communication with the share register of Helvetia. Various services can be processed online. Access is gained via the QR code that is provided to shareholders as part of the invitation to the Annual General Meeting.

10. Blackout periods

In connection with the publication of the annual and interim reports, a predefined group of addressees are strictly prohibited from trading registered shares of Helvetia Holding AG and derivative financial instruments that are significantly dependent on their price performance either for their own account or for the account of third parties. They are also prohibited from exercising corresponding call options. This applies irrespective of whether the addressees of the ban on trading are aware of insider information in the individual case. The members of the Board of Directors and the Executive Management as well as, in general, all employees of Helvetia Holding AG and its direct and indirect subsidiaries / Group companies are regularly affected by such general blackout periods, insofar as their function or specific activity allows them to gain an early insight into the company's reporting. This general ban on transactions also applies to third parties, including agents and partners of the Helvetia Group who are entrusted with work related to the creation or publication of the results.

The individuals affected by a general blackout period are informed in advance via e-mail by the share register of Helvetia Holding AG with respect to the start and duration of the ban on trading. As a rule, this takes effect at the beginning of the consolidation phase for the interim and annual reports (i.e. approximately two months prior to their publication) and, generally speaking, ends upon the publication of the results at the Group media conference.

Helvetia can introduce further blackout periods at any time during which the addressees are forbidden from engaging in relevant transactions in connection with the equity securities of Helvetia Holding AG. Such periods are referred to as "special blackout periods".



Members of the Executive Management

1 reporting to the Chair of the Board of Directors

2 reporting to the Chair of the Audit Committee

* Staff function

As at: 31 December 2022

CVs of the Executive Management members

1. Letter of the Chair of the Nomination and Compensation Committee (NCC).

Ladies and Gentlemen

Dr Gabriela Maria Payer
Chair of the Nomination and Compensation Committee (NCC)

The year 2022 was a challenging financial year for Helvetia, marked by geopolitical tensions and at the same time by the aftermath of the effects of the coronavirus crisis. Helvetia performed excellently in this turbulent market environment, which is reflected in the successful 2022 annual result.

Successful 2022 financial year
Helvetia once again proved the stability and growth potential of its business model and created value for its shareholders on this basis. The Group continued to grow in its profitable core line of business, in particular in all segments and divisions of non-life business. Based on a very strong underwriting development, Helvetia generated a strong IFRS group result. In view of the challenging market environment, the business has thus proven to be extremely resilient. Helvetia's resilience is also reflected in its capitalisation, which remains excellent. Helvetia also tapped into profitable new growth opportunities in 2022 with the targeted development of the fee business.

New compensation system reflects the successful business development in variable compensation
As described in last year's compensation report, the new compensation system 20.25 was applied from 1 January 2022 for the Executive Management and the management boards of the countries. This is described in detail in Chapter 5. The new compensation system focuses strongly on implementing the corporate strategy and exhibits a pronounced performance orientation. This ensures greater consideration for shareholders' interests in compensation and supports the recruitment of new talent. Consistent performance orientation produces very good corporate results – as was the case in the past financial year 2022 – in correspondingly higher variable compensation.

I wish to emphasise that, in addition to purely quantitative measurement components, non-financial components are also taken into account in the assessment of overall performance. The sustainability strategy is an example of this. Considerable progress has been achieved here thanks to the improvement of the MSCI ESG Rating from BBB to A.

Increasing diversity in corporate governance
I am convinced that our new compensation system will allow us to reward performance and risks on a balanced and appropriate basis, while at the same time safeguarding the interests of our shareholders. With this in mind, we would like to give you as our shareholders the opportunity, from this Annual General Meeting, of directly expressing your opinion in the annual consultative vote on the compensation report and the compensation system.

I would like to thank you for your interest and the trust you place in Helvetia.

St. Moritz / St. Gallen, March 2023
Dr Gabriela Maria Payer

2. General compensation principles.

The Helvetia Group applies a multi-level while nevertheless simple and transparent compensation system for all employees in Switzerland, the management boards in the market units as well as for its bodies with a reporting duty, namely the Board of Directors (BoD) and the Executive Management (EM). At Helvetia, compensation is deliberately designed so that:

- it is transparent, fair and appropriate for the members of the BoD and EM as well as for all managers and employees;
- it takes account of the responsibility carried by the function holder, the quality of their work and the effort and time involved in carrying out the work;
- it supports the prudent corporate governance oriented towards long-term success and is in line with Helvetia’s risk strategy, and also takes into account sustainability criteria;
- it aims at a balanced relationship between the fixed and variable compensation components to ensure that individual employees’ risk tolerance is not excessively influenced by variable compensation components that are too high and unintentionally affected by incentive criteria that are too short-term;
- it is function-appropriate and shaped to a considerable extent by individual targets and the overall result of the company.

3. Compensation governance.

The compensation report is based on the "Swiss Code of Best Practice for Corporate Governance", issued by economiesuisse in 2002 and updated in 2016[1], on the guidelines concerning Information on Corporate Governance (RLCG) by the SIX Exchange Regulation AG in the version of 18 June 2021[2], on the circular of the Swiss Financial Market Supervisory Authority (FINMA) 2010/1 "Compensation Systems", in the version of 4 November 2020 (last change), as well as 2016/2 "Disclosure – Insurers (Public Disclosure)", in the version of 6 May 2021 (last change), and in particular the legal provisions on compensation transferred and supplemented from the Ordinance Against Excessive Remuneration in Listed Companies Limited by Shares (ERCO) into revised Swiss company law[1].

3.1 Compensation structure

The compensation structure of Helvetia comprises several components. These are relevant for various groups of persons within the Group, in particular for the BoD and the EM to varying degrees. The following figure shows the different components of the compensation landscape and their characteristics. These are explained in more detail below.

Compensation structure

Components of the compensation structure		BoD	EM
Fixed compensation		✔	✔
Variable compensation	Short-term variable compensation (in cash)	✖	✔
	Long-term variable compensation (in blocked shares)	✖	✔
	Employee share purchase plan[3]	✖	✔

[1] The revised version from February 2023 will apply for the first time for the upcoming reporting period.
[2] The revised guidelines of SIX which will take account as per 1 January 2023 will be considered for the upcoming reporting period 2023.
[3] As of the 2023 financial year, it is no longer planned for the Executive Management to participate in the employee share purchase plan.

The compensation principles for the Board of Directors and the Executive Management are stipulated in the Articles of Association. These can be accessed in full on the website.[4] The essential main aspects correspondingly include:

Provisions of the Articles of Association[5]

Article 29	Additional amounts for new EM members	Should there be changes within the EM during the course of the year, each member who joins the EM or is promoted within the EM following the granting of approval of compensation by the Annual General Meeting (AGM) can be paid an additional amount for this period if the compensation already approved by the AGM is not sufficient to cover their compensation. The additional amount for each new member of the EM may not exceed 25 % and for a new CEO who has been promoted or joined the company 40 % of the most recently approved total amount for the maximum compensation of the EM.
Article 30	Compensation for the members of the BoD and EM	In principle, compensation can be issued in a fixed or variable form, whereby the latter is based on the achievement of certain performance objectives and can be paid out in cash, shares or other instruments or non-monetary reference values. The associated performance objectives can be of various types and include, for example, both individual or company-focused aspects.
Article 31	Contracts with BoD members	Permanent or temporary contracts concerning compensation can be concluded with members of the BoD. The duration and termination of such contracts are governed by the term of office and applicable law.
Article 31	Contracts with EM members	Permanent or temporary employment contracts can be concluded with members of the EM. Temporary employment contracts have a maximum duration of one year; renewal is permitted. Permanent employment contracts have a maximum notice period of twelve months.
Article 31	Non-competition clauses	The agreement of non-competition clauses for the period after the termination of an employment contract is permitted. To compensate for such non-competition clauses, compensation may be paid for a maximum of three years, the annual amount of which may not exceed 50 % of the last annual compensation amount paid to this member before leaving the company.

3.2 Powers of the various decision-making bodies

The BoD is in charge of general compensation issues and compensation models. It is supported in its work by the Nomination and Compensation Committee, which provides advice to the BoD in the decision-making process in accordance with the organisational regulations and has final decision-making power in some areas. The responsibilities in the sub-areas are summarised as follows:[6]

Areas of expertise

	NCC	BoD	AGM
Appointment and dismissal of the EM and those responsible for risk management, compliance and internal audit	Preparation	Decision	
Appointment and dismissal of the MB chairpersons in the country markets	Decision	Right to information	
Appointment and dismissal of the MB in the country markets	Right to information	Right to information	
Measures to secure and promote managers	Decision	Right to information	
Adjustment of BoD / EM compensation regulations	Preparation	Decision	
Total amounts of fixed compensation for the BoD	Preparation	Proposal	Approval
Total amounts of fixed and variable compensation for the EM	Preparation	Proposal	Approval
Concept and strategy of the employee pension funds in Switzerland	Approval		
Compensation report	Preparation	Decision	

[4] https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/articles-of-association.pdf
[5] The changes to the Articles of Association resulting from the revision of company law will be dealt with at the 2023 Annual General Meeting and will be taken into account accordingly in the upcoming reporting period.
[6] For a detailed overview of the valid division of powers for compensation matters, please refer to Appendix I of the organisational regulations: https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/organisational-regulation.pdf.

3.3 Activities of the NCC

The NCC comprises four members, all of whom, with the exception of Mr Jean-René Fournier, are independent. The members are individually elected by the Annual General Meeting each year. The committee constitutes itself and elects a chair from among its members. The NCC convenes as often as business requires and met six times in 2022 with the participation of all committee members.

NCC

Name	Chair	Member
Gabriela Maria Payer	•	
Jean-René Fournier		•
Andreas von Planta		•
Regula Wallimann		•

The Chair of the NCC may invite non-voting guests to attend meetings. As a rule, the Group CEO, the Group Chief Corporate Center Officer as well as the Chair of the Board of Directors take part in the meetings in an advisory capacity. Guests are not present, however, when their own compensation is being discussed and may be excluded from certain discussions at any time. The NCC may call in external advisors in certain matters.

The NCC informs the others members of the Board of Directors about its activities on a regular basis. The minutes of the NCC meetings are available to all members of the Board of Directors. If perceived information is relevant to the company and of particular importance to the Board of Directors, the Chair of the NCC immediately informs the Chair of the Board of Directors.

During the reporting period, the NCC addressed the following agenda items in particular:

Agenda items

	First quarter	Second quarter	Third quarter	Fourth quarter
Governance				
Disclosure of compensation	•			•
Compensation strategy and system				
Review and adjustment of compensation system		•	•	
Review and adjustment of compensation	•	•		•
Variable compensation				
Target assessment business targets (previous year)	•			
Setting of business targets (following year)				•
Compensation structure				
Performance of benchmarking (amount and structure) for BoD / EM		•		
HR policy				
Succession and talent management	•	•	•	•
Nominations	•	•	•	
Diversity	•			
ESG				
Corporate sustainability	•	•		•

With support from a specialised consulting firm, the NCC carries out benchmarking on a regular basis so as to be able to classify the compensation of the BoD and EM of Helvetia within the market environment. The objective here is not only to assess the amount and structure of compensation at Helvetia from an internal perspective, but rather also to take account of external market trends and competitive considerations.

For the members of the Board of Directors, compensation will be compared with a peer group, consisting on the one hand of 18 listed and unlisted Swiss financial service providers (insurances and banks) with a national and international business model, as well as, on the other hand, with all companies from the SMIM Index. For the members of the Executive Management, benchmarking will be carried out with 25 listed European financial service providers (insurances and banks) with an international business model. Selection of the companies in the peer group was defined together with the consulting firm "Willis Towers Watson (WTW)" and in line with governance practices of proxy advisors as well as institutional investors.

The companies in the respective peer groups are reviewed by the NCC on a regular basis with respect to their relevance. The most recent benchmarking for members of the Executive Management and Board of Directors was carried out in financial year 2021.

In principle, Helvetia aims to structure its compensation packages for the EM and its employees in a competitive manner relative to the market, placing a significant focus on performance-oriented compensation. Accordingly, positioning around the median is generally aimed for with regard to fixed and variable compensation as well as the benefits.

4. Compensation for the Board of Directors.

4.1 Compensation system for the Board of Directors

The compensation principles relevant for the BoD and individual components of the concept as well as the procedure used for determining performance-related compensation are set out in the compensation regulations approved by the full BoD. The compensation for the members of the BoD consists of fixed compensation comprising the following:

Basic compensation, including allowances	Every BoD member receives fixed basic compensation determined in advance, and in principle, the same basic remuneration (exception: Chair of the BoD). Differences arise from the allowances that are paid to the Vice Chair, the members in the committees and the chairpersons of the committees. These payments take account of the responsibility and specific functions of each of the individual BoD members. The higher total compensation paid to the Chair takes into account their greater involvement in the company's management and operational activities. The chairpersons of the committees and the committee memberships of the individual BoD members can be found in the section "Corporate Governance".
Shares as part of basic compensation	Members of the BoD receive part of their fixed compensation in the form of shares. A figure of 30% of the total compensation calculated on the basis of the basic compensation, the compensation for the Vice Chair, committee chairpersons and committee members will be paid out in the form of shares that are blocked for at least three years (standard solution). Each BoD member can apply for an extension to the blocking period for each generation of shares. The remaining 70% of the total compensation is paid out in cash. The BoD does not participate in any employee share purchase plans and also did not participate in any previous share option programmes.

For each term of office, the members of the BoD receive lump-sum expenses in the amount of CHF 10,000 and the Chair of the Board of Directors receives lump-sum expenses in the amount of CHF 15,000. These lump-sum expenses cover expenditure and travel expenses for the members of the BoD and the Chair within Switzerland.

4.2 Compensation for the financial year 2022

In the reporting year, the BoD members received fixed compensation totalling CHF 2,905,037. The fixed compensation includes all allowances and expenses set out in the compensation regulations as well as the contributions to social insurance schemes. In the previous year, the members of the BoD received fixed remuneration in the amount of CHF 2,910,233.

All compensation and fees paid to the BoD members for 2022 are shown in the table below. No payments were or are made to BoD members who have left.

Total fixed compensation of the Board of Directors in 2022[1]

1 January until 31 December, in CHF	Basic compensation	Compensation for Vice Chairpersons	Compensation for committee chairpersons[2]	Compensation for membership of committees[3]	Lump-sum expenses[4]	Social security contributions[5]	Total compensation
Thomas Schmuckli (Chair)[6]	570 000	15 000	0	26 667	11 250	36 308	659 225
Hans C. Künzle (Vice Chair)	130 000	45 000	26 667	93 333	10 000	17 813	322 813
Beat Fellmann (member)	130 000	0	0	93 333	10 000	13 499	246 832
Jean-René Fournier (member)	130 000	0	0	46 667	10 000	11 244	197 911
Ivo Furrer (member)	130 000	0	26 667	93 333	10 000	14 439	274 439
Luigi Lubelli (member)[7]	86 667	0	0	33 333	6 667	7 941	134 608
Gabriela Maria Payer (member)	130 000	0	26 667	93 333	10 000	14 958	274 958
Andreas von Planta (member)	130 000	0	0	93 333	10 000	10 941	244 274
Regula Wallimann (member)	130 000	0	0	93 333	10 000	12 785	246 118
Retired members							
Christoph Lechner[8]	43 333	0	0	13 333	3 333	3 303	63 303
Doris Russi Schurter[8]	230 000	0	0	0	3 333	7 223	240 556
Total	**1 840 000**	**60 000**	**80 000**	**680 000**	**94 583**	**150 454**	**2 905 037**

1 30% of the basic compensation and the compensation for the Vice Chair, committee chairpersons and committee memberships is paid out in the form of shares that are blocked for at least three years.
2 The committee chairpersons receive compensation in the amount of CHF 30,000 (previously 20,000).
3 Committee members receive compensation in the amount of CHF 50,000 (previously 40,000) per committee.
4 The Chair receives lump-sum compensation in the amount of CHF 15,000 (from 1 October 2022, previously CHF 10,000).
5 OASI / IV / LEC / TC
6 Basis of compensation: Vice Chair until April 2022 and Chair from May 2022.
7 Basis of compensation: New entry as member from May 2022.
8 Basis of compensation: Departure at end of April 2022.

Total fixed compensation of the Board of Directors in 2021[1]

1 January until 31 December, in CHF	Basic compensation	Compensation for the Vice Chair	Compensation for committee chairpersons[2]	Compensation for membership of committees[3]	Lump-sum expense allo ances	Social security contributions[4]	Total compensation
Doris Russi Schürfer (Chair)	690 000	0	0	0	10 000	36 210	736 210
Hans C. Künzle (Vice Chair)	130 000	45 000	20 000	80 000	10 000	17 419	302 419
Thomas Schmuckli (Vice Chair)	130 000	45 000	0	80 000	10 000	16 259	281 259
Beat Fellmann (member)	130 000	0	0	80 000	10 000	13 649	233 649
Jean-René Fournier (member)	130 000	0	0	40 000	10 000	11 329	191 329
Ivo Furrer (member)	130 000	0	20 000	80 000	10 000	14 809	254 809
Christoph Lechner (member)	130 000	0	0	40 000	10 000	11 329	191 329
Gabriela Maria Payer (member)	130 000	0	20 000	80 000	10 000	14 809	254 809
Andreas von Planta (member)	130 000	0	0	80 000	10 000	10 770	230 770
Regula Wallimann (member)	130 000	0	0	80 000	10 000	13 649	233 649
Total	**1 860 000**	**90 000**	**60 000**	**640 000**	**100 000**	**160 233**	**2 910 233**

[1] 30% of the basic compensation and the compensation for the Vice Chair, committee chairpersons and committee memberships is paid out in the form of shares that are blocked for at least three years.
[2] The committee chairpersons receive compensation in the amount of CHF 20,000.
[3] Committee members receive compensation in the amount of CHF 40,000 per committee.
[4] OASI / IV / LEC / TC

At present, four members of the BoD are insured under the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG). The members finance their contributions in full from their basic compensation (including, in particular, employer contributions). This ensures that no additional costs arise for Helvetia.

At the reporting date, a mortgage-backed loan had been granted to Jean-René Fournier with a total amount of CHF 765,000 (previous year: CHF 765,000). In the reporting year, the loan, which was granted as a fixed mortgage at normal customer conditions, had the same interest rate as in the previous year of 1.57%. There are no discounts on insurance contracts, loans, credits or guarantees.

4.3 Other aspects of compensation of the BoD

a) Departure regulations and other compensation

When a member leaves the BoD, the fixed compensation is paid on a pro rata basis up to the end of the month in which they leave the Board of Directors. No provision is made for severance payments and no such payments were made or promised in the past or in the reporting year. Loans and credits are granted at market conditions. The BoD members do not benefit from any discounts that are offered to the EM and Helvetia employees.

b) Share ownership guidelines

In order to achieve an even stronger and longer-term alignment of the interests of the BoD with those of the shareholders, each member of the BoD must build up and maintain a defined number of shares in the future. The share for the Chair of the BoD and the other members of the BoD thus corresponds to 100% of the individually fixed compensation (basic compensation plus the compensation for the vice chair, the committee chairpersons and the committee members).

The build-up of the required number of shares to be held shall take place over four years from 1 October 2022 or from the time of the entry into office of a new member of the Board of Directors. The shares held will also include the blocked shares of the 30% of the remuneration paid in shares to the members of the Board of Directors. See Chapter 15, page 169, for an overview of the held shares for each BoD member as at 31 December 2022.

4.4 External mandates of the Board of Directors

In the financial year, the members of the Board of Directors held the following functions in other companies with an economic purpose:

External mandates

Name of member	Name of company	Function performed
Thomas Schmuckli	Bossard Holding AG	Chair of the BoD
	Bossard Finance AG	Chair of the BoD
	Hans Oetiker Holding AG	BoD member
Hans C. Künzle	Forum Capital Management AG	Chair of the BoD
	Hochalpines Institut Ftan (HIF) AG	BoD member
	JANZZ.technology AG	BoD member
	HFK Investments AG	Chair of the BoD
	FM7 Investments AG	Chair of the BoD
Beat Fellmann	Valora Holding AG	CFO Group
	Vitra Holding AG	BoD member
Jean-René Fournier	Patria Genossenschaft	Chair of the BoD
	Immobilien Gletsch AG	Chair of the BoD
	Loterie Romande	Chair
	Fournier & Cie.	Chair of the BoD
	Industrie Wood Concept SA	BoD member
Ivo Furrer	Julius Bär Group AG	BoD member
	Fundamenta Group AG	BoD member
	Inventx AG	BoD member
Luigi Lubelli	Linnex Capital SICAV	BoD member
	QSR North Spain Holding S.L.	BoD member
Gabriela Maria Payer	Stiftung Gesundheitsversorgung Oberengadin (SGO)	Chair of the BoD
	Sygnum Bank AG	Vice Chair of the BoD
	Sphaira Innovation AG	BoD member
Andreas von Planta	Law firm Lenz & Staehelin	Senior Counsel
	Novartis AG	BoD member
	HSBC Private Bank (Suisse) SA	Chair of the BoD
	HSBC Private Banking Holdings (Suisse) SA	Chair of the BoD
	Regulatory Board SIX Swiss Exchange AG	Chair
	Socotab Frana SA	BoD member
	Société Immobilière Quai Gustave Ador 50 SA	BoD member
	International Road Transport Union	Chair Audit Committee
Regula Wallimann	Straumann Holding AG	BoD member
	Adecco Group AG	BoD member
	Swissgrid AG	Vice Chair of the BoD
	Radar Topco S.à.r.l. (Swissport Group) incl. appointments in its group companies	BoD member

5. Compensation for the Executive Management.

5.1 Compensation system for the Executive Management

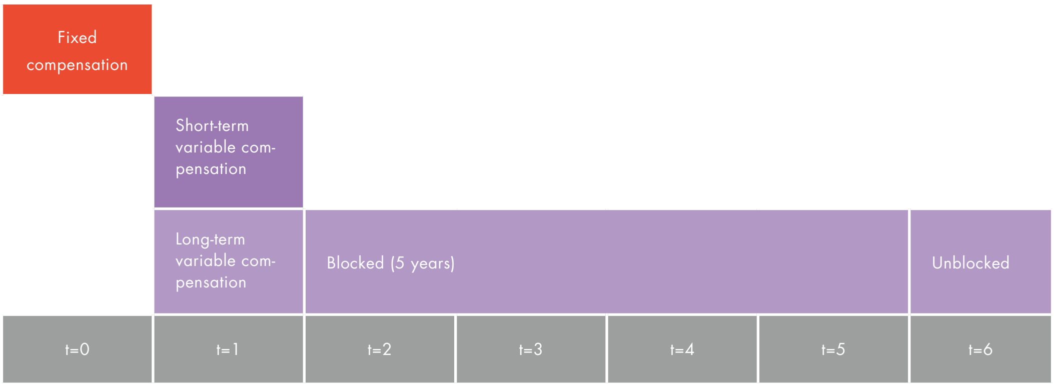
As announced in the 2021 compensation report, the Executive Management's compensation system has been revised in conjunction with the implementation of the *helvetia 20.25* strategy and focuses on the following key aspects:

Based on strategy	Clear focus of the compensation system on the successful implementation of *helvetia 20.25*, whereby medium and long-term as well as quantitative and qualitative strategic goals form the measurement and assessment basis for variable compensation; the share and amount of variable compensation is based on responsibility in strategy implementation
Focus on performance	Greater performance differentiation and participation in corporate performance in line with shareholder interests, as well as motivation of employees by rewarding them for their individual performance
Transfers responsibility	Stronger participation of the EM members in sustainable business development through extended share blocking periods as well as shareholding rules
Creates consistency	Uniform and simplified compensation system for the entire Helvetia Group, especially with regard to the control and consistency of variable compensation

In order to consistently align the interests of the employees of the Helvetia Group as well as to link compensation with the achievement of strategic priorities, the main features of the compensation concept 20.25 will apply for the majority of the employees of the Helvetia Group.

	Fixed compensation			Variable compensation	
Components	Basic compensation	Pension benefits	Expenses and benefits in kind	Short-term variable compensation	Long-term variable compensation
Purpose	Function-dependent compensation for responsibility, skills and position			Performance-dependent compensation for course of business and individual performance	
Payout	Cash			Cash	Blocked shares (5 years)
Influencing factors	Function-specific classification regarding responsibility and role			• "Business part": Amount and quality of corporate success and implementation of the strategic priorities • "Individual part": Individual contribution to achievement of success and implementation of strategy	

Fixed compensation components will be paid out during the year. Variable components will be paid out in the following year, partially in cash (short-term variable compensation) and partially in shares blocked for five years (long-term variable compensation).



5.2 Compensation components

a) Fixed compensation

The members of the EM are paid a fixed compensation in cash which is determined every year by the NCC for the period from 1 July to 30 June of the following year and the total amount of which is approved by the AGM. This consists of three components:

Basic compensation: The basic compensation will be paid out in cash annually in twelve equal instalments and will take into account the function and responsibility of the individual EM member as well as the compensation paid by the Group's competitors.

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

Expenses and benefits in kind: The reimbursement of expenses is governed by written regulations. The EM members are entitled to a company car which they may also use for private purposes for a fixed fee. The employer does not grant any other benefits in kind. Insurance contracts and credits are granted at the usual market conditions.

b) Variable compensation

The new variable compensation system pursues a clear focus of compensation on the successful implementation of *helvetia 20.25*, for which medium and long-term as well as quantitative and qualitative strategy goals form the measurement and assessment basis for variable compensation. The share of variable compensation will depend on the responsibility for strategic implementation. The variable compensation consists of two components:

Short-term variable compensation: The short-term variable compensation for the Group CEO and for the other EM members is targeted at 41.5% and 40% of the basic compensation including expenses and a maximum of 62.2% for the Group CEO and 60% of the basic compensation including expenses for the other EM members. It is paid out immediately in cash at the end of the financial year.

Long-term variable compensation: The short-term variable compensation for the Group CEO and for the other EM members is targeted at 75.3% and 41.4% to 57.3% of the basic compensation including expenses and a maximum of 112.9% for the Group CEO and 62%–85.9% of the basic compensation including expenses for the other EM members. It is allocated at the end of the financial year in shares blocked for five years. During this blocking period, the shares may not be pledged, sold or transferred in any manner to another person. The transfer under inheritance law upon the death of the beneficiary is excluded from this.
The short-term as well as the long-term variable compensation is set at 50% each as a **"business part"** and a **"individual part"**. The total amount of the variable compensation must be retrospectively approved before the payout by the AGM.

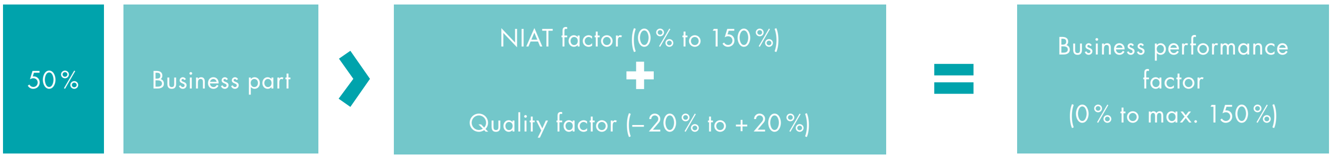
Business part: 50% of each individual target amount of the short-term and the long-term variable compensation serve to align the compensation of the EM members with the general business performance. The KPIs of the business part are divided into financial and non-financial strategy KPIs and reward the jointly achieved success of the Group and the market units. This is represented by the *business performance factor*, the contents of which are composed of the *NIAT factor* and the *quality factor* and lies between 0% and a maximum of 150%. The business performance factor is defined at Group level and at market unit level, with the latter only relevant for EM members with responsibility for the respective market units and the Group view is equally weighted.

The *NIAT factor* represents the financial performance, measured by the Net Income After Tax (NIAT), and is determined based on a formula along a target achievement curve from 0% to maximum 150%. The target curve of the NIAT at Group level and the NIAT factor relevant for this financial year and defined by the Board of Directors are explained in Chapter 5.3.

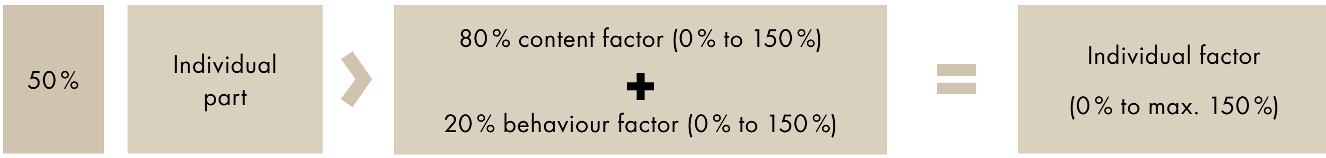
The *quality factor* represents additional aspects of performance such as progress with regard to strategic priorities and other financial as well as non-financial quality requirements for success. The quality factor is thus used for correcting the financial performance measured by the NIAT factor and can lie between –20% and +20%. The quality factor is defined by the Board of Directors based on a quality scorecard which comprises quantitative and financial KPIs as well as qualitative and non-financial KPIs. The financial KPIs should particularly reflect the industry-specific strategic requirements for ensuring long-term success as well as the competitive strength of Helvetia and contain sector-specific quantitative KPIs such as the combined ratio and premium growth. ESG KPIs are also used to assess the non-financial quality of success.

As a result, strategically important climate and sustainability risks will now also be anchored in the compensation system. Bearing in mind Helvetia's role as a responsible insurer, the aim is to encourage an appropriate approach to facets of sustainability which have a significant influence on the Group's risk management. More information on Helvetia's commitment in the areas of sustainability and corporate sustainability can be found in the Sustainability Report.

Target ranges are defined for each KPI in advance. The quality factor is determined based on whether the corresponding target ranges have been met, or over- or underachieved. The quantitative and financial objectives are weighted in the quality scorecard up to a total of 80% and the qualitative and non-financial objectives up to a total of 20%. Here too, the assessment is carried out both at Group level and at market unit level. An illustration of the quality scorecard for the Helvetia Group as well as the quality factor for this financial year can be found in Chapter 5.3.



Individual part: The other half of the individual target amount of short-term and long-term variable compensation enables personal milestones to be achieved and the individual performance contribution to strategy implementation as well as the desired behaviour of the EM members to be rewarded. As part of the assessment of the individual contribution, the promotion of the cultural development of Helvetia is also taken into account. The individual factor determined for this purpose ranges from 0 % to 150 % and is defined by the achievement of previously determined *content and behavioural objectives*. The content objectives comprise quantitative and / or qualitative objectives, which can include financial, strategic and project-related aspects and have a weighting of 80 %. The behavioural objectives are based on the principles of cultural orientation, the *helvetia.way,* and consist of up to four objectives with a weighting of 20 %.



5.3 EM compensation for the financial year 2022

The table below shows the compensation for the highest paid member of the EM (Group CEO) as well as the aggregated total compensation for all members of the EM for the financial year 2022 (1 January 2022 to 31 December 2022).

EM compensation

Compensation for the Executive Management	Group CEO		EM	
1 January to 31 December, in CHF	2021	2022	2021	2022
Fixed compensation (including basic compensation, expenses and benefits in kind)[1]	1 034 020	1 041 694	5 449 494	5 482 612
Total fixed compensation paid out	1 034 020	1 041 694	5 449 494	5 482 612
Variable compensation (short-term)	440 640	549 900	2 318 650	2 636 520
Variable compensation (long-term)	469 225	998 402[2]	1 963 655	3 688 954[2]
Total variable compensation	909 865	1 548 302	4 282 305	6 325 474
Employer contributions to pension funds and to social insurance schemes	494 348	856 808[3]	2 863 377	3 455 000
Total social security contributions	494 348	856 808	2 863 377	3 455 000
Total compensation	**2 438 233**	**3 446 804**	**12 595 176**	**15 263 086**

[1] Includes non-cash benefits under the company car scheme of CHF 97,434 (previous year: CHF 67,932). All other tax-relevant benefits that the EM members have received as employees are included in the fixed compensation listed above. They did not receive either additional benefits in kind nor bill the company for other relevant compensation for any additional services.
[2] Shares blocked for five years at the rate of CHF 116.95 with a reference date of 23 February 2023. The final number of allocated shares is determined on the reference date 1 March 2023.
[3] These include expenses in connection with contractual entitlements for early retirement.

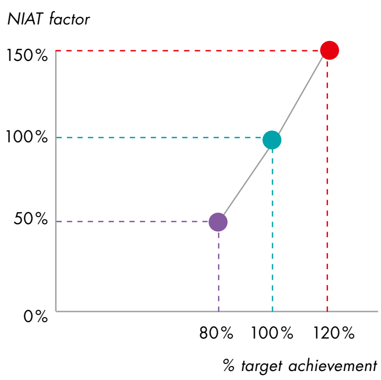
The structure of the targeted and effective overall compensation for the Group CEO and the other EM members in the reporting year 2022 is based on fixed and variable compensation. The targeted variable compensation includes the individual target amount for the short-term and the long-term variable compensation. The actual variable compensation includes the effective amount to be paid out for the short-term part and the amount to be allocated for the long-term part. The targeted compensation package of the Group CEO was composed of 46.1 % fixed and 53.9 % variable compensation, for the other EM members these values varied between 50.7 % and 55.1 % fixed compensation and between 44.9 % and 49.3 variable compensation. Based on the effective compensation in the financial year, the Group CEO received a fixed compensation of 39.7 % and a variable compensation of 60.3 %, and 45.2 %–54.0 % (fixed) as well as 46.0 %–54.8 % (variable) for the other members of the EM. Here, no employer contributions to pension funds or social insurance schemes have been taken into account either for the fixed compensation (basic salary plus expenses) or the variable compensation.

Explanations of the variable compensation in the financial year

Business part

The definition of the NIAT curve to determine the NIAT factor follows a well-founded process each year. This means that the NIAT curve is set to ensure a symmetrical payment above and below the NIAT target. The NIAT target, which leads to a NIAT factor of 100 %, is determined along the budgeted value for the relevant financial year. The NIAT minimum, which leads to a NIAT factor of 50 %, corresponds to 80 % of the previously defined NIAT target. The NIAT maximum, which leads to a NIAT factor of 150 %, corresponds to 120 % of the previously defined NIAT target. This procedure applies both at Group level and at market unit level. Target, minimum and maximum values are conclusively defined for each performance year by the Board of Directors. The NIAT curve for the Helvetia Group is shown in a relative form.

The NIAT factor of the Group for this financial year is 150 %. On the one hand, the extremely positive course of business in 2022 is reflected in a strong result and corresponding dividend capacity, while on the other hand it has enabled the NIAT maximum to be achieved at Group level.



To determine the *quality factor* , the Board of Directors assessed the following topics and KPIs for this financial year using the quality scorecard. This is based on strategic goals which will not be published due to sensitivity. In its assessment, however, the Board of Directors took into account the positive development in growth and the profitability of the core business as well as the high degree of solvency. Likewise, initial success in the implementation of the sustainability strategy and the accompanying improvement in the MSCI ESG Rating from BBB to A in the past financial year has contributed to a positive assessment of the quality factor. This supports and confirms the maximum achievement of the NIAT factor in the amount of 150 %.

Based on the business performance in 2022, this results in a business performance factor for the Group CEO of 150 % (target 100 %, range 0–150 %) and for the other EM members between 75 % and 150 %. This payment range of the EM members reflects the different business performance in the market units in combination with the performance orientation aimed at in the new compensation system dependent on their level of responsibility.

	Topic	KPI	Weighting
Quantitative / financial	Profitability	Combined ratio	80 %
		New business margin	
	Capital base	SST value	
		S&P rating	
	Growth	Premium growth life	
		Premium growth non-life	
Qualitative / non-financial	ESG target	MSCI ESG rating	20 %

Individual part

In financial year 2022, the Group CEO achieved an individual factor of 110 % and the other members of the EM achieved a factor in the range of 96 % to 110 %.

5.4 Other aspects of compensation of the EM

a) Departure regulations and clawback

When a member leaves the EM, the fixed compensation is calculated on a pro rata basis up to the end of the month in which they leave the Board of Directors. Depending on the reason for departure, entitlement to variable compensation no longer applies in the year of departure. Likewise, depending on the reason for departure, the transferred shares can be reclaimed during the blocking period ("clawback"). This also applies in particular in the event of a serious violation against the Code of Compliance of the Helvetia Group. No provision is made for severance payments and no such payments were made or promised in the past or in the reporting year. In the event of a change in control, there will be no preferred treatment for members of the EM.

b) Shareholding regulations

In order to achieve an even stronger and longer-term alignment of the interests of the EM with those of the shareholders, each member of the EM must build up and maintain a defined number of shares for the duration of the function. The share for the Group CEO and the other EM members corresponds to 200 % and 100 % of fixed compensation, respectively. The shares will be built up over four years from 1 January 2022. The held shares will also include allocated blocked shares of the variable compensation. See Chapter 15, page 169, for an overview of the held shares per EM member as at 31 December 2022.

c) Option to participate in the employee share purchase plan (see Chapter 6)

In addition, EM members can acquire the maximum number of shares available to them under the employee share purchase plan on a voluntary basis. The same conditions apply for them as for all other employees of Helvetia in Switzerland. They therefore also benefit from the discount of 16.038 % that is granted because these shares are blocked for three years. There are no share option programmes. From financial year 2023, Executive Management will no longer be able to participate in the employment share purchase plan.

d) Insurance contracts, loans, credits and other services

EM members may conclude insurance contracts, loans, credits and other services under the terms and conditions currently in effect for employees. At the reporting date, mortgage-backed loans had been granted to Philipp Gmür (CHF 1,000,000 [previous year: CHF 1,000,000]), to Beat Müller (CHF 1,170,000 [previous year: CHF 1,170,000]), to David Ribeaud (CHF 1,015,000 [previous year: CHF 1,015,000]) as well as to Roland Bentele (CHF 1,350,000 [previous year: CHF 1,350,000]). In the reporting year, the mortgage to Philipp Gmür, which was granted at normal employee conditions, earned interest at 0.95% (previous year: 0.95%). The mortgage to Beat Müller of CHF 986,000 earned interest of 0.81% in 2022 (previous year: 0.81%), the additional mortgage of CHF 184,000 earned interest at 0.81% (previous year: 0.81%). The mortgage to David Ribeaud of CHF 595,000 earned interest at 0.89% in 2022 (previous year: 0.89%), the additional mortgage of CHF 420,000 earned interest at 0.95% as in the previous year. The mortgage to Roland Bentele of CHF 1,350,000 earned interest at 0.80% in 2022 as in the previous year. There are no other loans, credits or guarantees.

e) Pension benefits

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

5.5 External mandates of the Executive Management

In the reporting year, the members of Executive Management held the following functions in other companies with an economic purpose:

External mandates

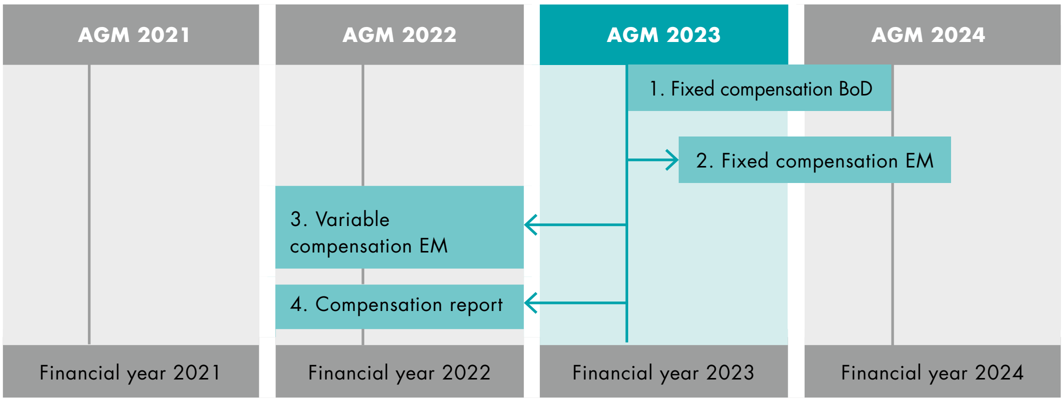
Name of member	Name of company	Function performed
Philipp Gmür	Allreal Holding AG	BoD member
	Grand Casino Lucerne Group	BoD member
Achim Baumstark	Prevo AG	BoD member
Roland Bentele	Genossenschaft Konzert und Theater St. Gallen	BoD member
Markus Gemperle	Abraxas Informatik AG	BoD member
Annelies Lüscher Hämmerli	Berner Kantonalbank	BoD member
Beat Müller	Swisscanto Collective Foundation of the Cantonal Banks	Member Strategy and Governance Committee

6. 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 taking account of the financial results and the functions of the employees concerned. The purchase price of a share is calculated on the basis of the average closing stock exchange price during the five trading days following the publication of the financial results. Participation in this shareholding scheme is voluntary. As these shares are subject to a mandatory blocking period of three years, they can be sold by the company at a tax-exempt discount of 16.038%. The EM members can also take part in this programme, but the BoD members may not. The employee share purchase plan is also not available abroad. The share purchase plan implemented for 2022 was recognised with an expense of CHF 1.24 million (previous year: CHF 1.55 million).

7. Compensation to be approved by the 2023 Annual General Meeting.

Under the compensation regulations of the revised company law and the Articles of Association of Helvetia Holding AG, the AGM must approve the following compensation for the BoD and the EM:



7.1 Fixed compensation for BoD (for the period from the 2023 AGM to the 2024 AGM)

The Board of Directors reviewed its fixed compensation and decided not to adjust the rates for the basic and various additional compensations for the 2023 / 2024 period. In particular, any adjustments in the compensation will be the result of the Board of Directors' expansion by one member.

The Board of Directors requests approval from the Annual General Meeting for fixed remuneration for the Board of Directors in the total maximum amount of CHF 3,300,000 for the period from the Annual General Meeting 2023 to the Annual General Meeting 2024.

Total fixed compensation amount for the Board of Directors (prospective) AGM to AGM

	Prospective 2023 / 2024	Effective 2022 / 2023	Approved 2022 / 2023	Difference approved / effective
Total amount of fixed compensation including contributions to social insurance schemes	3 300 000	2 909 571	3 100 000	
Amount to be requested	**3 300 000**	**2 909 571**	**3 100 000**	**–6.1 %**

7.2 Fixed compensation for EM (for the period from 1 July 2023 to 30 June 2024)

For the 2023 / 2024 period, the following unchanged total amount of fixed compensation for the EM will be proposed:

The Board of Directors requests approval from the Annual General Meeting for the fixed compensation for the Executive Management in the total maximum amount of CHF 8,300,000 for the period from 1 July 2023 to 30 June 2024.

Total fixed compensation of the Executive Management (prospective) for the period 1 July – 30 June

	Prospective 2023 / 2024	Effective 2022 / 2023	Approved 2022 / 2023	Difference approved / effective
Total amount fixed compensation[1]	8 300 000	8 065 478	8 300 000	
Total fixed compensation paid out	**8 300 000**	**8 065 478**	**8 300 000**	**– 3.1 %**

[1] Including expense allowances, child / education allowances, long-service awards, company car schemes, employer contributions to pension funds and contributions to social insurance schemes.

7.3 Variable compensation for EM (for the past financial year 2022)

The variable compensation components of the EM and their calculation are described in Chapter and their amounts disclosed. Based on this, the following total amount of the variable compensation for the EM will be requested:

The Board of Directors requests approval from the Annual General Meeting for a total amount of variable compensation for the Executive Management in the amount of CHF 7,000,000 for the past financial year 2022.

Total variable compensation of the Executive Management (retrospective) for financial year

	Retrospective 2022	Paid out 2022 for 2021	Approved for 2021	Difference approved / effective
Total variable compensation including employer contributions to pension funds and contributions to social insurance schemes	6 967 867	4 849 654	4 900 000	
Amount to be requested	**7 000 000**	**4 849 654**	**4 900 000**	**– 1.0 %**

7.4 2022 compensation report (advisory vote)

Report of the Statutory Auditor

To the General Meeting of Helvetia Holding AG, St. Gallen

Report on the Audit of the Compensation Report

Opinion
We have audited the Compensation Report of Helvetia Holding AG (the Company) for the year ended 31 December 2022. The audit was limited to the information on remuneration, loans and advances pursuant to Art. 14-16 of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV) in chapters 4.2 and 5.3 on pages 59 to 60 and 65 to 68 of the Compensation Report.

In our opinion, the information on remuneration, loans and advances in the attached Compensation Report complies with Swiss law and Art. 14-16 VegüV.

Basis for Opinion
We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor’s Responsibilities for the Audit of the Compensation Report” section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other Information
The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include chapters 4.2 and 5.3 (pages 59 to 60 and 65 to 68) of the Compensation Report, the consolidated financial statements, the stand-alone financial statements of the company, and our auditor’s reports thereon.

Our opinion on the Compensaton Report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Compensation Report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the audited financial information in the Compensation Report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Compensation Report

The Board of Directors is responsible for the preparation of a Compensation Report in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of a Compensation Report that is free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor’s Responsibilities for the Audit of the Compensation Report

Our objectives are to obtain reasonable assurance about whether the information on remuneration, loans and advances pursuant to Art. 14-16 VegüV is free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Compensation Report.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the Compensation Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

KPMG AG

Rainer Pfaffenzeller
Licensed Audit Expert
Auditor in Charge

Christoph Hörl
Licensed Audit Expert

Zurich, 2 March 2023

Market position.

Our market position in competitive markets

In over 160 years, Helvetia Group has grown from a number of Swiss and foreign insurance companies into a successful insurance group that conducts business across Europe. Helvetia is the number three Swiss all-lines insurer in the Swiss insurance market. The Group is also among the top seven insurance companies in Austria and the top eight in the Spanish non-life business. It is ranked 13th in the Italian non-life business. In Germany, Helvetia holds advantageous positions in individual business lines such as transport insurance (top 10). The countries in which Helvetia operates are among the biggest insurance markets by volume worldwide: Switzerland, Germany, Italy and Spain hold global market shares of around 0.8 %, 4.0 %, 2.8 % and 1.1 %, respectively.[1] With the Specialty Markets segment, which comprises marine, art and engineering as well as active reinsurance, Helvetia is further expanding its expertise as a specialty insurer. For example, the Group is the Swiss market leader in the transport, engineering and art business lines, while also occupying a leading market position for marine insurance in France.

Our market positions

Strong potential for growth in attractive insurance markets

The markets in which Helvetia is active generated a volume of around USD 918 billion in 2021, representing a good 13 % of the global market.[1]

CH **No. 3***

CHF 4,652 million
61 % Life
39 % Non-life

DE **No. 29***

CHF 1,002 million
32 % Life
68 % Non-life

AT **No. 7****

CHF 591 million
32 % Life
68 % Non-life

IT **No. 24***

CHF 950 million
41 % Life
59 % Non-life

FR **Niche position No. 2** (marine)**

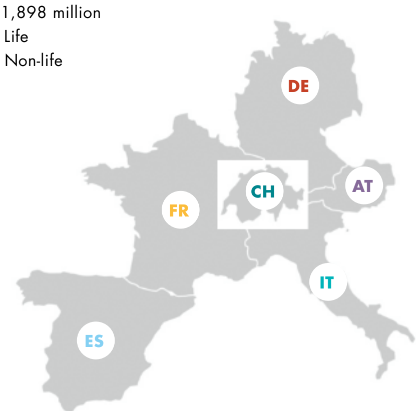
CHF 465 million

ES **No. 11****

CHF 1,898 million
20 % Life
80 % Non-life

[1]Source: Swiss Re, sigma 4 / 2022

Business volume of the country markets in the 2022 financial year
*Figures for 2021
**Figures for 2022



[1] Swiss Re, sigma 4 / 2022

Business performance.

Helvetia once again proved the stability and growth potential of its business model in the 2022 financial year and created value for its shareholders on this basis:

- The Group continued generating profitable growth in its core business and increased its business volume on a currency-adjusted basis by 2.6% to CHF 11,097.2 million. This was driven by the non-life business, which grew on a broad basis in all segments and business lines. The solid development of the core business provides the basis for sustainably increasing dividends.

- Helvetia achieved a strong IFRS result after tax of CHF 614.4 million. Given the challenging market environment, the business proved to be very resilient. The diversified business focus paid off in the form of a successful technical performance. In addition, Helvetia generated a one-time profit of CHF 102.0 million with the sale of the Spanish life insurance company Sa Nostra Vida. Helvetia's resilience is also reflected in its capitalisation, which remains excellent: the SST ratio was estimated to be above 300% as at 1 January 2023.

- Helvetia tapped into profitable new growth opportunities with the targeted development of the fee business. In 2022, the Group increased fee income from the previous year's figure of CHF 354.4 million to CHF 377.3 million. The fee business now contributes around 5% of the Group's result.

- On the basis of the strong development of the core business, the one-time profit from the sale of Sa Nostra Vida and the continuous optimisation of the use of capital, Helvetia is targeting an even more attractive distribution policy. For the strategy period up to 2025, Helvetia has set itself a new target of paying out more than CHF 1.65 billion in dividends (previous target: more than CHF 1.5 billion). The Board of Directors will therefore propose to the Annual General Meeting that the dividend be raised to CHF 5.90 per share (2021: CHF 5.50).

Helvetia Group's business volume

In the 2022 financial year, Helvetia Group successfully maintained its organic growth trajectory in its profitable core business with non-life and life insurance. The business volume amounted to CHF 11,097.2 million (2021: CHF 11,222.2 million). In currency-adjusted terms, the business volume increased by 2.6% (in Swiss francs: –1.1%).

Overall, the Group's non-life business proved a strong growth driver with currency-adjusted growth of 9.4% to CHF 6,965.0 million. In this business area, Helvetia posted broad-based gains in all segments. Growth was above the market in the vast majority of country markets. Helvetia was able to further expand its market shares in its profitable core business. Broad-based growth in all lines of the traditional non-life business led to an increase in the volume in the Swiss non-life business of 3.3% (currency-adjusted) to CHF 1,809.4 million. The successful online insurer Smile also contributed here with growth of 7.8%. In the non-life business of the Europe segment (+7.0% currency-adjusted growth to CHF 3,151.0 million), Helvetia grew in all country markets and in all business lines overall. With growth rates at constant exchange rates of between 5% and 10%, Helvetia outperformed the market in the non-life business in most countries, strengthening its market positions in the process. The business volume of the Specialty Markets segment (+20.2% to CHF 2,004.6 million on a currency-adjusted basis) also developed very positively, a performance that can primarily be attributed to growth in new business and beneficial price effects.

In life insurance, the business volume amounted to CHF 4,132.2 million (currency-adjusted: –7.3%). Here, Helvetia is continuing to pursue its strategy with a focus on capital-light business. In individual life, the business volume was slightly lower than in 2021, primarily as a result of the strategy-compliant, cautious sale of traditional guarantee products in all country markets. Investment-linked products saw significant growth in Switzerland and Austria. In Italy and Spain, the volume of business with regular premiums developed positively, but overall it was affected by the absence of the high single premiums received in the previous year. In the Swiss group life business, the continuing market-wide trend away from full insurance towards semi-autonomous solutions and the associated decline in savings premiums became apparent. Helvetia is well positioned in this environment with its semi-autonomous products and flat-rate risk solutions. The number of actively insured persons in the Swiss group life business increased relative to the end of 2021 by around 3% to just under 200,000.

IFRS result after tax for the Helvetia Group

Helvetia generated a strong IFRS result after tax in the 2022 financial year of CHF 614.4 million (2021: CHF 519.8 million). In an environment dominated by inflation, geopolitical uncertainty and volatile capital markets, the stability and resilience of the Group's business model, which is based on broad diversification, became apparent. This also paid off in the form of a successful technical performance in 2022. The core business proved to be profitable and resilient in the areas of both non-life and life insurance. In non-life, Helvetia was able to improve its technical result thanks to the good portfolio quality and the diversification of the business by customers, products and regions. In life insurance, the margin after costs increased year on year due to stronger interest and risk results in particular. Furthermore, Helvetia also generated a one-time profit of CHF 102.0 million with the sale of the Spanish life insurance company Sa Nostra Vida. By contrast, the weak performance of the financial markets influenced the investment results of both business areas – non-life and life – in 2022. These were down on the previous year's strong performance due to fluctuations in the book values.

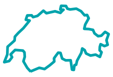
Fee and commission business

As part of its *helvetia 20.25* strategy, Helvetia is using the targeted development of the fee business to tap into profitable new growth opportunities. In line with this strategy, the fee business once again performed strongly in 2022. Income from fee and commission business was 12.4% up over the prior-year period (on a currency-adjusted basis) at CHF 377.3 million (2021: CHF 354.4 million). The growth can mainly be attributed to the expansion of the "Health & Care" ecosystem in Spain. On the other hand, Helvetia expanded its business with asset management services for third parties with a capital increase of the *Helvetia (CH) Swiss Property Fund,* thus increasing commission income.

In the form of the fee margin, Helvetia is reporting a profitability figure for the fee business for the first time. The fee margin shows the income generated in the fee business after deduction of costs before taxes. It was CHF 31.3 million in the year under review, which underlines the attractiveness and profitability of the relevant business fields. The fee business now contributes around 5% of the Group's result.

IFRS result after tax by segment

Switzerland



In Switzerland, Helvetia posted a solid result of CHF 419.4 million (2021: CHF 418.6 million). Both the non-life and life business areas improved their technical performance. The Swiss non-life business increased its technical result significantly. This can be attributed, on the one hand, to the fact that the previous year's result was impacted by an extraordinarily high claims burden from natural events related to large storms. In the reporting year, the claims environment in Switzerland stabilised. On the other hand, the Swiss non-life business performed positively on the cost side. The ongoing efficiency measures and scale effects based on the targeted growth had an impact here. Helvetia improved its net combined ratio in Switzerland by 3.1 percentage points to 90.8 % (2021: 93.9 %). Despite the better technical performance, the IFRS result for the Swiss non-life business was below that of the previous year. The reason for this was the weaker performance of the financial markets relative to the strong previous year, which impacted the investment result through fluctuations in the book values.

In the Swiss life business, Helvetia also posted a positive technical performance, increasing its margin after costs in comparison with the previous year. The biggest driver of this increase was a stronger savings result. With stable current investment yields, the savings result benefited from a further decline in the technical interest rates due to the expiry of older contracts with higher rates of interest. After a strong previous year, fluctuations in book values due to the weak performance of the financial markets impacted the investment results for the Swiss life business in the year under review. However, this effect was offset by the result from released additional reserves, which unlike in 2021 was positive, and by lower expenditure for policyholder participation. The latter can be attributed to the ongoing maturing in the individual life business as well as the reduced portfolio in the group life business compared to the previous year.

IFRS result after tax Switzerland

	2022	2021
in CHF million		
Non-life	175.0	201.1
Life	253.4	236.3
Switzerland total [1]	419.4	418.6

[1] Incl. result other activities

Europe

In the Europe segment, Helvetia posted an IFRS result after tax for 2022 of CHF 269.0 million (2021: CHF 196.4 million). This figure was boosted by a solid technical performance in both the non-life and life business areas and benefited from a one-time profit of CHF 102.0 million resulting from the sale of the Spanish life insurance company Sa Nostra Vida in November 2022. The technical result in the non-life business was somewhat below the prior-year figure. The well-diversified portfolio nevertheless proved itself to be very robust against the backdrop of rising inflation and a further normalisation in claims frequencies. In the prior-year period, claims frequencies were still at a below-average level in individual business lines due to the pandemic. On the cost side, the profitable growth in the segment's non-life business had a positive impact due to scale effects. The net combined ratio for the Europe segment came to 94.8% (2021: 94.4%). In comparison with the strong figures seen in the previous year, the weaker performance of the financial markets influenced the investment result in the European non-life business due to fluctuations in the book values. In the life business, the Europe segment increased its margin after costs in comparison with the previous year. The biggest driver of this improvement was a higher risk result due to a more favourable technical performance within the usual range of fluctuation. The effect of capital market developments on the investment results was partly compensated in the segment's life business by a better result from released additional reserves. The one-time profit of CHF 102.0 million from the sale of Sa Nostra Vida also had an impact on the life business area. The Spanish company Caser, which was acquired in 2020, once again made a significant contribution to the success of the Europe segment. On the basis of a solid technical performance in the non-life and life business as well as a positive contribution made by its non-insurance businesses, Caser generated an IFRS result after tax of CHF 176.0 million (2021: CHF 71.6 million). This includes the one-time profit of CHF 102.0 million from the sale of Sa Nostra Vida. In a challenging environment, the results of the German, Spanish and Austrian country markets were all very robust. Alongside the volatile financial markets, the competitive price environment and rising inflation left their mark in Italy.

IFRS result after tax Europe

in CHF million	2022	2021
Non-life	91.1	126.6
Life	166.5	67.8
Europe total [1]	**269.0**	**196.4**
Germany	21.6	24.0
Italy	7.2	36.7
Spain	209.9	102.3
Austria	30.3	33.4

[1] Incl. result other activities

Specialty Markets

In the Speciality Markets segment, the IFRS result after tax amounted to CHF 23.6 million (2021: CHF 61.9 million). The segment's technical performance was characterised by a series of natural events such as Hurricane Ian and floods in South Africa in the year under review. In addition, temporary effects connected to rising inflation also left their mark. These developments particularly affected active reinsurance. The segment's high-quality, well-diversified portfolio was able to absorb these effects overall and achieved a positive technical result. On the cost side, the segment's technical result also benefited from scale effects due to the focused growth in what is currently a very attractive market environment. The net combined ratio for Specialty Markets amounted to 98.5% (2021: 96.4%). In comparison with the strong prior-year figures, the investment result was influenced by fluctuations in the book values due to the weaker financial market performance.

Corporate

In addition to the financing companies and the holding company, the Corporate segment includes the Corporate Center, the centrally managed investments (funds) and Group reinsurance.

The IFRS result after tax in the Corporate segment (CHF –97.6 million) was significantly above the IFRS result after tax in 2021 (CHF –157.1 million). This improvement was mainly driven by the positive technical performance posted by Group-internal reinsurance, which had been weighed on by claims relating to storms in Central Europe in the previous year, and the non-recurrence of a negative special effect from the liquidation of an own investment fund in the previous year. The usual consolidation effects of the own investment funds in 2022 also had a positive impact on the segment result.

IFRS result after tax by business area

Non-life business

Despite the challenging environment, the non-life business area generated a solid result of CHF 289.6 million (2021: CHF 389.3 million). The result was supported by an increase in the technical result to CHF 307.1 million (2021: CHF 289.5 million). The portfolio was very resilient in terms of claims development in the face of growing inflationary pressure, the further normalisation of claims frequencies following the pandemic and individual claims from natural events in Specialty Markets. In this challenging environment, Helvetia's diversified business orientation and its focus on high portfolio quality paid off. The insurance business also performed positively in non-life on the cost side. The ongoing efficiency measures and scale effects based on the growth had an impact here. The Group's net combined ratio amounted to 94.7%, a slight improvement over the previous year (2021: 94.8%). Despite the higher technical result, the IFRS result was below that of 2021. The reason for this was the weaker performance of the financial markets relative to the strong previous year, which impacted the investment result through fluctuations in the book values.

Life business

The IFRS result of the life business was up considerably year on year to CHF 419.8 million (2021: CHF 304.1 million). The drivers of this strong result were a strong technical performance – as measured by the margin after costs – and a one-time profit from the sale of the Spanish life insurance company Sa Nostra Vida in the amount of CHF 102.0 million. Helvetia increased its margin after costs relative to the previous year to CHF 510.7 million (2021: CHF 466.9 million). This was underpinned primarily by stronger savings and risk results. The savings result was affected by a further decline in the technical interest rates due to the expiry of older contracts with higher rates of interest. The risk result reflected an improved technical performance within the range of the usual fluctuations. In addition, the life business also benefited from the aforementioned profit on the sale of Sa Nostra Vida and – in contrast to the previous year – a positive result from the release of additional reserves. The latter can be attributed to the ongoing maturing in the individual life business as well as the reduced portfolio in the Swiss group life business compared to the previous year. While the weak performance of the financial markets also impacted gains and losses on investments in the life business in the past year due to fluctuations in the book values, expenditure for policyholder participation was correspondingly lower, too. New business in the life segment also developed well. The new business margin rose to 3.3 % (2021: 2.5 %), driven by a more favourable business mix and higher interest rates.

Other activities

In addition to the Corporate segment [financing companies, Corporate Center, centrally managed investments (funds) and Group reinsurance], the other activities business area includes the non-insurance business of Caser, Helvetia Asset Management AG, MoneyPark AG and various smaller service companies that are not allocated to the non-life or life business areas.

At CHF –95.0 million, the IFRS result after tax in the Other activities segment was significantly above the IFRS result after tax for 2021 (CHF –173.6 million). The successful development of new business fields as well as the positive technical result posted by Group reinsurance and beneficial effects relating to own investment funds contributed to this improvement. For example, the "Health & Care" ecosystem established by Caser in Spain made a positive contribution to the business area's result. Alongside the expansion of the ecosystem, the business field also benefited from a recovery in demand after the pandemic. In its business with asset management services for third parties, Helvetia's capital increase of the *Helvetia (CH) Swiss Property Fund* led to an increase in its current income for the management of the fund and generated one-time commission income. After being weighed down in the prior-year period by claims from the storms in Central Europe, the technical result of Group-internal reinsurance was positive. Finally, in connection with the own investment funds, a negative special effect from the liquidation of a fund in the previous year did not recur in the year under review. The usual effects of the consolidation of the funds in 2022 also had a positive impact on the result for the business area.

Investments

The investment volume amounted to CHF 47.1 billion at the end of 2022, a decrease of CHF 7.3 billion on the previous year's figure (2021: CHF 54.4 billion). The decline is attributable to the impact of the higher interest rates on the valuation of bonds and the weak performance of equity markets. Investment property, by contrast, performed positively. Accounting for 59% of Group investments, bonds remain the dominant asset class, followed by investment properties.

Higher current income in a volatile market environment

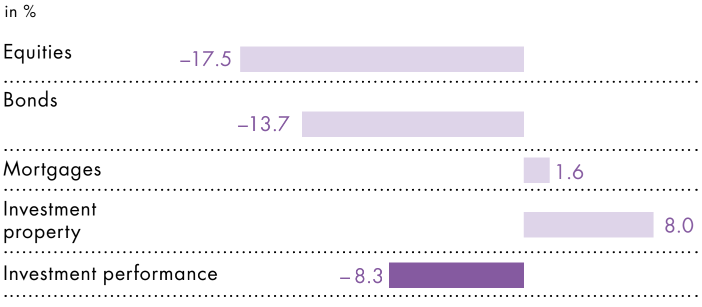
The investment result from Group financial assets and investment property was CHF 808.4 million in 2022. The decline from the previous year's figure (2021: CHF 1,831.3 million) is primarily attributable to the performance of equities and bonds.

At CHF 905.4 million, current income was slightly above the prior-year level. This result was driven by an increase in income from investment property, among other things due to reduced vacancy rates. Among bonds, the higher interest rates will only have a positive effect on current income and direct yields after a certain delay. The reason for this is that, as a consequence of the matching of investments to long-term liabilities, only a small portion of the portfolio matures and is reinvested each year. In combination with the somewhat lower investment volume, the rise in current income led to an increase in the direct yield. This amounted to 1.8% in the year under review (2021: 1.6%).

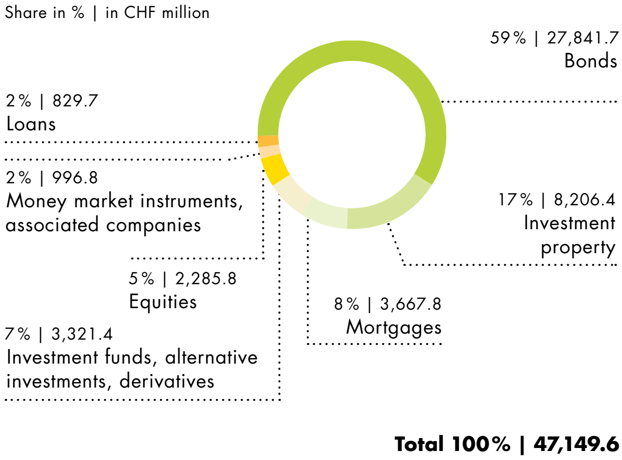
After a strong gain of CHF 948.8 million in the previous year, the item "Gains and losses on investments" showed a loss of CHF −97.0 million in 2022 due to the weak financial market performance. This development was mainly driven by the weak market trends in equities and bonds. The market values of investment properties increased, with the asset class continuing to benefit from persistently high demand for residential space in a difficult market environment.

The investment performance, which in addition to the current income and the changes in value of the portfolio recognised in the income statement also includes the change in unrealised gains and losses in equity, was −8.3% (2021: 1.2%). Alongside the equity market correction, a significant factor in this weakening was the strong rise in interest rates and the associated lower valuations of bonds.

Investment performance by asset class



Investment structure in the 2022 financial year



Performance of Group investments

in CHF million	2022	2021
Current income on Group financial assets	626.8	625.2
Rental income on Group investment property	278.7	257.3
Current income on Group investments (net)	**905.4**	**882.5**
Gains and losses on Group financial assets	−443.1	491.5
Gains and losses on Group investment property	346.1	457.3
Gains and losses on Group investments (net)	**−97.0**	**948.8**
Investment result from Group financial assets and investment property (net)	**808.4**	**1 831.3**
Change in unrealised gains and losses recognised in equity	−5 254.1	−1 162.6
Total performance from Group financial assets and investment property	**−4 445.7**	**668.7**
Average Group investment portfolio	50 650.3	54 923.0
Direct yield	1.8 %	1.6 %
Investment performance	−8.3 %	1.2 %

Financial report

Consolidated financial statements of Helvetia Group

Notes to the consolidated financial statements

Financial statements of Helvetia Holding AG

Consolidated income statement

in CHF million	Notes	2022	2021
Income			
Gross premiums written	3	10785.9	10807.6
Reinsurance premiums ceded		−647.5	−639.2
Net premiums written		10138.4	10168.4
Net change in unearned premium reserve		−281.3	−281.3
Net earned premiums		9857.1	9887.0
Current income from Group investments (net)	7.1.1	905.4	882.5
Gains and losses on Group investments (net)	7.1.3	−97.0	948.8
Income investments with market risk for the policyholder	7.1.5	−852.2	426.5
Share of profit or loss of associates		5.2	7.1
Income from fee and commission business	3.7	377.3	354.4
Other income		193.5	86.0
Total operating income		10389.4	12592.4
Expenses			
Claims incurred including claims handling costs (non-life)		−4202.0	−4232.4
Claims and benefits paid (life)		−4535.0	−4492.0
Change in actuarial reserves		1665.2	−296.7
Reinsurers' share of benefits and claims		312.2	551.4
Policyholder dividends and bonuses		−176.9	−269.2
Income attributable to deposits for investment contracts		224.9	−72.4
Net benefits to policyholders and claims		−6711.6	−8811.4
Acquisition costs		−1794.2	−1730.7
Reinsurers' share of acquisition costs		119.0	118.3
Operating and administrative expenses		−1239.3	−1160.7
Interest payable		−15.0	−13.8
Other expenses		−45.4	−184.4
Total operating expenses		−9686.6	−11782.9
Profit or loss from operating activities		702.8	809.5
Financing costs		8.3	−133.6
Profit or loss before tax		711.1	675.9
Income taxes	10.1	−96.7	−156.1
Profit or loss for the period		**614.4**	**519.8**
Attributable to:			
Shareholders of Helvetia Holding AG		575.0	497.2
Non-controlling interests		39.4	22.6
Earnings per share:			
Basic earnings per share (in CHF)	11.5	10.60	9.17
Diluted earnings per share (in CHF)	11.5	10.60	9.17

Consolidated statement of comprehensive income

in CHF million	2022	2021
Profit or loss for the period	**614.4**	**519.8**
Other comprehensive income		
May be reclassified to income		
Change in unrealised gains and losses on investments	–5 263.5	–1 162.1
Change from net investment hedge	4.3	–27.4
Foreign currency translation differences	–151.8	–83.6
Change in liabilities for contracts with participation features	2 216.6	654.6
Deferred taxes	637.9	104.8
Total that may be reclassified to income	–2 556.5	–513.7
Will not be reclassified to income		
Revaluation from reclassification of property and equipment	9.4	–0.5
Revaluation of benefit obligations	179.5	374.3
Change in liabilities for contracts with participation features	–14.3	–42.3
Deferred taxes	–43.5	–51.7
Total that will not be reclassified to income	131.1	279.8
Total other comprehensive income	–2 425.4	–233.9
Comprehensive income	**–1 811.0**	**285.9**
Attributable to:		
Shareholders of Helvetia Holding AG	–1 791.9	285.4
Non-controlling interests	–19.0	0.4

Consolidated balance sheet

in CHF million	Notes	2022	2021
Assets			
Property and equipment	5	1 026.9	1 028.3
Goodwill and other intangible assets	6	1 674.8	1 866.4
Investments in associates	7.4.1	86.6	64.1
Investment property	7.5	7 887.5	7 673.0
Group financial assets	7.2	38 856.6	46 368.5
Investments with market risk for the policyholder	7.2	4 837.4	5 560.3
Receivables from insurance business	9.7	2 506.5	2 136.4
Deferred acquisition costs	9.6	824.7	751.7
Reinsurance assets	9.5	903.0	953.3
Deferred tax assets	10.5	102.5	10.5
Current income tax assets		50.5	245.1
Assets held-for-sale	7.5	318.8	343.2
Other assets		656.6	603.1
Accrued investment income		252.6	281.0
Cash and cash equivalents		1 460.0	1 858.8
Total assets		**61 445.1**	**69 743.6**

in CHF million	Notes	2022	2021
Liabilities and equity			
Share capital	11.1	1.1	1.1
Capital reserves		969.2	959.7
Treasury shares		–13.3	–10.2
Unrealised gains and losses (net)	11.2.4	–541.1	360.6
Foreign currency translation differences		–706.7	–568.6
Retained earnings		3743.8	3369.7
Valuation reserves for contracts with participation features	11.2.5	478.9	1814.2
Equity of Helvetia Holding AG shareholders		3931.9	5926.5
Non-controlling interests		285.6	487.9
Equity (without preferred securities)		4217.5	6414.5
Preferred securities	11.3	475.0	775.0
Total equity		4692.5	7189.5
Actuarial reserves (gross)	9.1	37431.1	40708.1
Provision for future policyholder participation	9.1	672.5	2871.4
Loss reserves (gross)	9.1	6336.5	6095.9
Unearned premium reserve (gross)	9.1	2810.8	2572.8
Financial liabilities from financing activities	8.1	2384.0	2105.6
Financial liabilities from insurance business	9.8	2250.7	2451.3
Other financial liabilities	8.2	921.8	1214.8
Liabilities from insurance business	9.7	2540.1	2254.9
Non-technical provisions	12.1	143.7	134.9
Employee benefit obligations	13.2	353.1	554.0
Deferred tax liabilities	10.5	393.5	884.2
Current income tax liabilities		19.3	232.5
Other liabilities and accruals		495.5	473.6
Total liabilities		56752.5	62554.1
Total liabilities and equity		**61445.1**	**69743.6**

1

Consolidated statement of equity

	Share capital	Capital reserves	Treasury shares	Unrealised gains and losses (net)
Notes	11.1			11.2.4
in CHF million				
Balance as of 1 January 2021	1.1	949.2	–8.4	485.7
Profit or loss for the period	–	–	–	–
Income and expense that may be reclassified to income	–	–	–	–124.3
Income and expense that will not be reclassified to income	–	–	–	–0.3
Total other comprehensive income	–	–	–	–124.6
Comprehensive income	–	–	–	–124.6
Transfer from / to retained earnings	–	–	–	–0.5
Acquisition of subsidiaries	–	–	–	–
Change in non-controlling interests	–	–	–	0.0
Purchase of treasury shares	–	–	–5.1	–
Sale of treasury shares	–	9.0	3.4	–
Share-based payment	–	1.5	–	–
Dividends	–	–	–	–
Shareholders' contributions	–	45.0	–	–
Allocation of shareholders' contributions	–	–45.0	–	–
Balance as of 31 December 2021	**1.1**	**959.7**	**–10.2**	**360.6**
Balance as of 1 January 2022	1.1	959.7	–10.2	360.6
Profit or loss for the period	–	–	–	–
Income and expense that may be reclassified to income	–	–	–	–914.7
Income and expense that will not be reclassified to income	–	–	–	8.0
Total other comprehensive income	–	–	–	–906.7
Comprehensive income	–	–	–	–906.7
Transfer from / to retained earnings	–	–	–	–2.3
Disposal of subsidiaries	–	–	–	–
Change in non-controlling interests	–	–	–	7.4
Purchase of treasury shares	–	–	–9.0	–
Sale of treasury shares	–	8.2	5.9	–
Share-based payment	–	1.2	–	–
Dividends	–	–	–	–
Share capital increase	–	–	–	–
Shareholders' contributions	–	45.0	–	–
Allocation of shareholders' contributions	–	–45.0	–	–
Redemption of preferred securities	–	–	–	–
Balance as of 31 December 2022	**1.1**	**969.2**	**–13.3**	**–541.1**

	Foreign currency translation differences	Retained earnings	Valuation reserves for contracts with participation features	Equity of Helvetia Holding AG shareholders	Non-controlling interests	Equity (without preferred securities)	Preferred securities	Total equity
		11.2.2	11.2.5					
	−477.9	3 097.2	1 865.4	5 912.3	488.0	6 400.3	775.0	7 175.3
	–	326.2	171.0	497.2	22.6	519.8	–	519.8
	−90.7	–	−276.0	−491.0	−22.7	−513.7	–	−513.7
	–	221.6	57.9	279.2	0.6	279.8	–	279.8
	−90.7	221.6	−218.1	−211.8	−22.1	−233.9	–	−233.9
	−90.7	547.8	−47.1	285.4	0.4	285.9	–	285.9
	–	−7.8	−4.1	−12.5	0.0	−12.5	12.5	0.0
	–	–	–	–	13.6	13.6	–	13.6
	0.0	−4.0	–	−4.0	0.0	−4.1	–	−4.1
	–	–	–	−5.1	–	−5.1	–	−5.1
	–	–	–	12.3	–	12.3	–	12.3
	–	–	–	1.5	–	1.5	–	1.5
	–	−263.5	–	−263.5	−14.1	−277.5	−12.5	−290.0
	–	–	–	45.0	–	45.0	–	45.0
	–	–	–	−45.0	–	−45.0	–	−45.0
	−568.6	**3 369.7**	**1 814.2**	**5 926.5**	**487.9**	**6 414.5**	**775.0**	**7 189.5**
	−568.6	3 369.7	1 814.2	5 926.5	487.9	6 414.5	775.0	7 189.5
	–	461.1	113.8	575.0	39.4	614.4	–	614.4
	−131.7	–	−1 451.2	−2 497.6	−58.9	−2 556.5	–	−2 556.5
	–	115.6	7.1	130.7	0.5	131.1	–	131.1
	−131.7	115.6	−1 444.1	−2 366.9	−58.5	−2 425.4	–	−2 425.4
	−131.7	576.7	−1 330.2	−1 791.9	−19.0	−1 811.0	–	−1 811.0
	–	−6.6	−5.1	−14.0	0.0	−14.0	14.0	0.0
	–	–	–	–	−37.3	−37.3	–	−37.3
	−6.4	99.4	–	100.3	−135.3	−35.0	–	−35.0
	–	–	–	−9.0	–	−9.0	–	−9.0
	–	–	–	14.2	–	14.2	–	14.2
	–	–	–	1.2	–	1.2	–	1.2
	–	−294.9	–	−294.9	−11.2	−306.1	−14.0	−320.1
	–	−0.5	–	−0.5	0.5	–	–	–
	–	–	–	45.0	–	45.0	–	45.0
	–	–	–	−45.0	–	−45.0	–	−45.0
	–	–	–	–	–	–	−300.0	−300.0
	−706.7	**3 743.8**	**478.9**	**3 931.9**	**285.6**	**4 217.5**	**475.0**	**4 692.5**

Consolidated cash flow statement

in CHF million	2022	2021
Cash flow from operating activities		
Profit before tax	711.1	675.9
Reclassifications to investing and financing activities (affecting cash)		
Realised gains and losses on property, equipment and intangible assets	–1.2	–0.2
Realised gains and losses on sale of subsidiaries and associated companies	–102.7	0.0
Dividends from associates	–3.6	–1.2
Adjustments		
Depreciation / amortisation of property, equipment and intangible assets	161.6	200.4
Realised gains and losses on financial instruments and investment property	127.8	–201.6
Unrealised gains and losses on investments in associates	–0.9	–5.9
Unrealised gains and losses on investment property	–316.8	–439.5
Unrealised gains and losses on financial instruments	1 023.6	–630.4
Share-based payments for employees	1.2	1.5
Foreign currency gains and losses	76.5	118.2
Other income and expenses not affecting cash[1]	–278.7	31.9
Change in operating assets and liabilities		
Deferred acquisition costs	–98.7	–99.5
Reinsurance assets	56.6	–242.7
Actuarial reserves	–1 665.2	296.7
Provisions for future policyholder participation	4.2	100.0
Loss reserves	359.7	620.1
Unearned premium reserve	327.8	321.1
Financial liabilities from insurance business	149.5	159.5
Changes in other operating assets and liabilities	–229.8	–286.9
Cash flow from investments and investment property		
Purchase of investment property	–259.8	–214.3
Sale of investment property	387.3	99.6
Purchase of interest-bearing securities	–4 368.3	–4 721.6
Repayment / sale of interest-bearing securities	4 168.6	4 138.1
Purchase of shares, investment funds and alternative investments	–3 025.9	–2 453.8
Sale of shares, investment funds and alternative investments	2 520.3	2 467.8
Purchase / sale of derivatives	–89.9	–142.7
Origination of mortgages and loans	–167.2	–134.5
Repayment of mortages and loans	688.8	701.7
Purchase of money market instruments	–4 650.7	–6 354.5
Repayment of money market instruments	4 559.2	6 753.8
Cash flow from operating activities (gross)	64.5	757.0
Income taxes paid	–84.1	–78.3
Cash flow from operating activities (net)	–19.6	678.7

in CHF million	2022	2021
Cash flow from investing activities		
Purchase of property and equipment	–74.1	–69.5
Sale of property and equipment	5.9	0.9
Purchase of intangible assets	–41.4	–45.7
Sale of intangible assets	2.6	0.7
Purchase of investments in asscociates	–35.3	–21.3
Sale of investments in associates	12.4	0.1
Purchase of investments in subsidiaries, net of cash and cash equivalents	–12.1	–21.6
Sale of investments to former subsidiaries, net of cash and cash equivalents	167.7	–
Dividends from associates	3.6	1.2
Cash flow from investing activities (net)	29.3	–155.3
Cash flow from financing activities		
Sale of treasury shares	14.2	12.3
Purchase of treasury shares	–9.0	–5.1
Shareholders' contributions	45.0	45.0
Purchase of investments in subsidiaries	–180.5	–0.5
Redemption of preferred securities	–300.0	-
Issuance of debt instruments	427.5	68.4
Repayment of debt	–16.5	–267.7
Dividends paid	–322.7	–292.4
Repayment of lease liabilites	–24.2	–31.7
Cash flow from financing activities (net)	–366.3	–471.7
Effect of exchange rate differences on cash and cash equivalents	–42.2	–41.9
Total change in cash and cash equivalents	**–398.8**	**9.8**

	2022	2021
Cash and cash equivalents		
Cash and cash equivalents as of 1 January	1 858.8	1 849.0
Change in cash and cash equivalents	–398.8	9.8
Cash and cash equivalents as of 31 December	**1 460.0**	**1 858.8**

	2022	2021
Composition of cash and cash equivalents		
Cash	0.2	0.2
Due from banks	1 439.0	1 725.1
Other cash equivalents with a maturity of less than three months	20.8	133.4
Balance as of 31 December	**1 460.0**	**1 858.8**

	2022	2021
Other disclosures on cash flow from operating activities:		
Interest received	679.5	726.8
Dividends received	112.7	117.2
Interest paid	77.5	56.7

[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.

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. Gallen, is a Swiss public limited company listed on the SIX Swiss Exchange.

Through its market units, the Group operates in the insurance markets of Switzerland, Germany, Austria, Spain, Italy and France as well as worldwide in the special insurance business in the area of active reinsurance. Helvetia also has branch offices and subsidiaries in Liechtenstein, Singapore, Malaysia and the United Kingdom as well as a representative office in the US. Some of Helvetia's investment and financing activities are managed through subsidiaries and fund companies in Luxembourg.

The Board of Directors approved the consolidated financial statements and released them for publication at its meeting on 2 March 2023. The financial statements will be submitted to the shareholders for approval at the ordinary Annual General Meeting on 28 April 2023.

2. Summary of 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 101).

The figures are not rounded. As a result, minor deviations may arise in totals and the calculation of percentages.

Indication is only provided in those instances where it is not clear from the context whether it is an expense / outgoing payment or earnings / incoming payment.

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 on 1 January 2022:

- IAS 37 – Onerous Contracts – Costs of Fulfilling a Contract
- Annual Improvements to IFRS (2018 – 2022)
- Adjustment of a reference to the framework concept in IFRS 3

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 2022 consolidated financial statements:

Changes in accounting policies	to be applied for annual periods beginning on / after:
IFRS 9 – Financial Instruments	1 January 2023[1]
IFRS 17 – Insurance Contracts	1 January 2023
IAS 1 – Disclosure of Accounting Policies	1 January 2023
IAS 8 – Definition of Accounting Estimates	1 January 2023
IAS 12 – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
IFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024
IAS 1 – Classification of Liabilities	1 January 2024

[1] Changes to IFRS 17 and IFRS 4 were published in June 2020. In this, the coming into force of IFRS 17 was deferred to 1 January 2023 and the option for deferring the introduction of IFRS 9 was extended to 1 January 2023.

The effects of IFRS 9 "Financial instruments" and IFRS 17 "Insurance contracts" on the Helvetia Group financial statements are explained in more detail below.

The other amendments are not expected to have any material impact on the asset, financial and income situation of the Helvetia Group.

IFRS 9 Financial Instruments

IFRS 9 introduces new rules for the classification and measurement of financial instruments. The classification of a financial asset is based, on the one hand, on the business model, and on characteristic properties of the contractual cash flows of the respective financial asset, on the other. Depending on this, subsequent measurement is at amortised cost (AC), at fair value through other comprehensive income (FVOCI) or at fair value through profit or loss (FVTPL).

- Helvetia will continue to measure a large part of its fixed-income investments at FVOCI. The majority of unrealised gains and losses therefore continues to be recognised in the consolidated statement of comprehensive income.
- Shares are primarily classified at FVTPL under IFRS 9. More than half of the shares had already been held at FVTPL.
- Items that have to date been reported at AC are largely reported at FVOCI (especially loans) and FVTPL (especially mortgages) under IFRS 9. A small proportion continue to be classified at AC.
- Alternative investments, investment funds and derivative instruments continue to be recognised at FVTPL.
- The measurement provisions for financial liabilities remain unchanged. Helvetia has no plans to apply the fair value option (valuation differences in its own financial liabilities arising from changes in the company's creditworthiness are to be recognised not affecting the income statement) to own bonds.

An impairment model for expected credit losses (ECL) is introduced where a credit event no longer needs to have occurred before an impairment is recognised. The new model thus aligns accounting more closely with risk management. The financial effects are not material for Helvetia.

IFRS 9 and IFRS 17 have different transitional provisions that may result in temporary recognition and valuation inconsistencies. The IASB therefore introduced the option of applying a classification overlay approach. The disclosure of the comparative information must, as a rule, be as if the IFRS 9 classification and valuation provisions were applied in the prior-year period, i.e. for 2022. Helvetia will make use of this option when disclosing its figures for the prior year.

IFRS 17 Insurance Contracts

IFRS 17 regulates the principles of recognition, measurement, presentation and disclosure for insurance contracts. IFRS 17 replaces IFRS 4 "Insurance Contracts".

The definition of an insurance contract under IFRS 17 does not differ significantly from that under IFRS 4. The introduction of the new standard did not give rise to any changes at Helvetia with respect to the classification of insurance contracts.

The key changes in IFRS 17 are related to the methodology applied to the measurement of contracts using market rates. Until now, insurance contracts have mainly been assessed according to past developments and on the basis of historical data. Under IFRS 17, the measurement will be more future oriented and based on potential cash flows. This especially affects life insurance contracts, as they can have terms lasting several decades.

Insurance contracts

Under IFRS 17, Helvetia groups together contracts that are exposed to similar risks and managed together. Contracts in different product groups or issued by different Group companies are thereby reported in different portfolios. Loss-making contracts are separated from non-loss making contracts at initial recognition.

The level of aggregation specified under IFRS 17 limits the offsetting of gains from profitable contracts with losses from loss-making contracts.

Insurance contracts are generally evaluated according to the general measurement model (GMM). The evaluation is made at contract group level. This is measured at initial recognition as follows and reported as an insurance liability in the balance sheet:

- Fulfilment value of contractual obligations – this comprises the present value of the probability-weighted cash flows expected within the contract boundaries (e.g. premiums, insurance benefits, directly attributable costs) and a risk adjustment for non-financial risks, which compensates Helvetia for the uncertainty relating to the amount and timing of cash flows.
- Contractual service margin (CSM) – this represents the expected profits for contractual services to be provided, which are accrued or deferred to the income statement according to the services rendered.

Certain items that are currently reported separately in our financial statements will be omitted or included in the insurance liabilities in the future. While under IFRS 4, for example, the valuation reserve for contracts with discretionary participation features is reported under equity until its definitive allocation, it is an integral component of the insurance liabilities under IFRS 17.

The inclusion of expected profits (CSM) and the valuation reserve for contracts with discretionary participation features in insurance liabilities caused a shift from equity positions to insurance liabilities, with a corresponding reduction in the IFRS equity reported.

For insurance contracts with direct participation features in which the policyholder participates to a significant extent in the change in the value of assets that are allocated directly to these insurance contracts, IFRS 17 provides for the variable fee approach. This approach also applies to investment contracts with discretionary participation features.

The VFA is a variant of the GMM. Fluctuations in the valuation of the underlying assets are reflected in the financial income from the insurance business and the share attributable to Helvetia is taken into account in the CSM, thus reducing the market-related volatility of the financial income. In the Helvetia Group's life business, the variable fee approach (VFA) is applied for more than 90% of the insurance liabilities.

A simplified approach, the premium allocation approach (PAA), is permitted under certain circumstances, particularly for short-term contracts. At the Helvetia Group, the simplified approach is only applied in the non-life business, with Helvetia's entire non-life business qualifying for the use of the PAA.

Reinsurance contracts

The valuation of ceded reinsurance contracts largely corresponds to that of the underlying insurance contracts. However,

- no loss is recorded at initial recognition if the net costs exceed the expected benefits and
- reinsurance costs for events that have already occurred are immediately entered as profit or loss in the income statement.

For the valuation of ceded reinsurance contracts, assumptions are applied that are consistent with those used for the valuation of the underlying insurance contracts, with additional consideration of the risk of the non-fulfilment of the obligations by the reinsurer. Changes in the risk of non-fulfilment are recognised in the insurance result.

Revenue from insurance contracts

Under IFRS 17, revenue is recognised in the income statement over the term of the insurance contracts according to the services rendered. The presentation of revenue and earnings is now aligned to that of other sectors.

Where the GMM and the VFA are applied, the CSM of a group of insurance contracts is allocated to the accounting periods according to the expected cover and other benefits that Helvetia provides during the period. In the case of risk adjustment for non-financial risks, settlement takes place in line with the decrease in the underlying risks. The total profits recognised over the coverage period of a group of insurance contracts do not change relative to the current accounting. They are distributed differently over the coverage period as a whole, however.

The revenue from life business now no longer includes savings premiums. This requires a fundamental change of thinking relative to the currently reported revenue, which also includes the total premiums. Helvetia therefore anticipates a perceptible reduction in reported revenue without any resulting impact on the technical result assuming premium volume remains unchanged.

When applying the PAA, as at Helvetia for its entire non-life business, revenue recognition does not differ significantly from the previously used approach, where the premium and capitalised acquisition costs are accrued or deferred to the income statement over the term of the contract. No CSM is determined.

In the case of loss-making contracts for which the expected outgoing payments exceed the expected incoming payments, the difference is immediately recognised as an expense.

Helvetia has decided to apply the OCI option for the recognition of financial income and expenses from insurance business wherever possible and appropriate in order to avoid accounting mismatches.

Disclosure

IFRS 17 requires extensive notes to the technical items reported in the balance sheet and income statement. The disclosures include detailed reconciliations of these balance sheet items, effects from new contracts concluded during the period in question and information on the expected settlement of the CSM. Comprehensive information on risks arising from insurance contracts and reinsurance contracts must also be shown.

IFRS 17 is to be applied retroactively. In applying IFRS 17, the company has to adjust the prior-year figures as if IFRS 17 had always been applied, unless it is impracticable to do so. In these cases, IFRS 17 provides for a modified retrospective approach or a fair value approach.

Based on the available data, Helvetia will primarily use the modified retrospective approach. The aim of the modified retrospective approach is to achieve a result that comes closest to retrospective application using information that is available without necessitating disproportionate costs or time expenditure. The permissible adjustments are strictly regulated.

Financial impact of IFRS 9 and IFRS 17

Upon initial application as at 1 January 2022, Helvetia expects a reduction in shareholders' equity mainly because the valuation reserve for contracts with discretionary participation features of CHF 1.8 billion is presented in equity under IFRS 4 and recognised in insurance liabilities under IFRS 17. This shift equates to about 30% of the shareholders' equity. The remaining shareholders' equity decreases by 5% to 10%. At the same time, under IFRS 17, expected profits (CSM) for the life business in the amount of CHF 4 billion to CHF 5 billion are recognised in insurance liabilities.

The statements on the impact of IFRS 9 and IFRS 17 on the financial statements of the Helvetia Group are based on figures that have not yet been approved and serve exclusively as an indication based on current knowledge. Although the project is at a very advanced stage, these statements are still subject to change.

Project to prevent profit reduction and profit shifting (BEPS 2)

In October 2021, the Organisation for Economic Cooperation and Development (OECD) published key figures on the future taxation of large, internationally active companies. Some 137 countries have agreed on a minimum rate of taxation of 15% for internationally active companies with turnovers in excess of EUR 750 million. Participating countries are now expected to incorporate the OECD recommendations in their respective tax legislation. At the time at which these financial statements were approved, however, no country in which Helvetia is operationally active had yet enacted corresponding local legislation that would, among other things, allow for the levying of a so-called "top-up tax". Helvetia is fundamentally affected by this "top-up tax", as it has branches and subsidiaries in Switzerland (depending on the canton), Andorra and Liechtenstein, where the statutory tax rate is below 15%. The management is following the relevant legal developments in these countries closely. As at 31 December 2022, there was not yet sufficient information available to quantify any possible impact.

2.3 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.

2.3.1 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.

Fully controlled subsidiaries that are not material for the consolidated financial statements can be included using the equity method or carried as a financial investment.

2.3.2 Associates

Associates of Helvetia Group are accounted for using the equity method if significant influence is exercised by Helvetia Group. 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 in section 18.3 (from page 201).

2.4 Foreign currency translation

The reporting currency of Helvetia Group is the Swiss franc (CHF).

2.4.1 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 123).

2.4.2 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.

Foreign currency translation differences are generally recognised in the income statement. 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.

2.5 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.

2.5.1 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. This is done using the current Swiss franc swap curve for valuing mortgages. Risk-adjusted yield curves are used for valuing 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 not based directly on the market but 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 investment property and alternative investments. The valuation of investment properties is outlined in section 2.11.1 (page 104).

Helvetia regards the funds as transparent vehicles for the purpose of evaluating the funds for consolidation. The market value of the underlying investments is determined by the fund management.

The market value of private equity investments is calculated via the discounted cash flow method. This is done by applying the internal rate of return (IRR).

The "Level" categories relate to the observability of prices and valuation factors and are not an indication of the quality of a financial instrument.

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

2.5.2 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.

2.5.3 Fair value of investment property

In Switzerland, Germany and Austria, investment properties are valued in accordance with the discounted cash flow (DCF) method. The method is described in section 2.11.1 (page 104).

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 as well as regional and property-related surcharges and discounts based on the current condition, use and location of the property in question. The discount rates applied in the reporting period are set out in section 7.5 (page 135).

2.5.4 Insurance-specific estimate uncertainties

The uncertainties regarding estimates in the area of technical results are explained in section 2.15 (from page 106). Any material change to the parameters used for the calculation of the provisions is commented on in sections 9.3 from page 148 (non-life business) and 9.4 on page 150 (life business).

2.5.5 Impairment of goodwill

Capitalised goodwill is tested annually for impairment. The method is described in section 2.10 (page 103). The calculation of the recoverable amount is based on a number of assumptions, which are detailed in section 6 (from page 126).

2.6 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", "Investment property held for sale" 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 16.5 (from page 187) as part of the risk assessment process.

2.7 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 book 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 2.10, page 103).

2.8 Leasing

When a contract comes into force, an assessment is made as to whether it establishes or includes a lease. A contract is or contains a lease if it conveys the right to control the use of an asset for a period of time in exchange for a consideration. Helvetia applies the guidance in IFRS 16 to determine whether a contract establishes or includes a lease.

2.8.1 Helvetia as lessee

The Helvetia Group primarily presents itself as a lessee when renting business premises. Vehicles and other assets are also leased to a lesser extent.

A right-of-use asset and corresponding leasing liability are booked on inception of the contract. The right-of-use asset is initially recognised at acquisition cost. This basically corresponds to the leasing liability. The right-of-use asset is amortised using the straight-line method from the time of acquisition over the duration of the lease. If there are indications of an impairment, the recoverability of the right-of-use asset is reviewed and an impairment is booked if applicable.

The leasing liability corresponds to the present value of the leasing payments not yet paid on inception of the contract. Either the implied interest rate given in the leasing agreement or, in the absence thereof, an interest rate based on the rate Helvetia would have to pay for borrowing capital with maximum seniority in CHF, is used as the discount rate. The maturities of the liabilities are taken into consideration for their valuation. Country and currency-specific supplements are included for foreign Group companies.

The leasing liability is measured at amortised cost applying the effective interest method. It is normally remeasured when the exercising of contractual purchasing,extension or termination options is reassessed. If the leasing liability is remeasured, the book value of the associated right-of-use asset is simultaneously adjusted accordingly.

Right-of-use assets are presented on the balance sheet under "Property and equipment". The lease iabilities come under "Financial liabilities from financing activities".

Leasing payments for low-value leases are recorded as an expense in the income statement during the term of the lease.

2.8.2 Helvetia as lessor

The Helvetia Group lets its own properties to generate investment returns. In this capacity, it is a lessor within the meaning of IFRS 16. The rental agreements invariably count as operating leases.

Rental payments made under these agreements are booked as income and presented as part of "Current income from Group investments".

2.9 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.

Helvetia has concluded distribution agreements with various banks to sell our products. The distribution agreements are recognised at cost and depreciated according to their use. Depreciation is recognised in the income statement under "Operating and administrative expenses".

The 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.

Goodwill is recognised as of the acquisition date and comprises the purchase price plus the amount of any non-controlling interest in the acquired company and, in a business merger achieved in stages, the fair value of the 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.

2.10 Impairment of tangible assets, right-of-use assets, goodwill and other intangible assets

The carrying value of tangible assets, right-of-use 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 book 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 synergies generated by the company merger. 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 determined using the discounted cash flow (DCF) 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.

2.11 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 2.3.2 (page 99), as part of "Consolidation principles".

2.11.1 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, Germany and Austria is measured in-house 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. Both valuation methods are allocated to the "Level 3" category.

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. The income from the properties is determined on the basis of the current rental index and adjusted to the assessment horizon on the basis of the current rental potential.

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, use 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. Rental income is recognised on a straight-line basis over the lease term.

2.11.2 Financial assets

The recognition and measurement of financial assets follow the IFRS categories: "loans and receivables", "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 including directly attributable transaction costs. 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 recognised with effect from the dividend payment date. 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)".

2.11.3 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 2.5, page 100). 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 requirement.

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 interest-bearing securities, 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.

2.12 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 172).

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.

2.13 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 hedging 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.

2.14 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 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 2.15, page 106) 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 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.

Written put options on shares in subsidiaries are reported under IFRS as financial liabilities in the amount of the present value of the overall purchase price. These options are recognised in equity against retained earnings with no impact on profit or loss. Helvetia also offsets value changes against retained earnings with no impact on profit or loss.

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.

2.15 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 (DPF), 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.

2.15.1 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 temporis 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.

2.15.2 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 "Provisions 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 "Provisions 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 exist) 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.

2.15.3 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 irrecoverability. 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.

2.16 Revenue from contracts with customers

This revenue is generally measured on the basis of the contractual agreements concluded with customers. Amounts received on behalf of third parties (as agent) are not recognised as income.

For services rendered at a point in time, revenue is recognised as soon as Helvetia has a right to payment. Revenue from performance over time is either recognised on a pro rata temporis basis or based on the progress of the service performed depending on the type of service.

Revenue is reported as "income from fee and commission business" in the income statement.

The Helvetia Group mainly generates revenue through the following services:

Asset management

Especiallysingle and periodic fees from pure investment contracts and the management of investment funds fall into this category of services. They are services rendered over time. The resulting fees are appropriated pro-rata temporis.

Distribution services

Distribution services include in particular the distribution of mortgage products and the accompanying advice, distribution of fund units and distribution of insurance products from third-party providers. Income comprises case-based commission payments and advisory fees.

Health and elderly care

Helvetia Group operates several retirement homes in Spain. The income results from the ongoing settlement of residential and nursing costs and the case-based invoicing of services used (e.g. hairdresser).

Helvetia Group also operates hospitals and clinics in Spain. The income results from specific case-based services (e.g. diagnosis, emergency care, dental treatment), and from the ongoing settlement of medical services provided over time (e.g. hospitalisation).

Assistance, maintenance and other services

Helvetia Group provides various assistanceservices in the medical, technical and legal field. In addition, repair and maintenance services for real estate are offered, mainly in Spain. Income results from case-based invoicing as well as from the pro-rata appropriation of income from services provided over time.

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.

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 the insurance business and other receivables are carried at amortised cost. In general, this corresponds to the nominal value of the receivables. Permanent impairment is recognised through profit or loss. 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. Gallen.

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, an outflow of assets is likely and the extent of the outflow can be reliably estimated.

Any current obligations for which an outflow of assets is unlikely 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. 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 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 presented as net positions to the extent that the conditions for an offset have been met.

3. Segment information

The operating segments of the Helvetia Group are "Switzerland", "Europe", "Specialty Markets" and "Corporate".

The segment "Switzerland" comprises the Swiss country market and the financial intermediaries MoneyPark and Finovo. The "Europe" segment comprises the country markets of Germany, Italy, Spain and Austria. The "Specialty Markets" segment includes transport, art and engineering insurance policies in the Switzerland / International and France market units, as well as the global active reinsurance business. The segment "Corporate" includes all Group activities, the Group's own fund 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 the 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. The non-life business also includes active reinsurance.

Units without any technical business which can be directly classed in the "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 18.3 (from page 201).

3.1. Segment information

in CHF million	Switzerland 2022	Switzerland 2021	Europe 2022	Europe 2021
Income				
Gross premiums written	4 565.4	4 578.7	4 222.8	4 519.6
Reinsurance premiums ceded	–154.3	–159.0	–446.9	–426.4
Net premiums written	4 411.1	4 419.7	3 775.9	4 093.1
Net change in unearned premium reserve	–73.2	–138.0	–66.3	–52.4
Net earned premiums	4 337.9	4 281.7	3 709.6	4 040.7
Current income on Group investments (net)	714.1	689.8	199.1	198.4
Gains and losses on Group investments (net)	–22.0	745.6	–13.5	133.0
Income investments with market risk for the policyholder	–298.8	28.7	–556.6	397.9
Share of profit or loss of associates	–0.8	7.9	5.8	0.9
Income from fee and commission business	104.5	97.7	271.7	255.6
Other income	26.1	13.3	127.3	26.9
Total operating income	4 861.1	5 864.7	3 743.5	5 053.5
of which transactions between geographical segments	85.4	74.6	241.0	228.4
Total revenues from external customers	4 946.5	5 939.3	3 984.4	5 281.9
Expenses				
Claims incurred including claims handling costs (non-life)	–947.5	–1 077.4	–1 940.1	–2 148.3
Claims and benefits paid (life)	–3 506.7	–3 253.7	–1 028.4	–1 238.3
Change in actuarial reserves	1 185.4	97.0	479.9	–394.3
Reinsurers´ share of benefits and claims	14.0	149.2	232.8	446.5
Policyholder dividends and bonuses	–188.9	–293.5	19.3	30.8
Income attributable to deposits for investment contracts	52.2	5.7	172.7	–78.1
Net benefits to policyholders and claims	–3 391.4	–4 372.8	–2 063.8	–3 381.7
Acquisition costs	–497.9	–426.6	–877.0	–930.0
Reinsurers´ share of acquisition costs	29.8	30.0	100.4	102.7
Operating and administrative expenses	–464.8	–508.2	–547.9	–476.0
Interest payable	–11.3	–9.6	–10.6	–10.5
Other expenses	–30.2	–75.2	–30.4	–69.1
Total operating expenses	–4 365.8	–5 362.4	–3 429.4	–4 764.6
Profit or loss from operating activities	495.3	502.3	314.1	289.0
Financing costs	–10.9	–12.3	–5.4	–7.6
Profit or loss before tax	484.4	490.0	308.7	281.3
Income taxes	–65.0	–71.4	–39.7	–85.0
Profit or loss for the period	**419.4**	**418.6**	**269.0**	**196.4**

Specialty Markets		Corporate		Elimination		Total	
2022	2021	2022	2021	2022	2021	2022	2021
2 004.7	1 715.6	635.0	558.2	–642.0	–564.4	10 785.9	10 807.6
–368.8	–316.5	–325.0	–303.1	647.5	565.8	–647.5	–639.2
1 635.9	1 399.0	310.0	255.1	5.5	1.5	10 138.4	10 168.4
–138.7	–86.1	2.4	–3.4	–5.5	–1.5	–281.3	–281.3
1 497.1	1 312.9	312.4	251.7	–	–	9 857.1	9 887.0
41.3	31.6	–23.3	–12.0	–25.7	–25.4	905.4	882.5
–23.7	33.7	–37.9	36.5	–	–	–97.0	948.8
–	–	3.2	–0.1	–	–	–852.2	426.5
0.1	–0.1	–	–1.7	–	–	5.2	7.1
–	–	5.3	4.0	–4.2	–2.8	377.3	354.4
38.6	38.8	1.7	7.2	–0.2	–0.2	193.5	86.0
1 553.4	1 417.0	261.4	285.6	–30.0	–28.5	10 389.4	12 592.4
283.7	224.8	–634.9	–552.2	24.8	24.3	–	–
1 837.1	1 641.8	–373.5	–266.6	–5.2	–4.1	10 389.4	12 592.4
–1 325.0	–1 052.3	–344.5	–553.2	354.9	598.7	–4 202.0	–4 232.4
–	–	–7.1	–8.4	7.2	8.3	–4 535.0	–4 492.0
–	–	0.5	1.6	–0.4	–1.0	1 665.2	–296.7
271.1	177.7	157.3	385.2	–363.0	–607.2	312.2	551.4
–7.3	–6.5	–	–	–	–	–176.9	–269.2
–	–	–	–	–	–	224.9	–72.4
–1 061.3	–881.1	–193.8	–174.7	–1.3	–1.2	–6 711.6	–8 811.4
–419.8	–374.5	–150.0	–147.7	150.5	148.1	–1 794.2	–1 730.7
72.7	68.7	66.3	64.7	–150.2	–147.9	119.0	118.3
–84.4	–80.0	–147.2	–100.2	5.0	3.7	–1 239.3	–1 160.7
0.1	0.4	–4.4	–3.6	11.1	9.4	–15.0	–13.8
–30.1	–73.8	45.1	33.7	0.2	0.0	–45.4	–184.4
–1 522.7	–1 340.3	–384.0	–327.8	15.3	12.1	–9 686.6	–11 782.9
30.7	76.7	–122.6	–42.2	–14.7	–16.3	702.8	809.5
–0.1	–0.2	10.1	–129.8	14.6	16.3	8.3	–133.6
30.5	76.6	–112.6	–172.0	0.0	0.0	711.1	675.9
–6.9	–14.7	15.0	14.9	0.0	0.0	–96.7	–156.1
23.6	**61.9**	**–97.6**	**–157.1**	**0.0**	**0.0**	**614.4**	**519.8**

Details on the Europe segment

	Germany		Italy		
	2022	2021	2022	2021	
in CHF million					
Income					
Gross premiums written	1 002.4	1 038.0	780.8	875.0	
Reinsurance premiums ceded	–91.7	–84.7	–103.3	–98.5	
Net premiums written	910.7	953.3	677.5	776.5	
Net change in unearned premium reserve	–0.4	1.7	–27.8	–27.9	
Net earned premiums	910.2	954.9	649.7	748.6	
Current income on Group investments (net)	45.7	48.9	62.9	72.5	
Gains and losses on Group investments (net)	1.6	51.8	5.6	35.7	
Income investments with market risk for the policyholder	–217.8	181.2	–145.7	73.4	
Share of profit or loss of associates	–	–	–	–	
Income from fee and commission business	10.6	12.5	18.9	22.8	
Other income	6.6	5.6	3.9	4.3	
Total operating income	756.9	1 254.8	595.3	957.4	
of which transactions between geographical segments	3.3	2.7	–	–	
Total revenues from external customers	760.1	1 257.5	595.3	957.4	
Expenses					
Claims incurred including claims handling costs (non-life)	–418.2	–603.1	–323.2	–308.4	
Claims and benefits paid (life)	–159.9	–171.0	–181.8	–228.2	
Change in actuarial reserves	87.0	–369.1	–58.9	–111.5	
Reinsurers´ share of benefits and claims	33.7	201.8	57.3	52.9	
Policyholder dividends and bonuses	–15.4	–23.3	–0.7	–1.3	
Income attributable to deposits for investment contracts	–	–	145.7	–73.4	
Net benefits to policyholders and claims	–472.7	–964.8	–361.5	–669.9	
Acquisition costs	–199.5	–203.6	–134.8	–143.2	
Reinsurers´ share of acquisition costs	18.9	21.8	20.8	18.7	
Operating and administrative expenses	–68.3	–61.2	–97.3	–72.1	
Interest payable	–2.6	–3.2	–0.4	–0.5	
Other expenses	–1.9	–2.7	–5.9	–32.7	
Total operating expenses	–726.1	–1 213.7	–579.1	–899.8	
Profit or loss from operating activities	30.7	41.1	16.1	57.7	
Financing costs	–0.2	–0.2	–3.8	–4.1	
Profit or loss before tax	30.5	40.9	12.3	53.6	
Income taxes	–8.9	–17.0	–5.1	–16.9	
Profit or loss for the period	**21.6**	**24.0**	**7.2**	**36.7**	

Spain 2022	Spain 2021	Austria 2022	Austria 2021	Elimination 2022	Elimination 2021	Total Europe 2022	Total Europe 2021
1 848.9	2 012.5	594.0	596.8	–3.3	–2.7	4 222.8	4 519.6
–144.5	–137.8	–110.7	–108.1	3.3	2.7	–446.9	–426.4
1 704.4	1 874.7	483.3	488.6	0.0	0.0	3 775.9	4 093.1
–35.8	–23.6	–2.3	–2.5	0.0	0.0	–66.3	–52.4
1 668.6	1 851.1	481.1	486.1	–	–	3 709.6	4 040.7
61.6	47.7	28.9	29.3	–	–	199.1	198.4
–4.6	22.4	–16.1	23.1	–	–	–13.5	133.0
–35.6	19.7	–157.3	123.6	–	–	–556.6	397.9
5.8	0.9	0.0	0.0	–	–	5.8	0.9
233.8	212.4	8.4	7.8	–	–	271.7	255.6
116.7	16.9	0.1	0.1	–	–	127.3	26.9
2 046.2	2 171.2	345.1	670.0	–	–	3 743.5	5 053.5
0.0	–	–3.3	–2.7	241.0	228.4	241.0	228.4
2 046.2	2 171.2	341.8	667.4	241.0	228.4	3 984.4	5 281.9
–961.8	–961.5	–239.0	–277.0	2.0	1.6	–1 940.1	–2 148.3
–545.3	–706.5	–141.5	–132.6	–	–	–1 028.4	–1 238.3
333.0	265.9	118.6	–179.6	–	–	479.9	–394.3
79.5	88.2	64.3	105.2	–2.0	–1.6	232.8	446.5
21.5	65.4	13.9	–10.0	–	–	19.3	30.8
27.0	–4.7	–	–	–	–	172.7	–78.1
–1 046.1	–1 253.1	–183.6	–494.0	–	–	–2 063.8	–3 381.7
–412.1	–451.3	–130.8	–131.9	0.1	0.1	–877.0	–930.0
21.7	22.8	39.1	39.5	–0.1	–0.1	100.4	102.7
–344.3	–312.3	–38.0	–30.4	0.0	0.0	–547.9	–476.0
–6.7	–5.8	–0.9	–1.1	–	–	–10.6	–10.5
–21.0	–30.4	–1.6	–3.3	–	–	–30.4	–69.1
–1 808.3	–2 030.0	–315.8	–621.1	0.0	0.0	–3 429.4	–4 764.6
237.9	141.2	29.3	49.0	0.0	0.0	314.1	289.0
–1.3	–3.3	0.0	0.0	–	–	–5.4	–7.6
236.6	138.0	29.3	48.9	0.0	0.0	308.7	281.3
–26.7	–35.7	1.0	–15.5	0.0	0.0	–39.7	–85.0
209.9	**102.3**	**30.3**	**33.4**	**0.0**	**0.0**	**269.0**	**196.4**

3.2 Information by business activities

	Life		Non-life	
	2022	2021	2022	2021
in CHF million				
Income				
Gross premiums written	3 820.9	4 151.3	6 975.2	6 665.2
Reinsurance premiums ceded	–55.4	–56.0	–917.9	–848.8
Net premiums written	3 765.5	4 095.4	6 057.4	5 816.5
Net change in unearned premium reserve	8.1	10.8	–286.3	–287.3
Net earned premiums	3 773.6	4 106.2	5 771.0	5 529.2
Current income on Group investments (net)	791.7	779.3	166.9	145.9
Gains and losses on Group investments (net)	–2.8	758.1	–56.5	153.6
Income investments with market risk for the policyholder	–855.4	426.7	–	–
Share of profit or loss of associates	0.0	0.0	0.0	8.7
Income from fee and commission business	55.1	56.9	69.0	65.2
Other income	122.5	13.4	70.4	67.8
Total operating income	3 884.8	6 140.5	6 020.8	5 970.4
Expenses				
Claims incurred including claims handling costs (non-life)	–	–	–4 214.7	–4 279.6
Claims and benefits paid (life)	–4 535.0	–4 492.0	–	–
Change in actuarial reserves	1 665.2	–297.4	–	–
Reinsurers´ share of benefits and claims	19.0	29.6	501.0	745.4
Policyholder dividends and bonuses	–161.1	–293.0	–15.9	23.7
Income attributable to deposits for investment contracts	224.9	–72.4	–	–
Net benefits to policyholders and claims	–2 786.9	–5 125.1	–3 729.5	–3 510.5
Acquisition costs	–278.4	–274.1	–1 516.4	–1 457.1
Reinsurers´ share of acquisition costs	17.0	22.3	186.0	179.3
Operating and administrative expenses	–289.4	–261.8	–569.9	–567.2
Interest payable	–12.1	–12.1	–11.2	–9.6
Other expenses	–29.3	–92.2	–51.0	–115.7
Total operating expenses	–3 379.2	–5 743.1	–5 692.2	–5 480.8
Profit or loss from operating activities	505.6	397.4	328.6	489.6
Financing costs	–13.0	–14.6	–3.4	–5.2
Profit or loss before tax	492.5	382.8	325.2	484.3
Income taxes	–72.7	–78.7	–35.6	–95.0
Profit or loss for the period	**419.8**	**304.1**	**289.6**	**389.3**

	Other activities		Elimination		Total	
	2022	2021	2022	2021	2022	2021
	635.0	558.2	−645.3	−567.1	10785.9	10807.6
	−325.0	−303.1	650.7	568.6	−647.5	−639.2
	310.0	255.1	5.5	1.5	10138.4	10168.4
	2.4	−3.4	−5.5	−1.5	−281.3	−281.3
	312.4	251.7	–	–	9857.1	9887.0
	−21.6	−10.6	−31.6	−32.1	905.4	882.5
	−37.8	37.1	–	–	−97.0	948.8
	3.2	−0.1	–	–	−852.2	426.5
	5.2	−1.6	–	–	5.2	7.1
	298.8	274.0	−45.6	−41.7	377.3	354.4
	3.2	7.7	−2.5	−2.9	193.5	86.0
	563.5	558.2	−79.7	−76.7	10389.4	12592.4
	−344.5	−553.2	357.1	600.3	−4202.0	−4232.4
	−7.1	−8.4	7.2	8.3	−4535.0	−4492.0
	0.5	1.6	−0.4	−1.0	1665.2	−296.7
	157.3	385.2	−365.1	−608.8	312.2	551.4
	–	–	–	–	−176.9	−269.2
	–	–	–	–	224.9	−72.4
	−193.8	−174.7	−1.3	−1.2	−6711.6	−8811.4
	−150.0	−147.7	150.6	148.2	−1794.2	−1730.7
	66.3	64.7	−150.3	−148.0	119.0	118.3
	−426.3	−374.3	46.4	42.6	−1239.3	−1160.7
	−8.4	−8.2	16.7	16.1	−15.0	−13.8
	32.4	20.8	2.6	2.7	−45.4	−184.4
	−679.9	−619.3	64.7	60.4	−9686.6	−11782.9
	−116.4	−61.1	−15.0	−16.3	702.8	809.5
	9.8	−130.1	15.0	16.3	8.3	−133.6
	−106.6	−191.2	0.0	0.0	711.1	675.9
	11.6	17.6	0.0	0.0	−96.7	−156.1
	−95.0	**−173.6**	**0.0**	**0.0**	**614.4**	**519.8**

3.3 Additional information

by segment:

as of 31.12.	Switzerland 2022	2021	Europe 2022	2021
in CHF million				
Assets by geographical segment	41 140.1	45 782.2	19 765.9	23 754.1
of which investments	33 569.1	37 799.1	15 890.5	19 643.2
– investments in associates	26.3	28.2	59.4	35.2
– investment property	7 071.8	6 851.1	791.8	796.9
– investment property held for sale	318.8	343.2	–	–
– Group financial assets	24 843.6	28 993.9	11 485.7	14 807.5
– financial assets with market risk for the policyholder	1 308.6	1 582.8	3 553.6	4 003.6
Liabilities by geographical segment	36 789.7	40 038.3	17 350.6	20 644.6
of which technical provisions (gross)	29 734.3	32 376.4	14 189.2	17 080.9
– life	27 349.8	30 021.4	10 893.2	13 711.4
– non-life	2 384.5	2 355.0	3 295.9	3 369.5
Cash flow from operating activities (net)	63.5	722.8	–191.4	209.8
Cash flow from investing activities (net)	32.1	92.5	164.6	–84.4
Cash flow from financing activities (net)	–348.8	–92.7	–137.4	–99.9
Acquisition of owner-occupied property, equipment and intangible assets	48.4	68.9	83.1	90.7
Depreciation and amortisation on tangible and intangible assets	–36.6	–62.5	–102.6	–116.3
Impairment of tangible and intangible assets affecting income	–	–2.7	–1.7	–0.3
Reversal of impairment losses on tangible and intangible assets affecting income	–	–	0.0	0.0
Share-based payment transaction costs	–1.9	–1.7	–	–

by business activity:

as of 31.12.	Life 2022	2021	Non-life 2022	2021
in CHF million				
Assets by business activity	44 639.7	52 628.2	20 811.5	20 588.2
Liabilities by business activity	41 867.0	48 163.6	16 565.3	15 701.7
Acquisition of owner-occupied property, equipment and intangible assets	41.2	48.1	66.4	92.4
Depreciation and amortisation on tangible and intangible assets	–16.4	–28.3	–100.7	–114.4
Impairment of tangible and intangible assets affecting income	–0.1	–0.1	–0.4	–3.4
Reversal of impairment losses on tangible and intangible assets affecting income	–	–	0.0	0.0
Share-based payment transaction costs	–0.8	–0.6	–1.1	–1.0

	Specialty Markets 2022	2021	Corporate 2022	2021	Elimination 2022	2021	Total 2022	2021
	5 188.9	4 267.1	−3 103.6	−2 412.9	−1 546.2	−1 646.9	61 445.1	69 743.6
	2 003.1	2 025.5	1 120.5	1 147.6	−596.4	−606.3	51 986.9	60 009.1
	0.9	0.8	–	–	–	–	86.6	64.1
	24.0	25.0	–	–	–	–	7 887.5	7 673.0
	–	–	–	–	–	–	318.8	343.2
	1 978.3	1 999.6	1 145.4	1 173.7	−596.4	−606.3	38 856.6	46 368.5
	–	–	−24.8	−26.1	–	–	4 837.4	5 560.3
	4 430.1	3 348.3	−271.8	169.9	−1 546.1	−1 646.9	56 752.5	62 554.1
	3 331.3	2 812.4	607.7	661.5	−611.6	−683.0	47 250.9	52 248.2
	–	–	11.8	17.8	−10.4	−16.6	38 244.4	43 734.0
	3 331.3	2 812.4	595.9	643.7	−601.1	−666.4	9 006.5	8 514.2
	529.6	−122.4	−425.6	−131.2	4.3	−0.2	−19.6	678.7
	−32.5	−23.9	−134.8	−139.5	0.0	0.0	29.3	−155.3
	16.0	206.5	108.3	−485.8	−4.3	0.2	−366.3	−471.7
	9.2	8.3	2.8	0.3	–	–	143.5	168.3
	−4.7	−4.6	−10.5	−2.4	–	–	−154.4	−185.9
	−0.4	−0.5	−5.1	−9.5	–	–	−7.2	−13.0
	–	–	–	–	–	–	0.0	0.0
	0.0	–	−4.3	−2.5	–	–	−6.3	−4.1

	Other activities 2022	2021	Elimination 2022	2021	Total 2022	2021
	−2 250.8	−1 660.4	−1 755.3	−1 812.4	61 445.1	69 743.6
	75.6	501.1	−1 755.3	−1 812.4	56 752.5	62 554.1
	35.9	27.7	–	–	143.5	168.3
	−37.4	−43.3	–	–	−154.4	−185.9
	−6.7	−9.5	–	–	−7.2	−13.0
	–	–	–	–	0.0	0.0
	−4.3	−2.5	–	–	−6.3	−4.1

3.4 Gross premiums by segment and business area

in CHF million		Gross premiums before elimination 2022	2021	Elimination 2022	2021	Gross premiums 2022	2021	Change in %	Change in % (FX-adjusted)
Switzerland	non-life	1 816.3	1 774.2	–6.9	–6.1	1 809.4	1 768.1	2.3	3.3
Switzerland	life	2 749.1	2 804.4	–	–	2 749.1	2 804.4	–2.0	–2.0
Total Switzerland		4 565.4	4 578.7	–6.9	–6.1	4 558.5	4 572.6	–0.3	0.1
Europe	non-life	3 151.0	3 172.7	0.0	0.0	3 151.0	3 172.6	–0.7	7.0
Europe	life	1 071.8	1 346.9	–	–	1 071.8	1 346.9	–20.4	–14.3
Total Europe		4 222.8	4 519.6	0.0	0.0	4 222.8	4 519.5	–6.6	0.6
Specialty Markets	non-life	2 004.7	1 715.7	–0.2	–0.2	2 004.6	1 715.5	16.9	20.2
Corporate		635.0	558.2	–635.0	–558.2	–	–	–	–
Total gross premiums		**11 427.9**	**11 372.1**	**–642.0**	**–564.5**	**10 785.9**	**10 807.6**	**–0.2**	**3.5**

3.5 Gross premiums by business line

in CHF million	Gross premiums 2022	2021	Change in %	Change in % (FX-adjusted)
Traditional individual life insurance	880.0	1042.0	–15.5	–12.2
Investment-linked life insurance	854.2	821.8	3.9	8.0
Individual insurance	1734.2	1863.8	–7.0	–3.3
Group insurance	2086.7	2287.5	–8.8	–8.2
Gross premiums life	3820.9	4151.3	–8.0	–6.0
Property	2716.8	2711.1	0.2	5.5
Transport	623.4	563.1	10.7	18.1
Motor vehicle	1662.3	1583.4	5.0	9.9
Liability	449.8	436.1	3.1	8.1
Accident / health	588.0	596.1	–1.4	3.8
Active reinsurance	924.6	766.5	20.6	20.6
Gross premiums non-life	6965.0	6656.3	4.6	9.4
Total gross premiums	**10785.9**	**10807.6**	**–0.2**	**3.5**

3.6 Gross premiums and deposits received

in CHF million	Business volume 2022	2021	Change in%	Change in % (FX-adjusted)
Gross premiums life	3820.9	4151.3	–8.0	–6.0
Deposits received from investment contracts life	311.3	414.6	–24.9	–20.9
Gross premiums and deposits received life	4132.2	4565.9	–9.5	–7.3
Gross premiums non-life	6965.0	6656.3	4.6	9.4
Gross premiums and deposits received	**11097.2**	**11222.2**	**–1.1**	**2.6**

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

3.7 Income from fee and commission business

in CHF million	Fee income 2022	2021	Change in %	Change in % (FX-adjusted)
Asset management	57.3	50.4	13.7	18.3
Distribution services	68.3	80.2	–14.8	–13.0
Health and elderly care	167.8	153.7	9.1	17.6
Assistance, maintenance and other services	83.9	70.1	19.7	25.7
Income from fee and commission business	**377.3**	**354.4**	**6.5**	**12.4**

4. Foreign currency translation

4.1 Exchange rates

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

Exchange rate at reporting date	31.12.2022	31.12.2021
1 EUR	0.9874	1.0362
1 USD	0.9252	0.9112
1 GBP	1.1129	1.2341

Annual average exchange rate	2022	2021
	Jan–Dec	Jan–Dec
1 EUR	1.0020	1.0792
1 USD	0.9539	0.9147
1 GBP	1.1724	1.2577

4.2 Foreign exchange gains and losses

The foreign exchange results in the consolidated income statement in the reporting year show a loss of CHF 104.4 million (previous year: CHF 111.8 million).

The foreign exchange loss from financial investments is included in "Gains and losses on Group investments" in the income statement and amounts to CHF 158.2 million (previous year: CHF 135.6 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

in CHF million	Undeveloped land 2022	2021	Owner-occupied property 2022	2021	Equipment 2022	2021
Acquisition costs						
Balance as of 1 January	20.8	20.9	958.6	968.4	253.3	248.3
Change in scope of consolidation	–	–	14.6	6.2	0.3	1.6
Additions	–	–	11.9	24.4	23.7	16.8
Disposals	0.0	0.0	–37.0	–0.7	–19.1	–6.5
Revaluation gains on transfers to investment property	–	–	10.2	0.3	–	–
Transfer	–11.0	–	–24.0	–16.1	–	–
Foreign currency translation differences	0.0	0.0	–26.4	–24.1	–7.1	–6.4
Other changes	–	–	4.6	0.1	0.0	–0.5
Balance as of 31 December	**9.8**	**20.8**	**912.5**	**958.6**	**251.0**	**253.3**
Accumulated depreciation / impairment						
Balance as of 1 January	0.0	0.0	256.5	236.2	168.7	155.8
Change in scope of consolidation	–	–	–	–	0.0	–
Depreciation	–	–	19.9	23.3	20.3	22.5
Impairment	–	–	0.1	2.8	–	0.0
Reversal of impairment losses	–	–	0.0	0.0	–	–
Disposals depreciation / impairment	–	–	–33.1	–0.7	–18.3	–5.9
Transfer	–	–	–11.1	0.0	–	–
Foreign currency translation differences	–	–	–5.7	–5.0	–4.1	–3.6
Other changes	–	–	0.1	–	0.1	0.0
Balance as of 31 December	**0.0**	**0.0**	**226.8**	**256.5**	**166.6**	**168.7**
Book value as of 31 December	**9.8**	**20.8**	**685.7**	**702.0**	**84.4**	**84.6**

Property under construction 2022	2021	Right-of-use assets 2022	2021	Total 2022	2021
99.3	58.9	173.3	175.3	1 505.3	1 471.9
–	–	–0.2	0.1	14.7	7.9
38.5	28.3	11.5	20.6	85.6	90.1
–	0.0	–11.9	–16.8	–68.1	–24.0
–	–	–	–	10.2	0.3
11.0	12.6	–	–	–24.0	–3.5
–0.2	–0.2	–6.2	–5.8	–39.9	–36.5
–6.6	–0.3	–1.4	–0.1	–3.4	–0.8
142.0	**99.2**	**165.1**	**173.3**	**1 480.4**	**1 505.3**
0.4	1.1	51.4	39.0	477.1	432.1
–	–	–0.1	–	–0.2	–
–	–	21.0	24.1	61.2	69.9
–	–	–	–	0.1	2.8
–	–	–	–	0.0	0.0
–	–	–10.4	–10.2	–61.7	–16.8
–	–0.7	–	–	–11.1	–0.7
–	0.0	–1.7	–1.5	–11.5	–10.2
–	–	–0.5	–	–0.4	0.0
0.4	**0.4**	**59.7**	**51.4**	**453.5**	**477.1**
141.6	**98.9**	**105.4**	**121.9**	**1 026.9**	**1 028.3**

6. Goodwill and other intangible assets

in CHF million	Goodwill 2022	2021	Other intangible assets 2022	2021	Total 2022	2021
Acquisition costs						
Balance as of 1 January	1 174.3	1 172.4	1 397.6	1 399.2	2 571.9	2 571.6
Change in the scope of consolidation	1.2	13.1	–107.7	11.4	–106.5	24.5
Additions[1]	0.4	–	41.0	45.7	41.4	45.7
Disposals	–	–	–39.7	–2.9	–39.7	–2.9
Foreign currency translation differences	–11.9	–11.1	–45.1	–43.0	–57.0	–54.2
Other changes	–	–	0.1	–12.8	0.1	–12.8
Balance as of 31 December	**1 164.0**	**1 174.3**	**1 246.2**	**1 397.6**	**2 410.2**	**2 571.9**
Accumulated amortisation / impairment						
Balance as of 1 January	23.5	24.6	682.0	586.2	705.5	610.8
Change in the scope of consolidation	–	–	–15.1	–	–15.1	–
Amortisation	–	–	93.2	116.0	93.2	116.0
Impairment	1.6	–	5.5	10.2	7.1	10.2
Disposals amortisation / impairment	–	–	–37.1	–2.3	–37.1	–2.3
Foreign currency translation differences	–1.1	–1.0	–17.2	–15.4	–18.4	–16.4
Other changes	–	–	0.2	–12.8	0.2	–12.8
Balance as of 31 December	**24.0**	**23.5**	**711.4**	**682.0**	**735.4**	**705.5**
Book value as of 31 December	**1 140.0**	**1 150.8**	**534.8**	**715.6**	**1 674.8**	**1 866.4**
Book value as of 1 January	1 150.8	1 147.8	715.6	813.0	1 866.4	1 960.8

[1] Additions to intangible assets almost exclusively comprise internally developed assets. Acquired intangible assets (e.g. software) are not significant.

"Other intangible assets" of Helvetia Group contain in particular the value of distribution agreements, the cash value of future earnings from the acquisition of insurance portfolios ("Present Value of Future Profits") and purchased and internally developed software.

In 2022, goodwill in the amount of CHF 1.6 million was recognised in connection with acquisitions. This was immediately written off due to lack of materiality (see section 18, page 199).

Goodwill impairment test

Goodwill is tested annually for impairment (see section 2.10, from page 103).

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

as of 31.12.2022	Goodwill	Growth rate	Applied discounting interest rate
in CHF million		in %	in %
Switzerland life	4.4	1.0%	7.85%
Switzerland non-life	773.2	1.0%	7.73%
Specialty Lines Switzerland / International	15.0	1.5%	7.63%
France non-life	60.2	1.5%	9.94%
Spain	35.1	1.0%	10.80%
Italy non-life	33.7	1.5%	11.66%
Austria	59.2	1.0%	10.12%
Germany non-life	24.7	1.0%	10.32%
Intermediation and advisory business	129.3	1.5%	7.92%
Diversification business Caser	5.3	1.5%	10.27%

as of 31.12.2021	Goodwill	Growth rate	Applied discounting interest rate
in CHF million		in %	in %
Switzerland life	4.4	1.0%	7.52%
Switzerland non-life	773.2	1.0%	7.36%
Specialty Lines Switzerland / International	15.0	1.5%	7.34%
France non-life	63.1	1.5%	8.08%
Spain	36.7	1.0%	9.01%
Italy non-life	35.4	1.5%	10.17%
Austria	62.1	1.0%	8.41%
Germany non-life	25.9	1.0%	8.75%
Intermediation and advisory business	129.3	1.5%	8.06%
Diversification business Caser	5.5	1.5%	8.55%

The impairment test carried out in 2022 did not result in any impairment requirement.

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 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 take account of 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 could result in the book value exceeding the recoverable amount of the "Intermediation and advisory business" unit. With other assumptions unchanged, the applied discount rates would have to increase by 2.6 percentage points or fall short of the budget by 34%.

7. Investments

7.1 Investment result

in CHF million	Notes	2022	2021
Current income from Group investments (net)	7.1.1	905.4	882.5
Gains and losses on Group investments (net)	7.1.3	–97.0	948.8
Investment result from Group financial assets and investment property		808.4	1 831.3
Income investments with market risk for the policyholder	7.1.5	–852.2	426.5
Investment result from financial assets and investment property		–43.8	2 257.8
Share of profit or loss of associates		5.2	7.1
Investment income (net)		**–38.6**	**2 264.9**

7.1.1 Current income from investments by class

in CHF million	Group investments 2022	2021	Investments with market risk for the policyholder 2022	2021	Total 2022	2021
Interest-bearing securities	448.4	456.0	5.4	3.4	453.9	459.5
Shares	60.5	66.4	0.7	0.7	61.2	67.1
Investment funds	31.0	34.5	13.3	9.8	44.3	44.3
Alternative investments	7.2	5.4	0.0	0.3	7.2	5.7
Derivative financial instruments[1]	–2.2	–6.7	–	–	–2.2	–6.7
Mortgages	59.7	66.3	–	–	59.7	66.3
Loans	17.9	20.0	–	–	17.9	20.0
Money market instruments	3.5	1.4	–	–	3.5	1.4
Other	0.8	0.1	–	–	0.8	0.1
Current income on financial assets (gross)	626.8	643.5	19.5	14.3	646.2	657.8
Investment management expenses on financial assets	–	–18.3	–	0.0	–	–18.4
Current income on financial assets (net)	626.8	625.2	19.5	14.2	646.2	639.4
Rental income	342.8	336.9	–	–	342.8	336.9
Investment management expenses on property	–64.2	–79.6	–	–	–64.2	–79.6
Current income from investment property (net)	278.7	257.3	–	–	278.7	257.3
Current income from investments (net)	**905.4**	**882.5**	**19.5**	**14.2**	**924.9**	**896.7**

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

Interest income from investments at fair value through profit or loss stood at CHF 9.5 million (previous year: CHF 2.4 million).

Investment 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 3.6 million in the reporting year (previous year: CHF 4.4 million).

Based on notice periods, tenancies generated operating lease receivables for the Helvetia Group of CHF 58.4 million (previous year: CHF 61.2 million) due in less than one year, CHF 154.3 million (previous year: CHF 150.0 million) due between one and five years and CHF 37.0 million (previous year: CHF 34.6 million) due in more than five years.

7.1.2 Direct yield from interest-rate sensitive financial assets

	2022	2021
in %		
Interest-bearing securities	1.4	1.3
Mortgages, loans and money market instruments	1.4	1.4
Total direct yield of interest-rate sensitive financial assets	**1.4**	**1.3**

7.1.3 Gains and losses on investments

	Group investments		Investments with market risk for the policyholder		Total	
	2022	2021	2022	2021	2022	2021
in CHF million						
Interest-bearing securities	–238.8	9.8	–204.3	–34.1	–443.1	–24.3
Shares	–153.5	535.6	–2.3	5.9	–155.8	541.5
Investment funds	–3.6	21.2	–637.0	425.0	–640.5	446.2
Alternative investments	44.6	63.6	–8.8	–1.5	35.8	62.1
Derivative financial instruments[1]	–50.1	–83.7	–19.1	17.0	–69.2	–66.7
Mortgages	0.6	–1.7	–	–	0.6	–1.7
Loans	3.7	3.9	–	–	3.7	3.9
Money market instruments	–6.1	–0.3	–0.1	–0.1	–6.2	–0.4
FX effects from loans to subsidiaries	–39.9	–56.8	–	–	–39.9	–56.8
Gains and losses on financial assets (net)	**–443.1**	**491.5**	**–871.6**	**412.3**	**–1 314.7**	**903.8**
Investment property	346.1	457.3	–	–	346.1	457.3
Gains and losses on investments (net)	**–97.0**	**948.8**	**–871.6**	**412.3**	**–968.6**	**1 361.1**

[1] Derivatives comprise gains and losses on derivative financial assets and derivative financial liabilities.

7.1.4 Gains and losses on financial assets by category

in CHF million	2022	2021
Realised gains and losses on disposals of loans (LAR) including foreign currency gains and losses		
Interest-bearing securities	1.6	0.7
Mortgages	0.6	–1.7
Loans	3.7	3.9
Money market instruments	–6.1	–0.3
Realised gains and losses on loans (LAR) incl. money market instruments	–0.2	2.5
Realised gains and losses on disposals of held-to-maturity investments (HTM) including foreign currency gains and losses		
Interest-bearing securities	–2.2	–2.1
Realised gains and losses on HTM investments	–2.2	–2.1
Realised gains and losses on disposals of available-for-sale investments (AFS) including foreign currency gains and losses		
Interest-bearing securities	–98.4	0.3
Shares	127.8	176.1
Investment funds	11.1	8.1
Alternative investments	–1.6	0.1
Realised gains and losses on AFS investments	38.8	184.5
Realised and book gains and losses on financial assets held for trading including foreign currency gains and losses		
Investment funds	–0.8	0.7
Derivative financial instruments	–69.2	–66.7
Realised and book gains and losses on financial assets held for trading	–70.1	–66.0
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	–344.0	–23.2
Shares	–283.6	365.5
Investment funds	–650.8	437.4
Alternative investments	37.4	62.0
Money market instruments	–0.1	–0.1
Realised and book gains and losses on financial assets designated as at fair value through profit or loss	–1 241.0	841.6
Foreign currency effects in connection with subsidiaries	–39.9	–56.8
Total gains and losses on investments (net)	**–1 314.7**	**903.8**

The gains and losses reported for the HTM category represent book gains and losses from foreign currency translations.

The table above includes increases in impairment losses on financial assets of CHF 39.4 million (previous year: CHF 9.6 million) as well as impairment loss reversals on financial assets of CHF 4.2 million (previous year: CHF 1.4 million).

7.1.5 Result from investments with market risk for the policyholder

in CHF million	2022	2021
Current income	19.5	14.2
Gains and losses	–871.6	412.3
Income investments with market risk for the policyholder	**–852.2**	**426.5**

7.2 Investments by class

as of 31.12.2022	Notes	Group investments	Investments with market risk for the policyholder	Total
in CHF million				
Investments in associates	7.4.1	86.6	–	86.6
Investment property	7.5	7887.5	–	7887.5
Assets held-for-sale	7.5	318.8	–	318.8
Financial assets by class	7.6			
Interest-bearing securities		27841.7	1012.2	28853.9
Shares		2285.8	20.8	2306.5
Investment funds		1910.1	3685.1	5595.2
Alternative investments		1100.0	31.0	1131.0
Derivative financial assets		311.3	73.8	385.1
Mortgages		3667.8	–	3667.8
Loans		829.7	–	829.7
Money market instruments		910.3	14.5	924.7
Total financial assets		38856.6	4837.4	43694.0
Total investments		**47149.5**	**4837.4**	**51986.9**

as of 31.12.2021	Notes	Group investments	Investments with market risk for the policyholder	Total
in CHF million				
Investments in associates	7.4.1	64.1	–	64.1
Investment property	7.5	7673.0	–	7673.0
Assets held-for-sale	7.5	343.2	–	343.2
Financial assets by class	7.6			
Interest-bearing securities		34485.5	1157.6	35643.1
Shares		2930.6	27.5	2958.0
Investment funds		1767.1	4198.4	5965.6
Alternative investments		1026.9	36.4	1063.2
Derivative financial assets		282.9	128.5	411.3
Mortgages		4114.1	–	4114.1
Loans		930.9	–	930.9
Money market instruments		830.6	12.0	842.6
Total financial assets		46368.5	5560.3	51928.8
Total investments		**54448.8**	**5560.3**	**60009.1**

7.3 Investments by business area

as of 31.12.2022	Notes	Life	Non-life	Other and elimination	Total
in CHF million					
Investments in associates	7.4.1	0.1	30.3	56.2	86.6
Investment property	7.5	6 859.7	949.6	78.3	7 887.5
Assets held-for-sale	7.5	318.8	–	–	318.8
Financial assets by class	7.6				
Interest-bearing securities		23 158.3	5 338.1	357.5	28 853.9
Shares		723.6	273.9	1 309.0	2 306.5
Investment funds		6 480.3	1 090.9	– 1 976.0	5 595.2
Alternative investments		68.4	185.9	876.7	1 131.0
Derivative financial assets		329.5	51.0	4.6	385.1
Mortgages		3 269.3	398.5	–	3 667.8
Loans		774.6	222.8	– 167.7	829.7
Money market instruments		624.7	318.5	– 18.5	924.7
Total financial assets		35 428.8	7 879.7	385.5	43 694.0
Total investments		**42 607.4**	**8 859.5**	**520.0**	**51 986.9**

as of 31.12.2021	Notes	Life	Non–life	Other and elimination	Total
in CHF million					
Investments in associates	7.4.1	0.1	32.3	31.7	64.1
Investment property	7.5	6 691.0	923.1	58.9	7 673.0
Assets held-for-sale	7.5	343.2	–	–	343.2
Financial assets by class	7.6				
Interest-bearing securities		29 448.9	5 695.6	498.6	35 643.1
Shares		950.1	414.3	1 593.7	2 958.0
Investment funds		7 068.4	1 248.8	– 2 351.6	5 965.6
Alternative investments		76.4	173.9	813.0	1 063.2
Derivative financial assets		383.9	27.3	0.2	411.3
Mortgages		3 732.2	381.9	–	4 114.1
Loans		866.2	187.3	– 122.6	930.9
Money market instruments		513.7	327.3	1.6	842.6
Total financial assets		43 039.6	8 456.3	432.8	51 928.8
Total investments		**50 074.0**	**9 411.7**	**523.4**	**60 009.1**

7.4 Investments in associates

Dividend income from associates totalled CHF 3.6 million (previous year: CHF 1.2 million).

Investments in associates accounted for under the equity method are listed in the table in section 18.3 (from page 201).

7.4.1 Development of investments in associates

in CHF million	2022	2021
Balance as of 1 January	64.1	30.9
Change in the scope of consolidation[1]	–	11.8
Additions[1]	35.3	21.3
Disposals[1]	–11.7	0.0
Share of profits for the year	4.5	8.8
Dividends paid	–3.6	–1.2
Impairment (net)	–	–1.7
Foreign currency translation differences	–2.1	–1.5
Other changes	–	–4.2
Book value as of 31 December	**86.6**	**64.1**

[1] Details on additions and disposals for associates are provided in section 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. in CHF million	2022	2021
Assets		
Non-current assets	265.2	263.5
Current assets	79.7	49.2
Total assets	**344.9**	**312.7**
Liabilities and equity		
Equity	119.6	98.4
Long-term liabilities	181.4	189.4
Short-term liabilities	43.9	24.9
Total liabilities and equity	**344.9**	**312.7**

in CHF million	2022	2021
Profit for the year		
Income	120.3	70.6
Expenses	–115.9	–58.5
Profit for the year	**4.4**	**12.1**

Helvetia Group's share in the liabilities of associates amounted to CHF 100.0 million (previous year: CHF 95.9 million). Helvetia did not have any share in the contingent liabilities of associates.

7.5 Investment property

in CHF million	Switzerland	Abroad	2022	2021
Balance as of 1 January	6851.1	821.9	7673.0	7477.8
Change in scope of consolidation	–	–2.1	–2.1	–
Additions	116.5	25.5	142.0	83.4
Capitalised subsequent expenditure	117.8	0.0	117.8	130.9
Disposals	–82.6	–1.4	–84.1	–99.6
Realised gains and losses[1]	29.5	–0.2	29.3	17.8
Book gains and losses[1]	308.3	12.9	321.2	439.5
Transfer from / to property and equipment	14.5	–1.6	12.9	2.8
Transfer to assets held-for-sale	–283.3	–	–283.3	–343.2
Foreign currency translation differences	–	–39.2	–39.2	–35.9
Other changes	–	–	–	–0.5
Balance as of 31 December	**7071.8**	**815.7**	**7887.5**	**7673.0**

[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, Austrian and German Group companies is calculated using a generally accepted discounted cash flow method. The method is described in section 2.11.1 (page 104).

In the reporting year, the discounted cash flow method was based on discount rates ranging from 2.5% to 5.9% (previous year: 2.6% to 5.5%). If the discount rates in Switzerland were increased by 10 basis points, the value would be reduced by CHF 241.7 million. If the rental income that can be earned in the long term were reduced by 5%, there would be a negative effect of CHF 536.8 million.

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

Assets held for sale

In connection with planned sales, investment properties in the Switzerland segment to the value of CHF 318.8 million were classified for sale as at 31 December 2022. Of these, Helvetia plans to sell properties with book values in the amount of CHF 229.0 million in the first half of 2023 to *the Helvetia (CH) Swiss Property Fund*, a Swiss real estate fund. Helvetia Asset Management AG has the mandate to manage the properties of this fund. Helvetia thus generated earnings from the services business. The fund is a third-party fund that does not belong to the Helvetia Group.

Further properties with a book value of CHF 89.8 million are to be sold to third parties during the course of 2023.

The reclassification of the investment properties in the Switzerland segment as "held for sale" was associated with a value adjustment of CHF +58.4 million, which is reported in "Gains and losses on Group investments".

On 31 December 2021, investment properties in the Switzerland segment to the value of CHF 343.2 million were classified as held for sale. Of these, a property with a value of CHF 40.0 million is set to be sold in 2023. The remaining properties were sold in 2022.

7.6 Financial assets by category and class

as of 31.12.	Book value 2022	2021	Acquisition cost / amortised cost 2022	2021
in CHF million				
Financial assets at amortised cost:				
Loans and receivables (LAR)				
Interest-bearing securities	1 992.0	2 565.3	1 992.0	2 565.3
Mortgages	3 667.8	4 114.1	3 667.8	4 114.1
Loans	829.7	930.9	829.7	930.9
Money market instruments	910.3	830.6	910.3	830.6
Total "loans and receivables" (LAR)[1]	7 399.7	8 440.8	7 399.7	8 440.8
Held-to-maturity investments (HTM)				
Interest-bearing securities	1 844.6	1 872.4	1 844.6	1 872.4
Total financial assets at amortised cost	**9 244.3**	**10 313.2**	**9 244.3**	**10 313.2**
Financial assets at fair value:				
At fair value through profit and loss (held for trading)				
Interest-bearing securities	0.5	–	0.5	–
Investment funds - mixed	9.5	10.9	6.3	6.6
Derivative financial assets	255.6	243.3	124.5	142.2
Investments with market risk for the policyholder	73.8	128.5	107.3	87.4
Total "held for trading"	339.4	382.6	238.7	236.3
Designated as at fair value through profit or loss				
Interest-bearing securities	993.4	1 131.2	1 061.7	1 129.1
Shares	1 285.8	1 576.2	809.1	789.0
Investment funds – interest-bearing securities	84.9	87.3	64.1	66.9
Investment funds – equities	176.7	196.7	149.4	140.2
Investment funds – mixed	773.9	712.0	641.9	640.2
Investments with market risk for the policyholder	4 763.6	5 431.8	4 964.3	4 607.9
Alternative investments	878.3	836.1	758.8	737.3
Total "designated"	8 956.6	9 971.3	8 449.4	8 110.5
Total "at fair value through profit and loss"	9 296.0	10 353.9	8 688.0	8 346.8
Available-for-sale (AFS)				
Interest-bearing securities	23 011.2	28 916.6	26 154.0	27 225.6
Shares	1 000.0	1 354.4	862.6	848.0
Investment funds – interest–bearing securities	327.6	255.0	332.4	250.7
Investment funds – equities	215.4	240.8	213.9	188.7
Investment funds – mixed	322.1	264.5	305.5	243.5
Alternative investments	221.7	190.8	206.8	179.4
Total "available-for-sale" (AFS)	25 098.0	31 222.1	28 075.2	28 935.8
Derivative financial assets for hedge accounting	55.7	39.6	–	–
Total financial assets at fair value	**34 449.6**	**41 615.6**	**36 763.2**	**37 282.6**
Total financial assets	**43 694.0**	**51 928.8**		

[1]Excl. assets receivables from insurance business and reinsurance.

Unrealised gains / losses net 2022	2021	Fair value 2022	2021	By valuation method: Quoted market prices 2022 Level 1	2021	Based on market data 2022 Level 2	2021	Not based on market data 2022 Level 3	2021
		1 743.9	2 707.4	51.6	55.2	1 692.2	2 652.2		–
		3 455.5	4 205.1		–	3 455.5	4 205.1		–
		764.4	1 031.4		–	761.4	1 023.1	3.0	8.3
		910.3	830.6		–	910.3	830.6		–
		6 874.0	8 774.4	51.6	55.2	6 819.4	8 710.9	3.0	8.3
		1 886.4	2 302.3	133.8	252.5	1 752.6	2 049.8	–	–
		8 760.4	**11 076.7**	**185.4**	**307.7**	**8 571.9**	**10 760.7**	**3.0**	**8.3**
		0.5	–		–	0.5	–	–	–
		9.5	10.9	9.5	10.9	–	–	–	–
		255.6	243.3	4.0	3.1	251.6	240.1	–	–
		73.8	128.5	42.7	41.3	31.0	87.2	–	–
		339.4	382.6	56.3	55.3	283.1	327.3	–	–
		993.4	1 131.2	74.7	130.3	918.7	993.4	–	7.5
		1 285.8	1 576.2	1 225.4	1 541.4	–	–	60.4	34.8
		84.9	87.3	81.8	87.3	3.0	–	–	–
		176.7	196.7	176.7	196.7	–	–	–	–
		773.9	712.0	173.1	128.1	600.8	583.9	–	–
		4 763.6	5 431.8	3 936.4	4 637.7	827.2	794.1	–	–
		878.3	836.1	5.9	6.0	1.6	22.6	870.8	807.4
		8 956.6	9 971.3	5 674.0	6 727.5	2 351.3	2 394.0	931.3	849.8
		9 296.0	10 353.9	5 730.3	6 782.8	2 634.4	2 721.3	931.3	849.8
–3 142.8	1 691.1	23 011.2	28 916.6	6 265.8	15 035.5	16 706.5	13 781.5	38.9	99.6
137.4	506.4	1 000.0	1 354.4	913.5	1 278.9	4.7	4.5	81.7	71.0
–4.8	4.3	327.6	255.0	57.5	89.5	58.5	165.5	211.5	–
1.5	52.1	215.4	240.8	215.2	240.8	0.3	–	0.0	–
16.6	21.0	322.1	264.5	103.8	87.3	143.3	170.9	74.9	6.2
15.0	11.4	221.7	190.8	13.4	8.8	95.4	48.8	113.0	133.2
–2 977.2	2 286.3	25 098.0	31 222.1	7 569.2	16 740.8	17 008.6	14 171.2	520.1	310.0
		55.7	39.6	–	–	55.7	39.6	–	–
–2 977.2	**2 286.3**	**34 449.6**	**41 615.6**	**13 299.5**	**23 523.6**	**19 698.7**	**16 932.1**	**1 451.4**	**1 159.8**

Transfers between the valuation category levels

in CHF million	2022	2021	2022	2021	2022	2021
from / to	Level 1		Level 2		Level 3	
Level 1	–	–		–	–	7.5
Level 2	676.5	2 494.0	–	–	10.0	47.8
Level 3	–	–	6.9	–	–	–

From the previous year's CHF 1159.7 million of "Level 3" investments as at 31 December 2021,

– disposals in the amount of CHF 246.9 million (previous period: CHF 5.6 million) were made.
– Additions in the amount of CHF 492.0 million (previous period: CHF 108.9 million) were recorded.
– Transfers between the levels to the value of CHF 3.1 million.
– Gains of CHF 45.9 million (previous year: CHF 82.7 million) were reported under "Gains and losses on financial instruments" in the income statement and gains of CHF 0.4 million (previous year: CHF 6.0 million) as "Change in unrealised gains and losses on investment" in the overall result calculation. Overall, this resulted in a profit of CHF 46.4 million for the "Level 3" investments (previous year: CHF 88.7 million). The valuation gains on the "Level 3" investments held on the reporting date was CHF 48.5 million (previous year: CHF 95.3 million).

Stress tests performed on the "Level 3" investments show that an increase in the credit spreads of 100 basis points would lead to a decrease in value of CHF 34.3 million.

7.7 Derivatives

7.7.1 Derivative financial assets

	Maturity profile of contract values			Contract value		Fair value	
as of 31.12.	< 1 year	1–5 years	> 5 years	2022	2021	2022	2021
in CHF million							
Interest rate instruments							
Forward rate agreements	35.9	–	–	35.9	61.5	28.6	51.4
Swaps	21.7	96.3	12.8	130.8	2.3	9.1	1.0
Other	–	–	–	–	34.2	–	11.8
Total interest rate instruments	57.7	96.3	12.8	166.8	98.1	37.7	64.1
Equity- and equity-index instruments							
Options (over-the-counter)	1 810.7	472.3	750.0	3 032.9	4 040.3	91.9	104.3
Options (exchange-traded)	145.9	–	–	145.9	208.3	4.0	3.1
Futures (exchange-traded)	22.7	–	–	22.7	–	1.0	–
Other	–	–	20.7	20.7	18.6	42.7	41.3
Total equity- and equity-index instruments	1 979.2	472.3	770.7	3 222.1	4 267.2	139.7	148.7
Currency instruments							
Forwards	1 618.8	1 346.7	136.5	3 102.0	5 844.6	152.0	158.9
Total currency instruments	1 618.8	1 346.7	136.5	3 102.0	5 844.6	152.0	158.9
Derivatives for hedge accounting							
Forwards	1 514.7	–	–	1 514.7	1 126.1	55.7	39.4
Other	–	–	–	–	0.2	–	0.2
Total derivatives for hedge accounting	1 514.7	–	–	1 514.7	1 126.4	55.7	39.6
Total derivative financial assets	**5 170.3**	**1 915.2**	**919.9**	**8 005.5**	**11 336.3**	**385.1**	**411.3**

7.7.2 Derivative financial liabilities

as of 31.12.	Maturity profile of contract values < 1 year	1–5 years	> 5 years	Contract value 2022	2021	Fair value 2022	2021
in CHF million							
Interest rate instruments							
Forward rate agreements	30.5	–	–	30.5	173.6	30.3	51.9
Swaps	–	2.0	4.8	6.8	197.1	0.3	7.1
Total interest rate instruments	30.5	2.0	4.8	37.4	370.7	30.7	59.0
Equity and equity-index instruments							
Options (over-the-counter)	230.4	472.3	750.0	1452.6	1581.6	31.0	87.2
Total equity and equity-index instruments	230.4	472.3	750.0	1452.6	1581.6	31.0	87.2
Currency instruments							
Forwards	2801.6	–	–	2801.6	1210.6	31.7	21.4
Total currency instruments	2801.6	–	–	2801.6	1210.6	31.7	21.4
Derivatives from life policies	1.9	6.2	2.2	10.3	13.0	0.7	0.6
Derivatives for hedge accounting							
Forwards	–	–	–	–	526.7	–	2.9
Total derivatives for hedge accounting	–	–	–	–	526.7	–	2.9
Total derivative financial liabilities	**3064.4**	**480.4**	**757.0**	**4301.9**	**3702.6**	**94.1**	**171.0**

7.7.3 Derivatives for hedge accounting

	Net investment hedge 2022	2021
in CHF million		
Amount recognised in other comprehensive income	6.0	–17.1
Gains and losses reclassified to the income statement	–1.7	–10.3
Ineffectiveness reclassified to income statement	–1.1	2.9

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.	< 1 month 2022	2021	2–3 months 2022	2021	4–6 months 2022	2021	> 6 months 2022	2021
in CHF million								
Mortgages	4.5	0.3	23.8	0.1	24.0	0.8	5.5	5.2
Total past due financial assets without impairment	**4.5**	**0.3**	**23.8**	**0.1**	**24.0**	**0.8**	**5.5**	**5.2**

Outstanding amounts are collected in the course of the normal debt collection procedures and impaired if necessary (see section 2.11.3, page 105). Information on the collateral held by Helvetia Group is provided in section 16.6 (from page 191).

7.8.2 Analysis of individual impaired financial assets at amortised cost

	Gross		Individual impairment		Net	
as of 31.12.	2022	2021	2022	2021	2022	2021
in CHF million						
Mortgages	3.2	3.9	3.2	3.9	–	–
Loans	1.7	2.0	1.7	2.0	–	–
Total individual impaired financial assets at amortised cost	**4.8**	**5.9**	**4.8**	**5.9**	**–**	**–**

7.8.3 Change in the impairment of financial assets at amortised cost

	Mortgages		Other loans		Total	
	2022	2021	2022	2021	2022	2021
in CHF million						
Balance as of 1 January	3.9	3.0	2.0	0.1	5.9	3.1
Impairment	3.4	2.1	–	2.1	3.4	4.2
Reversal of impairment losses	–4.1	–1.2	–0.1	–0.1	–4.2	–1.4
Disposals impairment	–	0.1	–0.2	–	–0.2	0.1
Foreign currency translation differences	–	–	–0.1	–0.1	–0.1	–0.1
Balance as of 31 December	**3.2**	**3.9**	**1.7**	**2.0**	**4.8**	**5.9**

7.9 Fair value of SPPI financial instruments

Helvetia exercised the option to postpone the implementation of IFRS 9

Below, we have reported the fair value of the financial instruments within the scope of IFRS 9 and held by Helvetia on the reporting date. Further information on SPPI financial instruments is provided in section 16.6.2 (from page 193).

	Fair value		Change in fair value	
	2022	2021	2022	2021
in CHF million				
Financial assets that give rise to cash flows that are solely payments of pricipal and interest (SPPI)	34 359.3	42 855.1	–6 113.7	–2 245.7
Remaining financial assets	10 254.4	11 696.0	–1 388.1	826.9
Total financial assets	**44 613.8**	**54 551.1**	**–7 501.7**	**–1 418.8**

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 153).

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).

Section 16.5 (page 187) contains a maturity schedule of loans and financial liabilities.

The valuation methods used to calculate the fair value of financial liabilities belong to the "Level 2" category.

8.1 Total financial liabilities from financing activities

	Book value		Acquisition cost / amortised cost		Fair value	
as of 31.12.	2022	2021	2022	2021	2022	2021
in CHF million						
Financial liabilities at amortised cost						
Bonds	2 003.3	1 657.3	2 003.3	1 657.3	1 802.6	1 801.2
Liabilites from lease	74.2	90.7	74.2	90.7	74.2	90.7
Total financial liabilities at amortised cost	2 077.5	1 748.0	2 077.5	1 748.0	1 876.8	1 891.9
Financial liabilities at fair value						
Minority interests in own funds	306.5	357.6	211.1	195.3	306.5	357.6
Total financial liabilities at fair value	306.5	357.6	211.1	195.3	306.5	357.6
Total financial liabilities from financing activities	**2 384.0**	**2 105.6**	**2 288.5**	**1 943.4**	**2 183.3**	**2 249.5**

Helvetia has bonds in liabilities and in equity. The classification depends on the characteristics of the respective bond.

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 51.2 million (previous year: CHF 53.1 million) under "Financing costs". The interest expense from bonds in equity is recognised as a dividend distribution in equity.

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

Financial liabilities from financing activities

	Bonds		Lease		Minority interests in own funds	
as of 31.12.	2022	2021	2022	2021	2022	2021
in CHF million						
Balance as of 1 January	1 657.3	1 856.9	90.7	104.5	357.6	327.7
Cash flows	399.3	–149.8	–13.5	–12.4	11.7	–49.5
Change in the scope of consolidation	–	–	0.0	0.3	–	–
Value changes / interest accruals	1.3	1.3	0.8	1.3	–60.3	79.5
Foreign currency translation differences	–54.6	–51.1	–3.0	–2.9	–2.5	–0.1
Other changes	–	–	–0.8	–	–	–
Balance as of 31 December	**2 003.3**	**1 657.3**	**74.2**	**90.7**	**306.5**	**357.6**

Own bonds

Issuer	Nominal	Coupons	Year of issue	Maturity	Effective interest rate[1]	Book value	
as of 31.12.						2022	2021
in CHF million							
Bonds in liabilities							
Helvetia Schweizerische Versicherungsgesellschaft AG	CHF 150 million	1.50%	2014	28.04.2025	1.55%	149.8	149.8
Helvetia Schweizerische Versicherungsgesellschaft AG	CHF 225 million subordinate bond	4.00% up to 2024, then variable	2014	17.10.2044	4.02%	224.0	224.0
Helvetia Schweizerische Versicherungsgesellschaft AG	EUR 500 million subordinate bond	3.375% up to 2027, then variable	2017	29.09.2047	3.52%	490.3	513.8
Helvetia Schweizerische Versicherungsgesellschaft AG	CHF 125 million subordinate bond	1.45% up to 2030, then variable	2020	12.08.2040	1.48%	124.4	124.3
Helvetia Europe S.A.	EUR 600 million subordinate bond	2.75% up to 2031, then variable	2020	30.09.2041	2.81%	585.8	614.4
Caja de Seguros Reunidos, Compañia de Seguros y Reaseguros S.A.	EUR 30.0 million subordinate loan	3.10% up to 2041, then variable	2021	18.02.2041	3.10%	29.6	31.1
Helvetia Schweizerische Versicherungsgesellschaft AG	CHF 250 millon	1.45%	2022	24.06.2022	1.49%	249.6	–
Helvetia Schweizerische Versicherungsgesellschaft AG	CHF 150 million	1.95%	2022	24.06.2022	1.98%	149.7	–
Total bonds in liabilities						**2 003.3**	**1 657.3**
Bonds in equity							
Helvetia Schweizerische Versicherungsgesellschaft AG	CHF 300 million subordinate bond	3.00% up to 2022, then variable	2015	perpetual		–	300.0
Helvetia Schweizerische Versicherungsgesellschaft AG	CHF 275 million subordinate bond	1.50% up to 2026, then variable	2020	perpetual		275.0	275.0
Helvetia Schweizerische Versicherungsgesellschaft AG	CHF 200 million subordinate bond	1.75% up to 2028, then variable	2020	perpetual		200.0	200.0
Total bonds in equity						**475.0**	**775.0**

[1] The effective interest rate quantifies the actual cost of loans (taking account of the transaction rate, premium / discount, transaction costs, payment dates, repayment etc.).

Liabilities from lease

as of 31.12.	< 1 year	1–5 years	> 5 years	Total 2022	2021
in CHF million					
Future lease payments	28.4	33.7	16.0	78.1	95.2
Discounting amounts				–3.8	–4.4
Liabilities from lease				**74.2**	**90.7**

Some rental agreements contain extension options in favour of Helvetia. In case they are exercised they would yield additional future rental payments of CHF 9.5 million (previous year: CHF 13.1 million).

8.2 Other financial liabilities

	Notes	Acquisition cost/amortised cost 2022	2021	Fair value 2022	2021
in CHF million					
Financial liabilities at amortised cost					
Other		493.8	563.7	493.8	563.7
Other financial liabilities at amortised cost		493.8	563.7	493.8	563.7
Financial liabilities at fair value					
Derivative financial liabilities	7.7.2	30.3	60.3	94.1	171.0
Other		61.8	63.1	61.8	63.1
Other financial liabilities at fair value		92.1	123.4	155.9	234.1
		585.9	687.1	649.7	797.8

	Carrying amount 2022	2021
Financial liabilities booked directly against equity		
Written put options on shares in subsidiaries	272.1	417.0
Total financial liabilities, booked directly against equity	272.1	417.0
Total other financial liabilities	**921.8**	**1 214.8**

The line item "Other" at amortised cost also contains the collateral received for ongoing derivatives transactions. The carrying amounts equal the fair value.

In connection with the acquisitions of MoneyPark AG and Caja de Seguros Reunidos, Compañia Seguros y Reaseguros S.A. (Caser), the minority shareholders were given the option to sell their shares to Helvetia. In the course of the acquisition of further shares in MoneyPark and Caja de Seguros Reunidos during the reporting period, other financial liabilities were reduced without having any effect on the income statement.

As at 31 December 2022, there are no longer any options to tender shares in MoneyPark. The remaining options to tender shares in Caser can be exercised until 2023 at the higher price of fair value and acquisition price, and subsequently at fair value.

9. Insurance business

9.1 Reserves for insurance business

as of 31.12.	Notes	Gross 2022	Gross 2021	Reinsurance assets 2022	Reinsurance assets 2021	Net 2022	Net 2021
in CHF million							
Actuarial reserves		37 431.1	40 708.1	41.7	51.8	37 389.4	40 656.3
Provision for policyholder participation		672.5	2 871.4	–	–	672.5	2 871.4
Loss reserves		6 336.5	6 095.9	549.1	617.0	5 787.4	5 478.9
Unearned premium reserve		2 810.8	2 572.8	208.1	181.7	2 602.7	2 391.1
Deposits for investment contracts	9.8	1 794.5	1 968.6	–	–	1 794.5	1 968.6
Total reserves for insurance business		**49 045.4**	**54 216.8**	**798.9**	**850.4**	**48 246.5**	**53 366.4**

9.1.1 Reserves for insurance business by business area

as of 31.12.	Notes	Gross 2022	2021	Reinsurance assets 2022	2021	Net 2022	2021
in CHF million							
Life insurance contracts							
Actuarial reserves		34053.3	36011.6	41.7	51.8	34011.6	35959.8
Provision for policyholder participation		743.8	2724.2	–	–	743.8	2724.2
Unearned premium reserve		165.5	180.3	3.2	4.0	162.3	176.3
Reserves for life insurance contracts		34962.6	38916.1	44.9	55.8	34917.7	38860.3
Non-life insurance contracts							
Loss reserves	9.3.1	6336.5	6095.9	549.1	617.0	5787.4	5478.9
Provision for policyholder participation		24.7	25.9	–	–	24.7	25.9
Unearned premium reserve		2645.3	2392.5	204.9	177.7	2440.4	2214.8
Reserves for non-life insurance contracts		9006.5	8514.2	754.0	794.6	8252.5	7719.6
Total reserves for insurance contracts		43969.1	47430.3	798.9	850.4	43170.2	46579.9
Investment contracts with descretionary participation features							
Actuarial reserves		3377.8	4696.5	–	–	3377.8	4696.5
Provision for policyholder participation		–96.0	121.4	–	–	–96.0	121.4
Reserves for investment contracts with descretionary participation features		3281.8	4817.9	–	–	3281.8	4817.9
Deposits for investment contracts	9.8	1794.5	1968.6	–	–	1794.5	1968.6
Total reserves for investment contracts		5076.3	6786.5	–	–	5076.3	6786.5
Total reserves for insurance business		**49045.4**	**54216.8**	**798.9**	**850.4**	**48246.5**	**53366.4**

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 16.5 (page 187).

9.2 Changes in reserves for insurance business

	Actuarial reserves		Policyholder participation	
	2022	2021	2022	2021
in CHF million				
Reserves for insurance contracts life (gross)				
Balance as of 1 January	36 011.6	35 937.9	2 724.2	3 031.9
Change in the scope of consolidation	–61.9	–	–17.1	–
Allocation / Release	2 639.1	4 444.0	–1 784.6	–126.7
Used amounts	–4 152.0	–4 016.8	–155.8	–152.8
Foreign currency translation differences	–381.2	–358.8	–22.9	–28.3
Other changes	–2.4	5.3	0.0	–
Balance as of 31 December	**34 053.3**	**36 011.6**	**743.8**	**2 724.2**
Reserves for insurance contracts non-life (gross)				
Balance as of 1 January			25.9	63.6
Change in the scope of consolidation			–	–
Allocation / Release			15.9	–23.7
Used amounts			–16.7	–13.6
Foreign currency translation differences			–0.4	–0.3
Other changes			–	–
Balance as of 31 December			**24.7**	**25.9**
Reserves for investment contracts with discretionary participation features				
Balance as of 1 January	4 696.5	5 033.3	121.4	269.6
Change in the scope of consolidation	–961.1	–	–1.3	–
Allocation / Release	221.6	338.6	–213.5	–142.6
Used amounts	–374.0	–469.1	–	0.0
Foreign currency translation differences	–205.0	–206.1	–2.6	–5.6
Other changes	–0.3	–0.3	–	–
Balance as of 31 December	**3 377.8**	**4 696.5**	**–96.0**	**121.4**
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 reserves from insurance business (gross)				
Reinsurers' share in reserves for insurance contracts				
Balance as of 1 January	51.8	53.2		
Change in the scope of consolidation	–2.9	–		
Allocation / Release	12.9	27.5		
Used amounts	–20.5	–26.7		
Foreign currency translation differences	–2.2	–2.2		
Other changes	2.5	–		
Balance as of 31 December	**41.7**	**51.8**		
Total reserves from insurance business				

Loss reserves 2022	2021	Unearned premium reserve 2022	2021	Total 2022	2021
		180.3	192.8	38 916.1	39 162.6
		–4.1	–	–83.0	–
		–8.8	–10.7	845.7	4 306.6
		–	–	–4 307.7	–4 169.6
		–1.9	–1.8	–406.0	–388.9
		0.0	–	–2.4	5.3
		165.5	**180.3**	**34 962.6**	**38 916.1**
6 095.9	5 560.9	2 392.5	2 120.6	8 514.2	7 745.1
–	10.0	–	3.8	–	13.9
2 245.6	2 152.4	336.6	331.8	2 598.0	2 460.5
–1 885.9	–1 532.3	–	–	–1 902.6	–1 546.0
–147.3	–95.2	–88.6	–63.7	–236.2	–159.2
28.3	0.0	4.8	–	33.1	0.0
6 336.5	**6 095.9**	**2 645.3**	**2 392.5**	**9 006.5**	**8 514.2**
		0.0	0.0	4 817.9	5 302.9
		–	–	–962.4	–
		0.0	0.0	8.1	196.0
		–	–	–374.0	–469.1
		0.0	0.0	–207.5	–211.7
		–	–	–0.3	–0.3
		0.0	**0.0**	**3 281.8**	**4 817.9**
				1 968.6	1 829.2
				–7.0	–
				127.3	142.8
				–224.9	72.4
				–74.8	–70.8
				5.3	–4.9
				1 794.5	**1 968.6**
				49 045.4	**54 216.8**
617.0	436.9	181.7	148.8	850.4	638.9
–	7.7	0.0	1.6	–2.9	9.3
243.6	329.9	29.9	37.2	286.5	394.6
–323.0	–137.3	–	–	–343.5	–164.0
–18.2	–20.3	–8.1	–5.9	–28.5	–28.4
29.7	–	4.6	–	36.9	–
549.1	**616.9**	**208.1**	**181.7**	**798.9**	**850.4**
				48 246.5	**53 366.4**

9.3 Non-life business

Loss reserves are determined using actuarial methods based on many years of claims experience and taking account of current trends and developments. 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 44.7 million as of 31 December 2022 (previous year: CHF 52.2 million).

Insurance conditions and risks in the non-life business are described in section 16.2 (from page 174). 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 2013	2013	2014
in CHF million			
Run-off year 1		1 748.2	2 614.2[2]
Run-off year 2[3]		2 592.3[2]	2 535.1
Run-off year 3		2 507.5	2 385.8
Run-off year 4		2 446.8	2 233.2
Run-off year 5		2 434.6	2 171.8
Run-off year 6		2 390.6	2 144.4
Run-off year 7		2 380.9	2 654.5[1]
Run-off year 8		2 959.6[1]	2 643.8
Run-off year 9		2 960.3	2 641.7
Run-off year 10		2 952.2	
Estimated claims after year of loss occurence		2 952.2	2 641.7
Accumulated claims paid as of 31 December		–2 884.2	–2 532.1
Estimated loss reserves as of 31 December	783.5	68.0	109.6
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 Caser in 2020
[2] Effects of the acquisition of Nationale Suisse and Basler Austria in 2014
[3] Due to the demarcation effect for contracts on an underwriting year basis (active reinsurance, parts of the transport business), the claims cost increased in the second insurance year.

The table regarding the claims settlement in non-life business shows that, after taking into consideration the effects from acquisitions, sufficient provisions are raised at an early stage to cover all existing technical liabilities and the fluctuation of the annual claims incurred is small overall for the well-diversified portfolio even before reinsurance.

2015	2016	2017	2018	2019	2020	2021	2022	Total
2 562.4	2 369.3	2 484.5	2 506.8	2 638.9	3 729.6[1]	4 281.4	4 116.2	
2 656.6	2 382.1	2 641.4	2 741.4	3 432.5[1]	3 903.6	4 754.6		
2 518.1	2 291.1	2 626.4	3 333.0[1]	3 490.5	3 794.9			
2 574.0	2 245.3	3 198.8[1]	3 317.1	3 473.5				
2 491.2	2 721.7[1]	3 181.8	3 304.2					
2 997.3[1]	2 721.2	3 177.6						
2 991.8	2 712.6							
2 982.1								
2 982.1	2 712.6	3 177.6	3 304.2	3 473.5	3 794.9	4 754.6	4 116.2	
–2 719.7	–2 547.6	–2 953.1	–2 998.4	–3 019.7	–3 097.9	–3 424.6	–1 866.4	
262.4	165.0	224.5	305.9	453.9	697.0	1 330.0	2 249.8	6 649.4
								44.7
								222.4
								40.4
								6 956.9
								–620.4
								6 336.5

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 5.9 million as of 31 December 2022 (previous year: CHF 14.2 million).

In the Swiss life business, the actuarial reserves increased by CHF 29.2 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 the life business are described in section 16.3 (from page 175). Sensitivities of actuarial reserves are outlined in section 16.3.3 (from page 177).

9.4.1 Assets and liabilities with market risk for the policyholder

as of 31.12.	2022	2021
in CHF million		
Assets with market risk for the policyholder		
Investments with market risk for the policyholder	4 837.4	5 560.3
Other assets	253.3	227.3
Total assets with market risk for the policyholder	**5 090.6**	**5 787.6**
Liabilities with market risk for the policyholder		
Actuarial reserves (gross)	3 255.2	3 721.3
Unearned premium reserve (gross)	10.0	10.4
Financial liabilities including derivatives	1 825.5	2 055.8
Total liabilities with market risk for the policyholder	**5 090.6**	**5 787.6**

9.5 Reinsurance assets

as of 31.12.	Notes	2022	2021
in CHF million			
Reinsurers' share in reserves for insurance contracts	9.1.1	798.9	850.4
Reinsurance deposit receivables		104.1	102.8
Reinsurance assets		**903.0**	**953.3**

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 were no impairments of deposit receivables.

9.6 Deferred acquisition costs

	Life		Non-life		Total	
	2022	2021	2022	2021	2022	2021
in CHF million						
Balance as of 1 January	310.2	303.2	441.5	366.2	751.7	669.4
Change in the scope of consolidation	–0.4	–	–	–	–0.4	–
Capitalised in the period	57.2	48.2	320.3	279.1	377.6	327.3
Amortised in the period	–41.7	–40.0	–237.2	–187.9	–278.9	–227.8
Foreign currency translation differences	–1.4	–1.3	–19.0	–15.9	–20.4	–17.2
Other changes	–4.9	–	0.1	0.0	–4.8	0.0
Balance as of 31 December	**319.1**	**310.2**	**505.6**	**441.5**	**824.7**	**751.7**

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 current is CHF 336.3 million (previous year: CHF 341.0 million).

9.7 Receivables and liabilities from insurance business

	Receivables (LAR)		Liabilities at amortised cost	
as of 31.12.	2022	2021	2022	2021
in CHF million				
Due from / due to policyholders	948.1	846.8	1 572.6	1 547.0
Due from / due to agents and brokers	261.6	182.8	238.7	151.4
Due from / due to insurance companies	1 296.8	1 106.9	728.8	556.5
Total receivables / liabilities	**2 506.5**	**2 136.4**	**2 540.1**	**2 254.9**

The receivables and liabilities from insurance business are primarily short term. A maturity schedule of the liabilities is provided in the table in section 16.5 (page 187). 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 with the exception of CHF 56.5 million (previous year: CHF 62.7 million) in liabilities to insurance brokers, allocated to the "Level 3" category.

9.7.1 Analysis of past due receivables without individual impairment

	< 1 month		2–3 months		4–6 months		> 6 months	
as of 31.12.	2022	2021	2022	2021	2022	2021	2022	2021
in CHF million								
Due from policyholders	122.5	134.1	46.8	32.1	38.4	27.4	157.7	98.0
Due from agents and brokers	61.8	15.1	21.7	6.7	12.7	4.1	12.0	2.7
Due from insurance companies	15.0	24.5	230.7	117.1	38.6	33.3	143.7	101.1
Total past due receivables from insurance business without individual impairment	**199.2**	**173.6**	**299.3**	**155.9**	**89.7**	**64.9**	**313.4**	**201.8**

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	
	2022	2021	2022	2021	2022	2021
in CHF million						
Balance as of 1 January	37.4	32.3	17.2	17.3	54.6	49.5
Impairment	13.8	11.6	40.9	4.3	54.7	15.9
Reversal of impairment loss	–8.1	–5.6	–43.2	–3.9	–51.3	–9.5
Disposals	–0.9	–	–	–	–0.9	–
Foreign currency translation differences	–0.9	–0.8	–0.7	–0.6	–1.6	–1.5
Other changes	–0.1	–0.1	–	0.2	–0.1	0.1
Balance as of 31 December	**41.3**	**37.4**	**14.2**	**17.2**	**55.5**	**54.6**

Past due receivables from policyholders are usually impaired on a collective basis. Individual impairment is mostly applied to specific receivables from brokers and insurance companies.

9.7.3 Analysis of individually impaired receivables

	Gross		Individual Impairment		Net	
as of 31.12.	2022	2021	2022	2021	2022	2021
in CHF million						
Due from policyholders	18.9	18.4	18.9	18.4	–	–
Due from agents and brokers	6.7	8.2	6.7	8.2	–	–
Due from insurance companies	17.0	12.1	15.8	10.8	1.2	1.3
Total	**42.5**	**38.7**	**41.3**	**37.4**	**1.2**	**1.3**

9.8 Total financial liabilities from insurance business

as of 31.12.	Book value 2022	Book value 2021	Acquisition cost / amortised cost 2022	Acquisition cost / amortised cost 2021	Fair value 2022	Fair value 2021
in CHF million						
Financial liabilities at amortised cost						
Deposit liabilities for credited policyholder profit participation	342.9	376.4	342.9	376.4	342.9	376.4
Deposit liabilities from reinsurance contracts	113.3	106.3	113.3	106.3	113.3	106.3
Total financial liabilities at amortised cost	456.3	482.7	456.3	482.7	456.3	482.7
Financial liabilities at fair value						
Deposits for investment contracts	1794.5	1968.6	1794.5	1968.6	1794.5	1968.6
Total financial liabilities at fair value	1794.5	1968.6	1794.5	1968.6	1794.5	1968.6
Total financial liabilities from insurance business	**2250.7**	**2451.3**	**2250.7**	**2451.3**	**2250.7**	**2451.3**

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 deposits 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 investment 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 172).

10. Income taxes

10.1 Current and deferred income taxes

in CHF million	2022	2021
Current tax	74.9	67.9
Deferred tax	21.7	88.2
Total income taxes	**96.7**	**156.1**

10.2 Change in deferred tax assets and liabilities (net)

in CHF million	2022	2021
Balance as of 1 January	873.7	842.6
Change in the scope of consolidation	–2.8	2.3
Deferred taxes recognised in other comprehensive income	–596.1	–50.2
Deferred taxes recognised in the income statement	21.7	88.2
Foreign currency translation differences	–5.5	–9.2
Reclassification	–	0.1
Balance as of 31 December	**291.0**	**873.7**

10.3 Expected and actual income taxes

in CHF million	2022	2021
Profit or loss before tax	711.1	675.9
Expected income taxes	147.7	141.9
Increase / reduction in taxes resulting from:		
tax-exempt income or income taxed at a reduced rate	–58.7[1]	–12.5
non-deductible expenses	17.7	24.8
Change in tax rates	–6.3	0.4
Tax elements related to other periods	–3.1	10.1
Effect of losses	–2.1	–7.5
Other	1.6	–0.9
Actual income taxes	**96.7**	**156.1**

[1] Around CHF 25 million of tax-exempt income is related to the sale of Sa Nostra Compañía De Seguros De Vida (see section 18, page 199)

The expected tax rate applicable to the Helvetia Group was 20.8% for 2022 (previous year: 21.0%). This rate is derived from the weighted average of expected tax rates in the individual countries where the Group operates.

The reason for the change 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 Taxes on expenses and income recognised in other comprehensive income

	before tax		deferred taxes		after tax	
	2022	2021	2022	2021	2022	2021
in CHF million						
May be reclassified to income						
Change in unrealised gains and losses on investments	−5 263.5	−1 162.1	1 096.4	255.9	−4 167.1	−906.2
Change from net investment hedge	4.3	−27.4	–	–	4.3	−27.4
Foreign currency translation differences	−151.8	−83.6	–	–	−151.8	−83.6
Change in liabilities for contracts with participation features	2 216.6	654.6	−458.4	−151.1	1 758.2	503.5
Total that may be reclassified to income	−3 194.5	−618.5	637.9	104.8	−2 556.5	−513.7
Will not be reclassified to income						
Revaluation from reclassification of property and equipment	9.4	−0.5	−1.4	0.1	8.0	−0.3
Revaluation of benefit obligations	179.5	374.3	−47.2	−58.9	132.3	315.4
Change in liabilities for contracts with participation features	−14.3	−42.3	5.1	7.0	−9.2	−35.3
Total that will not be reclassified to income	174.6	331.5	−43.5	−51.8	131.1	279.8
Total other comprehensive income	**−3 019.9**	**−287.0**	**594.5**	**53.1**	**−2 425.4**	**−233.9**

10.5 Deferred tax assets and liabilities

as of 31.12.2022	Tax assets			Tax liabilities		
	recognised in profit or loss	recognised in equity	Total	recognised in profit or los	recognised in equity	Total
in CHF million						
Unearned premium reserve	45.5	–	45.5	1.3	–	1.3
Loss reserves	28.4	–	28.4	268.8	–	268.8
Actuarial reserves	75.7	–	75.7	130.8	–	130.8
Provision for future policyholder participation	213.5	–	213.5	1.3	183.1	184.5
Investments	67.3	616.7	684.0	850.3	33.2	883.5
Deferred acquisition costs	10.7	–	10.7	75.9	–	75.9
Property, equipment and intangible assets	18.7	–	18.7	169.1	2.8	171.9
Financial liabilities	348.4	–	348.4	2.2	–	2.2
Non-technical provisions	2.6	–	2.6	1.6	–	1.6
Employee benefits	81.5	4.7	86.2	6.9	20.0	26.9
Tax assets from losses carried forward	26.8	–	26.8	–	–	–
Other	70.3	–	70.3	154.3	0.0	154.3
Deferred taxes (gross)	**989.3**	**621.4**	**1 610.7**	**1 662.6**	**239.1**	**1 901.7**
Offset			−1 508.3			−1 508.3
Deferred taxes (net)			**102.5**			**393.5**

as of 31.12.2021			Tax assets Total			Tax liabilities Total
in CHF million						
Unearned premium reserve	43.3	–	43.3	1.3	–	1.3
Loss reserves	33.0	–	33.0	263.9	–	263.9
Actuarial reserves	122.1	–	122.1	134.9	–	134.9
Provision for future policyholder participation	152.9	181.2	334.1	3.1	10.8	13.9
Investments	148.7	1.4	150.1	803.8	410.0	1 213.8
Deferred acquisition costs	9.9	–	9.9	66.3	–	66.3
Property, equipment and intangible assets	25.9	–	25.9	169.9	1.6	171.5
Financial liabilities	121.4	–	121.4	0.0	–	0.0
Non-technical provisions	2.4	–	2.4	5.9	–	5.9
Employee benefits	103.0	40.3	143.3	5.0	12.7	17.7
Tax assets from losses carried forward	28.5	–	28.5	–	–	–
Other	114.4	0.0	114.4	112.9	0.0	112.9
Deferred taxes (gross)	**905.4**	**222.9**	**1 128.4**	**1 566.9**	**435.1**	**2 002.0**
Offset			–1 117.9			–1 117.9
Deferred taxes (net)			**10.5**			**884.2**

Valuation differences on shares in subsidiaries of CHF 2,148.2 million (previous year: CHF 4,696.8 million) did not lead to the recognition of deferred tax liabilities, as 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.	2022	2021
in CHF million		
Expire within 1 year	0.3	0.3
Expire between 2 and 3 years	7.6	7.6
Expire between 4 and 7 years	23.3	15.5
Without expiration	81.0	91.6
Total recognised losses carried forward	112.2	115.0
Resulting tax assets	26.8	28.5
Net tax assets from losses carried forward	**26.8**	**28.5**

10.6.2 Losses carried forward without tax assets recognised

Losses carried forward in the amount of CHF 82.3 million (previous year: CHF 90.8 million) as at 31 December 2022, no tax assets were recognised for losses carried forward, as the related tax benefits cannot be expected to be realised with the current earnings situation of the respective companies. These loss carryforwards do not have an expiry date. The tax rates applicable to material losses carried forward for which no tax assets were recognised range between 17.0% and 25.0% (previous year: 17.0% to 25.0%).

11. Total equity

11.1 Share capital and treasury shares

The fully paid up registered shares of Helvetia Holding AG have a par value of CHF 0.02 (previous year: CHF 0.02).

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%.

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 an expense of CHF 1.2 million (previous year: CHF 1.6 million) in the reporting period, which was charged to the capital reserve with no impact on profit or loss. This amount represents the difference between the 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 purpose.

	Number of shares	Share capital in CHF million
Share capital		
As of 1.1.2021	53 025 685	1.0
As of 31.12.2021	53 025 685	1.0
As of 31.12.2022	**53 025 685**	**1.0**
Treasury shares		
As of 1.1.2021	242 844	0.0
As of 31.12.2021	164 885	0.0
As of 31.12.2022	**117 070**	**0.0**
Shares outstanding		
As of 1.1.2021	52 782 841	1.0
As of 31.12.2021	52 860 800	1.0
As of 31.12.2022	**52 908 615**	**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 −2,216.6 million (previous year: CHF −654.6 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 160).

During the reporting year, a transfer of CHF −2.3 million was made (previous year: CHF −0.5 million) 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	Notes
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)	11.2.5
Non-controlling interests	
Deferred taxes on remaining portion	
Unrealised gains and losses (net) as of 31 December	

Change in retained earnings

in CHF million	2022	2021
Balance as of 1 January	3 369.7	3 097.2
Profit or loss for the period	461.1	326.2
Revaluation of benefit obligations	170.1	304.4
Change in liabilities for contracts with participation features	– 14.3	– 42.3
Deferred taxes	– 40.3	– 40.5
Comprehensive income	576.7	547.8
Transfer from / to retained earnings	– 6.6	– 7.8
Change in minority interests	99.4	– 4.0
Share capital increase	– 0.5	0.0
Dividends	– 294.9	– 263.5
Total retained earnings as of 31 December	**3 743.8**	**3 369.7**

Available-for-sale investments 2022	2021	Associates 2022	2021	Transfer of owner-occupied property 2022	2021	Total unrealised gains and losses 2022	2021
2 286.2	3 448.4	–	–	26.6	27.7	2 312.9	3 476.0
– 4 957.3	– 890.8	–	–	– 0.8	– 0.8	– 4 958.1	– 891.6
–	–	–	–	10.2	0.3	10.2	0.3
–	–	–	–	– 2.3	– 0.5	– 2.3	– 0.5
– 362.0	– 270.8	–	–	–	–	– 362.0	– 270.8
65.9	0.1	–	–	–	–	65.9	0.1
– 10.1	– 0.6	–	–	–	–	– 10.1	– 0.6
– 2 977.3	2 286.2	–	–	33.7	26.6	– 2 943.5	2 312.9
						1 113.8	– 1 080.6
						1 064.1	– 754.3
						67.4	– 22.0
						157.2	– 95.5
						– 541.1	**360.6**

11.2.5 Valuation reserves 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 additionally 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 2.15.2, from page 107).

Change in valuation reserve for contracts with participation features

in CHF million	2022	2021
Unrealised gains and losses on contracts with participation features		
Balance as of 1 January	754.3	1 101.4
Change in unrealised gains and losses	–1 821.8	–343.5
Foreign currency translation differences	3.4	–3.6
Balance as of 31 December	–1 064.1	754.3
less:		
Deferred taxes	232.6	–134.6
Unrealised gains and losses as of 31 December	–831.5	619.6
Retained earnings on contracts with participation features		
Balance as of 1 January	1 194.5	969.8
Share of profit for the year	113.8	171.0
Revaluation of benefit obligations	8.8	69.0
Deferred taxes on revaluation of benefit obligations	–1.7	–11.2
Foreign currency translation differences	0.0	0.0
Reclassifications	–5.1	–4.1
Retained earnings as of 31 December	1 310.4	1 194.5
Valuation reserves for contracts with participation features as of 31 December	**478.9**	**1 814.2**

Reclassification of the 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 2022, on the first call date Helvetia Schweizerische Versicherungsgesellschaft AG repaid a subordinated perpetual bond issued in 2015 for CHF 300 million paying interest at 3.00%. The bond was classified as equity.

In 2020, Helvetia Schweizerische Versicherungsgesellschaft AG issued a subordinated perpetual bond of CHF 275 million. This bond will pay interest at 1.50% per year until 2026. The first call date on which Helvetia has the right, but not the obligation, to repay the bond is 12 August 2026. Thereafter, the new fixed interest rate will be based on the five-year CHF mid-swap rate and the initial margin.

Furthermore, in 2020, Helvetia Schweizerische Versicherungsgesellschaft AG issued a subordinated perpetual bond of CHF 200 million. This bond will pay interest at 1.75% per year until 2028. The first call date on which Helvetia has the right, but not the obligation, to repay the bond is 26 May 2028. Thereafter, the new fixed interest rate will be based on the five-year CHF mid-swap rate and the initial margin.

The bonds meet all solvency requirements and are allocated to equity. The interest is charged directly to equity. Helvetia can suspend interest payments at its discretion only when Helvetia Holding AG does not pay any dividends and if certain other conditions are fulfilled. However, the suspended interest payments do not lapse.

11.4 Deferred taxes recognised in other comprehensive income

Deferred taxes recognised directly in other comprehensive income 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 –382.3 million (previous year: CHF 212.2 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 including 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

	2022	2021
in CHF		
Profit or loss for the period	614 405 814	519 781 712
Interest on preferred securities	– 13 997 187	– 12 494 844
Earnings for shareholders and non-controlling interests	600 408 627	507 286 868
Non-controlling interests	– 39 442 659	– 22 556 412
Earnings for shareholders without non-controlling interests	560 965 968	484 730 456
Weighted average number of shares outstanding	52 897 161	52 843 380
Earnings per share	**10.60**	**9.17**

11.6 Dividends

The Board of Directors will submit a proposal to the Annual General Meeting of 28 April 2023 to pay a dividend of 5.90 per share (previous year: CHF 5.50) with the total payout amounting to CHF 312.9 million (previous year: CHF 291.6 million). The proposed dividend will not be distributed before it has been approved by the Ordinary Annual General Meeting. The dividend distribution is only recognised when approved by the Annual General 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.

12. Provisions and other commitments

12.1 Non-technical provisions

in CHF million	2022	2021
Balance as of 1 January	134.9	139.4
Change in the scope of consolidation	0.0	0.4
Allocation	33.3	51.8
Release	–15.3	–27.7
Used amounts	–8.3	–25.9
Foreign currency translation differences	–1.4	–3.1
Other changes	0.5	–0.1
Balance as of 31 December	**143.7**	**134.9**

"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 135.9 million (previous year: CHF 126.2 million).

12.2 Contingent liabilities and other commitments

The following 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 180.1 million (previous year: CHF 166.6 million).

Assets pledged or assigned

The Helvetia Group has pledged assets of CHF 199.3 million as security for liabilities (previous year: CHF 325.4 million). They are allocated to financial investments and other assets pledged in favour of liabilities from technical business, as securities for hedging instruments or as repurchase agreements.

Legal proceedings

The Helvetia 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 financial position and financial performance.

Other contingent liabilities

At the reporting date, there was CHF 43.3 million (previous year: CHF 32.9 million) in other contingent liabilities.

13. Employee benefits

Helvetia Group had 12,628 full-time equivalent employees at 31 December 2022 (previous year: 12,128). Total personnel costs are shown in the table below.

13.1 Personnel costs

	Note	2022	2021
in CHF million			
Commissions		187.3	180.2
Salaries		768.3	773.2
Social security costs		128.8	142.3
Pension costs - defined contribution plans		11.0	10.8
Pension costs - defined benefit plans	13.3.4	92.1	95.1
Share-based payment transaction costs		6.3	4.1
Other personnel costs		67.6	69.6
Total personnel costs		**1 261.3**	**1 275.3**

13.2 Employee benefit receivables and obligations

		Receivables		Liabilities	
as of 31.12.	Notes	2022	2021	2022	2021
in CHF million					
Kind of benefit					
Defined benefit plans	13.3.1	24.4	21.1	225.8	400.5
Other long-term employee benefits		–	–	26.3	28.6
Short-term employee benefits		0.7	0.7	100.9	124.9
Total employee benefit receivables and obligations		**25.0**	**21.8**	**353.1**	**554.0**

"Other long-term employee benefits" principally contain liabilities for service awards. There are no employee contingent liabilities 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 167). 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 subject 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.

13.3.1 Reconciliation of balance sheet

as of 31.12.	2022	2021
in CHF million		
Present value of funded obligations (+)	2722.0	3599.7
Fair value of plan assets (–)	–3109.7	–3377.4
Surplus (–) / deficit (+)[1]	–387.7	222.3
Present value of unfunded obligations (+)	103.4	157.1
Unrecognised assets (asset ceiling)[1]	485.7	–
Net liability[2] for defined benefit plans	**201.4**	**379.5**

[1] 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").

[2] The "Net liabilities" position does not contain any reimbursement rights

13.3.2 Change in the present value of pension obligations

in CHF million	2022	2021
Defined benefit obligation as of 1 January	3756.9	3895.1
Change in the scope of consolidation	0.0	–
Service cost	134.0	135.7
Interest cost	10.9	7.6
Actuarial gains (–) / losses (+)		
– demographic assumptions	–46.7	–159.5
– financial assumptions	–824.1	–36.1
– experience adjustments	–23.3	67.4
Benefits (net)	–166.7	–137.2
Foreign currency translation differences	–15.6	–16.2
Defined benefit obligation as of 31 December	**2825.4**	**3756.9**

As at 31 December 2022, 91.9% (previous year: 90.1%) of the pension obligations resulted from pension plans in Switzerland.

13.3.3 Changes in the fair value of plan assets

in CHF million	2022	2021
Fair value of plan assets as of 1 January	3377.4	3153.3
Employer contributions	66.4	58.4
Employee contributions	46.0	45.0
Interest income	6.9	3.3
Benefits (net)[1]	–153.6	–122.7
Return on plan assets excluding interest income	–232.8	240.8
Foreign currency translation differences	–0.7	–0.6
Fair value of plan assets as of 31 December	**3109.7**	**3377.4**

1 This item includes paid-in and withdrawn vested benefits as well as pensions and annuities.

As at 31 December 2022, 99.6% (previous year: 99.6%) of the plan assets related to pension plans in Switzerland.

13.3.4 Net pension costs

in CHF million	2022	2021
Current service cost	134.0	135.7
Past service cost	–	–
Net interest expense	4.1	4.3
Employee contributions	–46.0	–45.0
Net pension costs for defined beneit plans	**92.1**	**95.1**

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 70.9 million.

13.3.5 Revaluation of benefit obligations

in CHF million	2022	2021
Actuarial gains (+) / losses (–)	–894.1	–128.1
Return on plan assets excluding interest income	232.8	–240.8
Limit on assets (asset ceiling)	485.7	–
Revaluation of benefit obligations	**–175.5**	**–368.9**

Revaluations of benefit obligations are recognised in the consolidated statement of comprehensive income.

13.3.6 Actuarial assumptions

	Switzerland		Abroad	
Weighted averages	2022	2021	2022	2021
in %				
Discount rate	2.3	0.2	4.2	1.2
Expected salary increases	1.5	1.0	2.5	2.1
Expected pension increases	0.0	0.0	2.4	2.0
Duration of the defined benefit liability (in years)	11.6	15.0	13.9	17.6

Helvetia based its life expectancy assumption on the BVG 2020 generation tables.

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.

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.

		Effect on benefit obligations		Effect on service cost	
as of 31.12.	Change	2022	2021	2022	2021
in CHF million					
Discount rate	+50bp	–154.8	–268.0	–3.8	–7.8
Discount rate	–50bp	171.0	306.6	3.6	9.3
Salary increases	+50bp	18.5	31.6	0.0	0.4
Salary increases	–50bp	–18.5	–31.2	–0.2	–0.5
Pensions	+50bp	123.7	219.7	0.0	0.1
Pensions	–50bp	–113.4	–199.1	–0.1	–0.2

13.3.8 Plan asset allocation

As far as investment policy and strategy are concerned, occupational pension 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 stocks, 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:

in CHF million	2022	2021
Interest-bearing securities		
– listed	901.3	1 113.5
– unlisted	4.7	6.2
Listed shares	390.5	479.3
Listed investment funds	687.3	775.2
Listed alternative investments	173.7	140.7
Listed derivative financial assets	23.1	18.7
Mortgages	122.2	67.0
Investment property	759.2	707.2
Cash and cash equivalents	24.1	62.6
Other plan assets	23.7	7.0
Total plan assets	**3 109.7**	**3 377.4**

As at 31 December 2022, plan assets include CHF 16.2 million shares issued by Helvetia Holding AG (previous year: CHF 16.2 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 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 based on the function 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 2022 were recognised in the income statement at CHF 1.2 million (previous year: CHF 1.6 million).

14.2 Members of the Board of Directors

The Board of Directors receive 30% of fixed compensation – converted at the average of the 10-day closing price (trading days) of the share calculated backwards from the day of the resolution of the Nomination and Compensation Committee with regard to compensation decisions for the attention of the Board of Directors or Annual General Meeting – in shares blocked for a minimum of three years.

For the 2022 financial year, the Board of Directors received an amount of CHF 0.8 million in blocked shares (previous year: CHF 0.8 million). This corresponds to 6,838 shares at CHF 116.95 (previous year: 7,543 shares at CHF 105.50).

14.3 Members of the Executive Management

The members of the Executive Management receive as part of their variable compensation a long-term share-based compensation component. This is based both on the individual performance of the respective member of the Executive Management and the business success, taking account of financial and non-financial key figures (e.g. ESG). The share-based variable compensation is converted into a specific number of shares and transferred to the member of the Executive Management in the form of shares blocked for five years. The conversion price per share corresponds to the average of the 10-day closing price (trading days) calculated backwards from the day of the resolution of the Board of Directors with regard to the compensation decisions for the attention of the Annual General Meeting.

The amount of share-based compensation recognised in profit or loss in 2022 is CHF 3.2 million (previous year: CHF 1.4 million). This comprises the shared-based compensation for the 2022 financial year. In addition, deferred shares allocated from a previous programme (LTC) are recognised annually in the income statement on a pro rata basis until the transfer of ownership.

For the 2022 financial year shares to the value of CHF 3.7 million – subject to approval by the Annual General Meeting – were allocated to the Executive Management of the Group (previous year: CHF 2.0 million). As of 23 February 2023 this corresponds to 31,543 shares at a price of CHF 116.95 (previous year: 17,564 shares at CHF 111.80). The final number of allocated shares is determined on 2 March 2023.

14.4 Members of the Executive Management of the market units

The members of the Executive Management teams of the market units receive a variable compensation component from the Group in addition to the local compensation. This is based on the same system as that applied to the Executive Management (section 14.3). This results-based component is (as of 23 February 2023) paid out in the form of 21,401 shares (previous year, without market unit Switzerland: 6,503). The conversion price per share is calculated as described in section 14.3. All shares acquired in this manner are transferred to the ownership of the Executive Management members upon receipt and are subject to a mandatory vesting period of five years. The share-based payments for the 2022 financial year amounted to CHF 2.5 million (previous year, without market unit Switzerland: CHF 0.7 million).

15. Related-party transactions

15.1 Transactions with related companies

"Related companies" are the cooperation partners represented on the Board of Directors of Helvetia Group, i.e. Patria Genossenschaft and the pension funds and all associates of Helvetia Group. The latter two are discussed in section 13.3 "Defined benefit plans" (page 164) and section 7.4 "Investments in associates" (page 134).

Patria Genossenschaft, Basel, directly holds 34.1 % of the capital of Helvetia Holding AG.

Helvetia Schweizerische Lebensversicherungsgesellschaft AG and Patria Genossenschaft have concluded renewable agreements for capital support. Each of these agreements refer to a specific financial year and they document an undertaking by Patria Genossenschaft to contribute regulatory capital of up to CHF 50 million (previous year: CHF 50.0 million) to Helvetia Schweizerische Lebensversicherungsgesellschaft AG should certain adverse scenarios arise. The agreements will, if needed, be executed at normal market conditions.

The dividend payment to Patria Genossenschaft in the amount of CHF 99.4 million (previous year: CHF 90.4 million) and the contribution of CHF 45 million (previous year: CHF 45 million) from 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

Members of the Board of Directors 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 significant fees or remuneration relating to additional services. Where such additional services are compensated, they form an integral part of the total remuneration stated below.

The total compensation paid to the members of the Board of Directors and the Group Executive Management comprises:

as of 31.12.	2022	2021
in CHF		
Salaries and other short-term employee benefits	10 872 465	10 518 144
Variable compensation in shares (from 1.1.2022)	3 688 954	–
Prospective share-based payment (until 31.12.2021)	–	1 963 655
Employer contributions to pension funds	3 605 382	3 023 610
Total compensation	**18 166 801**	**15 505 409**

15.2.2 Loans and guarantees

Members of the 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 the following members of the Executive Management:

- to Philipp Gmür for CHF 1,000,000 (previous year: CHF 1,000,000). In the reporting year the loan earned interest at 0.95% (previous year: 0.95%).
- to Roland Bentele for CHF 1,350,000 (previous year: CHF 1,350,000) with 0.80% interest (previous year: 0.80%).
- to Beat Müller for CHF 1,170,000 (previous year: CHF 1,170,000). In the reporting year the loan earned interest at 0.81% (previous year: 0.81%).
- to David Ribeaud for a total sum of CHF 1,015,000 (previous year: CHF 1,015,000). In the reporting year, the loans earned interest as follows: CHF 595,000 at 0.89% (previous year: 0.89%) and CHF 420,000 at 0.95% (previous year: 0.95%).

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 a total sum of CHF 765,000 (previous year: CHF 765,000). In the reporting year, the loan, a fixed mortgage at normal customer conditions, had the same interest rate as in the previous year of 1.57%.

There are no other loans or guarantees.

15.2.3 Shares of Group Executive Management

The shares held by the members of the Executive Management and persons closely related to them as of the end of the year are listed in the following table:

as of 31.12.	2022	2021
Number of shares		
Philipp Gmür	29275	26215
Achim Baumstark	1700	1400
Roland Bentele	1217	647
Markus Gemperle	10200	8800
Martin Jara	523	523
André Keller	700	400
Annelis Lüscher Hämmerli	700	400
Beat Müller	4350	4250
David Ribeaud	7535	6165

In addition to the ownership of shares as reported, the active members of the Group Executive Management have deferred claims to a total of 37,829 shares acquired under the LTC programme, which was valid until 2021 and responsible for the long-term share-based component of the variable compensation.

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.	2022	2021
Number of shares		
Thomas Schmuckli (Chair)	2709	1983
Hans Künzle (Vice Chair)	3481	3459
Beat Fellmann (member)	4014	2916
Jean-René Fournier (member)	4002	3518
Ivo Furrer (member)	2317	2457
Luigi Lubelli (member)	200	–
Gabriela Maria Payer (member)	6072	5417
Andreas von Planta (member)	6459	5861
Regula Wallimann (member)	2379	1781

16. Risk management

16.1 Principles of risk management

The integrated risk management of Helvetia Group ensures that all material risks are 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 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 the Executive Management;
- ensure appropriate monitoring of the effectiveness of internal control systems by the Executive Management.

Board of Directors

Within the stipulated parameters, the Board of Directors delegates operational aspects of risk management. For example, the monitoring of the Group's risk profile is 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) are delegated to the Audit Committee.

Executive Management

The 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 in the Executive Management Risk Committee meetings under the direction of the Chief Risk Officer (CRO). Other members of the Executive Management Risk Committee are the Group CEO, Chief Financial Officer (CFO), Chief Investment Officer (CIO) and Head of Actuarial Services.

The Risk Committee is also managed by the CRO and advises the Executive Management. It 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 Group Chief Financial Officer, Chief Financial Officer Switzerland, Head of Treasury & Capital Management, CIO, Head of Actuarial Life, Head of Investment Solutions and Head of Legal & Compliance. Other specialists can be invited to attend Risk Committee meetings 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 the 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.

Internal Audit

The internal audit unit, an independent in-house team reporting directly to the Chair of the Audit Committee, 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 key components of this 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. 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 as well as long-term liquidity risk and other market risks such as inflation risk), medium- and short-term liquidity risks, counterparty risks, operational risks, strategic and emerging risks. Cyber risks represent an important sub-category of operational risks. Reputation risks are not recorded as a separate risk category; instead, their impact is accounted for under operational, strategic and emerging risks. Sustainability risks can arise from environmental, social and governance (ESG) factors. Sustainability risks, including climate change risks, are not viewed as a fundamentally new risk category, but rather as risk drivers, which impact and influence the existing risk landscape.

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.

16.2 Non-life technical risks

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. The "Specialty Markets" segment includes the globally active reinsurance business, the international and Swiss technical, transport, aviation, space and art business and the France country market, which is focused on the transport business. This segment also includes a large part of the business of Helvetia Liechtenstein, the branch in Singapore and the representative offices in Miami and London. In contrast, the segments "Switzerland" and "Europe" are basically defined geographically. The share of the gross premiums per country market is as follows: Switzerland 26.0% (previous year: 26.6%), Germany 9.8% (previous year: 10.3%), Italy 8.0% (previous year: 8.5%), Spain 21.7% (previous year: 22.8%), Austria 5.8% (previous year: 6.0%). The share of the "Specialty Markets" segment is 28.8% (previous year: 25.8%), of which 6.7% (previous year: 6.3%) is attributable to the French country market and 13.3% (previous year: 11.5%) to active reinsurance.

Gross premiums by sector and country in the non-life business

as of 31.12.2022	Switzerland	Europe				Specialty Markets	Total
in CHF million		Germany	Italy	Spain	Austria		
Property	700.4	327.9	160.6	845.8	152.1	530.0	2716.8
Transport / Art	2.8	67.2	11.2	37.3	6.7	498.1	623.4
Motor vehicle	749.1	193.0	211.4	316.8	149.6	42.5	1662.3
Liability	168.9	62.8	75.1	85.9	47.8	9.3	449.8
Accident / health	188.3	28.3	100.1	224.7	46.6	–	588.0
Active Reinsurance						924.6	924.6
Gross premiums non-life	**1809.4**	**679.3**	**558.4**	**1510.5**	**402.8**	**2004.6**	**6964.9**

as of 31.12.2021	Switzerland	Europe				Specialty Markets	Total
in CHF million		Germany	Italy	Spain	Austria		
Property	787.8	327.8	150.9	832.6	146.9	465.0	2711.1
Transport / Art	2.9	61.9	10.4	34.8	6.4	446.6	563.1
Motor vehicle	634.1	196.7	233.1	333.2	151.2	35.2	1583.4
Liability	164.2	67.2	71.5	83.6	47.6	2.1	436.1
Accident / health	179.1	31.5	102.6	235.6	47.2	–	596.1
Active Reinsurance						766.5	766.5
Gross premiums non-life	**1768.1**	**685.1**	**568.5**	**1519.8**	**399.3**	**1715.5**	**6656.3**

This table was created using principles on which the segment reporting in section 3 (from page 111) is based. Group reinsurance is included in the "Corporate" segment and in the "Other activities" business area. Information on gross premiums and cessions in these segments can be found in section 3. The role of Group reinsurance is shown in the following sections. The description below of the risks is also relevant for the Group reinsurance business as some of the risks of the non-life business are transferred in the form of reinsurance to the "Corporate" segment so that a centralised transfer can then be made to the reinsurance market.

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. In particular, correctly pricing events with a low frequency and very high damages is subject to some uncertainty. These events include natural disasters (floods, earthquakes, storms and hail), which are particularly relevant for property insurance and motor vehicle portfolios. They also relate to major losses caused by people (liability, fire and terrorism).

In addition to the prospective risk of a risk premium being too low, there is also the retrospective risk of inadequate provision for known losses or lack of reserves for losses that have occurred but are not yet known. In terms of large risks, there is more uncertainty associated with estimating future claims payments as it can take a longer time to process such claims. In the case of sectors such as liability, a longer period of time can also pass between the occurrence of a loss and it becoming known. The change in such losses can have a major impact on the technical result. For example, a change in the net claims ratio of +/–5 percentage points would have a positive or negative effect of CHF 288.6 million (previous year: CHF 276.5 million) on the income statement (without taking account of tax effects).

Active reinsurance considers itself as a co-insurer and usually holds smaller parts of reinsurance contracts. This policy of small holdings, combined with broad diversification (geographical and by insurance segment), leads to a balanced reinsurance portfolio.

Helvetia Group has designed its business processes in accordance with the principle of commercial prudence. This assumes that the risks are adequately identified, assessed, monitored and controlled and reported and can be duly taken into account for the assessment of the capital requirements. The Group addresses prospective and retrospective risks with actuarial controls, adequate reserves and diversification. Helvetia Group's consistent focus on a portfolio that is well diversified geographically and across sectors encourages risk-balancing and reduces the risks described above. Helvetia Group controls the technical risks 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. In order to cover existing liabilities that are still to be claimed by policyholders, Helvetia 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.

Group reinsurance

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. Treaty reinsurance contracts are coordinated by the Group reinsurance business unit as part of Helvetia Schweizerische Versicherungsgesellschaft AG and usually 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 optimum management of the purchase of reinsurance protection.

Group-wide, the technical risks in the non-life business are dominated by natural hazards. The reinsurance cover for all Helvetia companies is structured in such a way that the claims remaining from a natural disaster or an individual risk at Group level are aligned with the risk strategy. The reinsurance is incremental per risk and event by means of a proportional and non-proportional reinsurance. For more information about the quality of reinsurance and claims settlement, please see sections 16.6 "Counterparty risks" (from page 191) and 9 "Insurance business" (from page 144). In the current year 13.2% (previous year: 12.7%) of the premiums written in the non-life business were ceded to reinsurers. 68.0% (previous year: 64.7%) were ceded to Group reinsurance and the rest directly to external reinsurance companies. 50.5% (previous year: 53.9%) of the premiums written by Group reinsurance were retroceded.

16.3 Life technical risks

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 technical risks associated with these products are presented in detail in subsequent sections. There is also a small portfolio from the active reinsurance business, which – due to its size – will not be discussed further in the following description. The life insurance business operates primarily in Switzerland, which accounts for 71.9% (previous year: 67.6%) 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 1.4% (previous year: 1.3%) of the premiums written in the life business in 2022 was ceded to reinsurers. 29.8% (previous year: 18.6%) were ceded to Group reinsurance and the rest to external reinsurance companies. 75.2% (previous year 74.0%) of the premiums written by Group reinsurance were retroceded.

Gross premiums by business activities and region in the life business

as of 31.12.2022	Switzerland	Europe				Total
in CHF million		Germany	Italy	Spain	Austria	
Traditional individual life insurance	422.2	79.3	214.2	126.3	38.0	880.0
Group insurance	1 905.4	–	8.2	173.1	–	2 086.7
Investment-linked life insurance	421.5	243.8	0.0	39.0	149.9	854.2
Gross premiums life	**2 749.1**	**323.1**	**222.4**	**338.3**	**188.0**	**3 820.9**

as of 31.12.2021	Switzerland	Europe				Total
in CHF million		Germany	Italy	Spain	Austria	
Traditional individual life insurance	466.7	87.5	283.7	160.6	43.5	1 042.0
Group insurance	1 982.9	–	22.7	281.9	–	2 287.5
Investment-linked life insurance	354.8	265.4	0.0	50.2	151.3	821.8
Gross premiums life	**2 804.4**	**352.9**	**306.5**	**492.7**	**194.8**	**4 151.3**

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 23.0% (previous year: 25.1%) of the gross premium volume of the life business of Helvetia Group, with 48.0% of the premiums (previous year: 44.8%) coming from Switzerland. Investment-linked life insurance (index and unit-linked products) contributes 22.4% to the life business of the Helvetia Group (previous year: 19.8%). 49.3% of the premiums (previous year: 43.2%) from the investment-linked life business originate in Switzerland.

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 important exceptions apply to the guaranteed bases: there are no interest guarantees for the unit-linked insurance policies. However, there may be some products that guarantee the payment of a minimum survival benefit. In Switzerland, premiums for insurance policies for disability pensions are not guaranteed for policies underwritten since mid-1997, and may be adjusted. In Germany, the premiums can also be adjusted for the portfolio in clearly defined exceptional cases on the basis of the Insurance Contract Act. Premium adjustments for the portfolio are also possible in Spain, albeit only for risk insurance.

16.3.2 Group life insurance

Group life insurance accounts for 54.6% (previous year: 55.1%) of the gross premium volume of the life business of Helvetia Group, with 91.3% of the premiums (previous year: 86.7%) coming from Switzerland. In future, group life insurance will only refer to occupational pension plans in Switzerland, as the characteristics of the other group life insurance products are very similar to individual 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.

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 interest rate has been 1.00% since 2017 and it will remain at that level for the coming year. The interest rate set by Helvetia Group for the non-mandatory component has been 0.25% since 2017 and will remain at that level 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.

16.3.3 Risk management and sensitivity analysis

Helvetia Group has designed its business processes in accordance with the principle of commercial prudence. This assumes that the risks can be adequately assessed, evaluated, monitored and controlled. 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. For example, socioeconomic changes such as demographic change, the consequences of epidemics and pandemics and health risks, resulting from changes to lifestyle habits, are taken into account where possible. Most of those calculations integrate the analysis of parameter sensitivities in order to monitor the effects of adverse developments in investment returns, mortality, morbidity risks, 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 portfolio.

In individual life, an insurance policy which includes death or morbidity risk may under normal conditions be underwritten only on the condition of good health. The application review uses a health questionnaire, and from a certain level of risk, is supplemented by a medical examination.
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 nonmandatory 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 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, with the deductible varying by country. In addition, Helvetia Switzerland, Caser and Helvetia Spain and, for some specific risks, Helvetia Italy are reinsured against catastrophic events that may concurrently cause several casualties or claim several lives.

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 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 following 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. If the deflection of a parameter necessitates a higher reserving requirement, but one of the fundamental parameters in the local reserves already has sufficient safety margins, then a change in this parameter will not require a further 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.

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 insurance, 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, shareholders may have to bear losses. 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.

The table below shows how changed parameters have an effect on the income statement. Referring to the overall portfolio, an increase in mortality by 10% across all Helvetia Group companies would have no negative effect. A 10% reduction in mortality would lead to a reserve increase with a corresponding impact on the income statement.

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 the reactivation rate are analysed in detail. A 10% increase in disability or a 10% reduction in the reactivation rate would lead to a reserve increase with a negative impact on the income statement.

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.

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. A 10% reduction in the cancellation rate would lead to a reserve increase with a corresponding impact on the income statement.

Technical sensitivities

as of 31.12.	Deflection	Sensitivity of income statement 2022	2021
in CHF million			
Mortality	–10%	–84.4	–88.4
Disability	+10%	–0.9	–3.1
Reactivation rate	–10%	–2.2	–1.9
Costs	+10%	–38.5	–47.7
Cancellation	–10%	–7.4	–10.1

Interest rate risk
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 2022, 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.

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.

Please see section 16.4.1 (from page 180) on the effect of a change in interest rates on equity and the income statement.

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

As at 31 December 2022, Helvetia Group managed investments totalling CHF 52.0 billion (previous year: CHF 60.0 billion).

The main market risks to which the Group is exposed are interest rate risk, exchange rate risk and share 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 and private debt. Savings accumulated in unit-linked policies are invested in a wide range of own and third-party funds, equities and bonds. The market risks associated with these funds lie with Helvetia Group's insurance customers.

Helvetia Group has established a process to ensure that all assets are invested in accordance with the principle of commercial prudence. This means that Helvetia Group only invests in assets and instruments whose risks can be properly assessed, evaluated, monitored and controlled. Market risks are controlled via the investment strategy and, if necessary, reduced by the use of derivative hedging instruments. Foreign currency risks are currently hedged in this way and the risk of losses on equity investments controlled. In Helvetia's own 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 138) and 7.7.2 "Derivative financial liabilities" (page 139).

Risk-bearing capacity is determined through equity and loss limits. The Investment Committee monitors and controls the investment risks of Helvetia Group. The appropriate procedures, methods and indicators have been established for this purpose. Priority is given here to the concept of asset and liability management (ALM). The investment strategy is defined annually and reviewed quarterly at Board of Directors level. Ongoing monitoring is performed via a reporting system.

16.4.1 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 128).

Both the amount of the technical reserves and the value of most investments of Helvetia Group depend 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 ALM 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 profile of financial assets

as of 31.12.2022	< 1 year	1–5 years	5–10 years	> 10 years	Without maturity	Total
in CHF million						
Loans (LAR) incl. money market instruments	972.4	3 247.7	1 466.8	1 536.0	176.7	7 399.7
Held-to-maturity investments (HTM)	132.2	369.7	513.2	829.6	–	1 844.6
Available-for-sale investments (AFS)	1 400.8	6 438.2	7 490.4	7 672.3	2 096.4	25 098.0
Financial assets at fair value through profit or loss	447.1	1 124.7	394.0	349.1	6 981.0	9 296.0
Derivative financial assets for hedge accounting	55.7	–	–	–	–	55.7
Total financial assets	**3 008.2**	**11 180.3**	**9 864.4**	**10 387.0**	**9 254.1**	**43 694.0**

as of 31.12.2021	< 1 year	1–5 years	5–10 years	> 10 years	Without maturity	Total
in CHF million						
Loans (LAR) incl. money market instruments	1 323.5	3 621.8	1 630.5	1 693.6	171.3	8 440.8
Held-to-maturity investments (HTM)	20.1	416.1	568.5	867.7	–	1 872.4
Available-for-sale investments (AFS)	1 315.5	7 701.7	8 873.9	10 956.3	2 374.8	31 222.1
Financial assets at fair value through profit or loss	586.9	1 152.2	467.6	458.2	7 688.9	10 353.9
Derivative financial assets for hedge accounting	39.4	0.2	–	–	–	39.6
Total financial assets	**3 285.3**	**12 892.1**	**11 540.5**	**13 975.8**	**10 235.0**	**51 928.8**

A statement on the ALM situation of a portfolio can be made by comparing the technical interest rate for reserves with investment returns. 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 technical interest rate ranges from –0.45% to 4%.

Interest rate guarantees in the life business

	Direct business Switzerland		Direct business EU	Reinsurance
as of 31.12.2022	CHF	Other currencies	EUR	
in CHF million				
Actuarial reserves for insurance and investment contracts:				
– excluding interest guarantee	970.0	–	2 295.3	–
– with negative guaranteed interest	345.3	–	–	–
– with 0% guaranteed interest	1 185.8	0.0	2 139.7	2.4
– with positive guaranteed interest	24 065.0	42.7	6 384.9	–
Average technical interest rate in per cent	**0.77**	**2.44**	**0.84**	**0.00**

as of 31.12.2021	Direct business Switzerland CHF	Direct business Switzerland Other currencies	Direct business EU EUR	Reinsurance
in CHF million				
Actuarial reserves for insurance and investment contracts:				
– excluding interest guarantee	1 135.0	–	2 600.0	–
– with negative guaranteed interest	265.8	–	143.4	–
– with 0 % guaranteed interest	1 244.7	0.0	2 384.5	2.4
– with positive guaranteed interest	25 099.4	49.3	7 783.6	–
Average technical interest rate in per cent	**0.83**	**2.43**	**0.80**	**0.00**

Interest rate sensitivities

as of 31.12.	Interest rate level 2022 +10 bp	Interest rate level 2022 –10 bp	Interest rate level 2021 +10 bp	Interest rate level 2021 –10 bp
in CHF million				
Income statement	1.2	–4.9	1.7	–14.5
Equity	–70.6	71.5	–99.2	100.6
Gross, not taking into account the latency calculation and derivatives	–157.2	147.5	–226.4	201.0

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 mixed 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 it 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.

16.4.2 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 US). The share of each item of the total equity portfolio (direct investment) is generally below 7%. 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 6.1 % (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.	Share price risk sensitivities 2022 +10%	–10%	Share price risk sensitivities 2021 +10%	–10%
in CHF million				
Income statement	59.1	–37.4	117.2	–119.6
Equity	67.3	–55.8	61.7	–48.3
Gross, not taking into account the latency calculation and derivatives	277.8	–272.7	339.8	–334.3

The above table analyses the impact of a change in the share price on Helvetia Group's equity and income statement, taking account of 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 mixed funds. The effects of share price changes on impairments was considered.

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 it 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 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 and GBP against the Swiss franc.

Exchange rate sensitivities

as of 31.12.2022	Exchange rate EUR / CHF		Exchange rate USD / CHF		Exchange rate GBP / CHF	
	+2%	–2%	+2%	–2%	+2%	–2%
in CHF million						
Income statement	–6.3	6.3	–12.9	12.9	–3.2	3.2

as of 31.12.2021	Exchange rate EUR / CHF		Exchange rate USD / CHF		Exchange rate GBP / CHF	
	+2%	–2%	+2%	–2%	+2%	–2%
in CHF million						
Income statement	–5.4	5.4	–10.5	10.5	–2.8	2.8

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 exchange rate changes where the probability of it 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.

Consolidated foreign currency balance sheet 2022

as of 31.12.2022	CHF	EUR	USD	Others	Total
in CHF million					
Assets					
Property and equipment	444.8	581.9	0.3	0.0	1026.9
Goodwill and other intangible assets	975.7	699.1	0.0	–	1674.8
Investments in associates	26.3	60.3	–	–	86.6
Investment property	7071.8	815.7	–	–	7887.5
Group financial assets	18124.8	15719.9	4766.9	245.0	38856.6
Investments with market risk for the policyholder	1291.7	3042.2	475.8	27.7	4837.4
Receivables from insurance business	420.3	1109.4	732.0	244.8	2506.5
Deferred acquisition costs	351.4	363.7	22.8	86.9	824.7
Reinsurance assets	42.5	556.4	223.9	80.1	903.0
Deferred tax assets	13.9	88.5	–	–	102.5
Current income tax assets	27.2	23.3	–	–	50.5
Assets held-for-sale	318.8	–	–	–	318.8
Other assets	214.0	420.2	–25.5	48.0	656.6
Accrued investment income	99.6	126.8	25.9	0.3	252.6
Cash and cash equivalents	637.1	698.6	91.4	32.9	1460.0
Total assets	**30060.0**	**24306.0**	**6313.5**	**765.6**	**61445.1**

as of 31.12.2022	CHF	EUR	USD	Others	Total
in CHF million					
Liabilities					
Actuarial reserves (gross)	26568.5	10858.4	4.2	–	37431.1
Provision for future policyholder participation	629.3	43.3	–	–	672.5
Loss reserves (gross)	1834.5	2793.4	1309.2	399.4	6336.5
Unearned premium reserve (gross)	475.1	1620.9	403.0	311.7	2810.8
Financial liabilities from financing activities	954.4	1281.6	147.9	0.0	2384.0
Financial liabilities from insurance business	673.7	1574.0	2.9	0.1	2250.7
Other financial liabilities	674.6	185.7	61.5	–	921.8
Liabilities from insurance business	1480.0	612.6	385.0	62.5	2540.1
Non-technical provisions	92.6	51.1	–	–	143.7
Employee benefit obligations	91.3	261.2	–	0.6	353.1
Deferred tax liabilities	398.8	–5.6	0.2	–	393.5
Current income tax liabilities	8.5	10.4	0.3	0.0	19.3
Other liabilities and accruals	158.1	330.9	1.1	5.3	495.5
Total liabilities	**34039.5**	**19618.0**	**2315.4**	**779.7**	**56752.5**

Consolidated foreign currency balance sheet 2021

as of 31.12.2021	CHF	EUR	USD	Others	Total
in CHF million					
Assets					
Property and equipment	426.6	601.2	0.4	0.0	1 028.3
Goodwill and other intangible assets	1 008.8	857.6	0.0	–	1 866.4
Investments in associates	28.2	35.9	–	–	64.1
Investment property	6 851.1	821.9	–	–	7 673.0
Group financial assets	20 558.0	19 999.6	5 501.1	309.7	46 368.5
Investments with market risk for the policyholder	1 560.6	3 406.2	564.8	28.6	5 560.3
Receivables from insurance business	467.4	911.4	579.9	177.7	2 136.4
Deferred acquisition costs	331.4	348.2	19.3	52.7	751.7
Reinsurance assets	72.6	624.3	187.3	69.1	953.3
Deferred tax assets	6.6	3.9	–	–	10.5
Current income tax assets	226.6	18.5	–	–	245.1
Assets held-for-sale	343.2	–	–	–	343.2
Other assets	215.6	350.6	–11.8	48.7	603.1
Accrued investment income	105.3	150.9	24.5	0.3	281.0
Cash and cash equivalents	795.4	869.8	152.0	41.6	1 858.8
Total assets	**32 997.5**	**29 000.1**	**7 017.7**	**728.4**	**69 743.6**

as of 31.12.2021	CHF	EUR	USD	Others	Total
in CHF million					
Liabilities					
Actuarial reserves (gross)	27 747.2	12 956.2	4.7	–	40 708.1
Provision for future policyholder participation	2 106.7	764.8	–	–	2 871.4
Loss reserves (gross)	1 886.7	2 737.3	1 149.6	322.3	6 095.9
Unearned premium reserve (gross)	465.4	1 567.3	329.7	210.4	2 572.8
Financial liabilities from financing activities	552.3	1 365.4	184.9	3.1	2 105.6
Financial liabilities from insurance business	690.6	1 758.6	2.9	–0.7	2 451.3
Other financial liabilities	950.6	177.3	86.9	–	1 214.8
Liabilities from insurance business	1 484.9	408.0	309.8	52.3	2 254.9
Non-technical provisions	87.4	47.5	–	–	134.9
Employee benefit obligations	150.1	403.3	–	0.6	554.0
Deferred tax liabilities	669.2	214.0	1.0	–	884.2
Current income tax liabilities	201.5	30.4	0.6	0.0	232.5
Other liabilities and accruals	152.2	307.7	7.9	5.7	473.6
Total liabilities	**37 144.7**	**22 737.9**	**2 077.9**	**593.6**	**62 554.1**

16.5 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 profile of recognised insurance liabilities

as of 31.12.2022	< 1 year	1–5 years	5–10 years	> 10 years	Without maturity	Total
in CHF million						
Actuarial reserves (gross)	3 112.2	10 160.1	8 449.2	15 245.9	463.6	37 431.1
Provision for future policyholder participation	182.7	72.1	49.3	265.2	103.2	672.5
Loss reserves (gross)	2 703.6	2 273.2	767.7	591.3	0.7	6 336.5
Unearned premium reserve (gross)	2 810.8	–	–	–	–	2 810.8
Total reserves for insurance and investment contracts (gross)	8 809.3	12 505.5	9 266.3	16 102.4	567.5	47 250.9
Reinsurers' share	407.1	249.9	38.5	68.9	34.5	798.9
Total reserves for insurance and investment contracts (net)	**8 402.2**	**12 255.6**	**9 227.8**	**16 033.4**	**533.0**	**46 452.0**

as of 31.12.2021	< 1 year	1–5 years	5–10 years	> 10 years	Without maturity	Total
in CHF million						
Actuarial reserves (gross)	2 962.3	10 264.0	8 437.7	18 063.5	980.6	40 708.1
Provision for future policyholder participation	175.1	73.4	45.2	119.7	2 458.0	2 871.4
Loss reserves (gross)	2 597.3	2 107.9	711.8	678.9	–	6 095.9
Unearned premium reserve (gross)	2 572.8	–	–	–	–	2 572.8
Total reserves for insurance and investment contracts (gross)	8 307.5	12 445.3	9 194.7	18 862.0	3 438.6	52 248.2
Reinsurers' share	470.1	219.5	48.1	78.1	34.6	850.4
Total reserves for insurance and investment contracts (net)	**7 837.4**	**12 225.8**	**9 146.6**	**18 783.9**	**3 404.0**	**51 397.7**

The above tables show the expected maturity of the amounts recognised in the balance sheet.

Maturity profile of financial liabilities and liabilities (excluding derivative instruments)

as of 31.12.2022	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	2 137.4	77.0	16.8	11.2	5.8	2.5	2 250.7
Financial liabilities from financing activities	–	74.5	1 059.5	837.5	–	302.6	2 274.0
Liabilities from insurance business	325.5	2 155.2	55.6	–	–	3.8	2 540.1
Other financial and other liabilities	6.2	906.5	32.5	38.5	79.4	11.3	1 074.3
Total financial and other liabilities	**2 469.2**	**3 213.1**	**1 164.4**	**887.1**	**85.1**	**320.2**	**8 139.2**

as of 31.12.2021	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	2 345.1	68.4	14.0	11.2	6.5	6.2	2 451.3
Financial liabilities from financing activities	–	81.3	590.8	1 431.9	–	353.2	2 457.1
Liabilities from insurance business	346.9	1 854.7	52.6	0.0	–	0.7	2 254.9
Other financial and other liabilities	6.0	1 074.2	46.8	23.4	79.8	8.8	1 238.9
Total financial and other liabilities	**2 698.0**	**3 078.5**	**704.2**	**1 466.5**	**86.3**	**368.8**	**8 402.3**

The above figures may differ from the amounts reported in the balance sheet, as these represent undiscounted cash flows. The allocation of financial liabilities and other liabilities to the category "callable at any time" is 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 31.12.2022	Fair value	Maturity of non-discounted flows of funds			
		< 3 months	3–6 months	6–12 months	> 1 year
in CHF million					
Derivative financial assets:					
Interest rate swaps	9.1				
Inflow		8.6	2.4	15.5	69.7
Outflow		–2.8	–1.1	–18.8	–49.7
Forward exchange transactions	151.9				
Inflow		–400.8	593.9	889.8	1 124.3
Outflow		427.8	–563.9	–891.4	–1 120.2
Other (excercise not planned)	168.3				
Derivatives for hedge accounting	55.7				
Inflow		536.1	432.0	55.8	415.6
Outflow		–524.2	–426.3	–53.7	–413.8
Total derivative financial assets	**385.0**	**44.7**	**37.0**	**–2.9**	**25.9**
Derivative financial liabilities:					
Interest rate swaps	0.3				
Inflow		0.2	0.1	0.1	0.5
Outflow		–0.4	–1.0	0.0	–5.6
Forward exchange transactions	31.7				
Inflow		–217.9	–722.1	–904.1	–48.3
Outflow		231.1	734.5	927.9	49.4
Other (excercise not planned)	62.1				
Derivatives for hedge accounting	–				
Inflow		–	–	–	–
Outflow		–	–	–	–
Total derivative financial liabilities	**94.1**	**13.0**	**11.5**	**24.0**	**–4.1**

as of 31.12.2021	Fair value	Maturity of non-discounted flows of funds			
		< 3 months	3–6 months	6–12 months	> 1 year
in CHF million					
Derivative financial assets:					
Interest rate swaps	1.0				
Inflow		2.2	–	–	–
Outflow		–1.2	–	–	–
Forward exchange transactions	158.9				
Inflow		732.7	1 769.2	2 558.2	841.6
Outflow		–714.2	–1 709.9	–2 515.4	–822.2
Other (excercise not planned)	212.1				
Derivatives for hedge accounting	39.4				
Inflow		233.6	784.9	136.6	–
Outflow		–228.7	–757.2	–131.8	–
Total derivative financial assets	**411.3**	**24.4**	**87.1**	**47.6**	**19.4**
Derivative financial liabilities:					
Interest rate swaps	7.1				
Inflow		–4.1	–1.7	–3.3	–29.0
Outflow		2.9	1.6	6.3	35.6
Forward exchange transactions	21.4				
Inflow		708.1	61.8	–135.2	–
Outflow		–697.7	–54.5	139.6	–
Other (excercise not planned)	139.6				
Derivatives for hedge accounting	2.9				
Inflow		–362.8	–	–159.6	–
Outflow		362.7	–	164.0	–
Total derivative financial liabilities	**171.0**	**9.1**	**7.2**	**11.8**	**6.6**

16.6 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.

16.6.1 Risk exposure

Helvetia Group is mainly exposed to counterparty risk in the following areas:

- Counterparty risks arising from interest-bearing securities, money market instruments and net cash positions. The amount of gross counterparty risk exposure in connection with interest-bearing securities and money market instruments is shown in the tables in section 16.6.2 (page 193). The maximum default risk of the net cash position corresponds to "Cash and cash equivalents" in the consolidated balance sheet.
- Counterparty risks associated with loans and mortgages: The largest items in the asset class of loans form the promissory note loans (92.3 %), as well as policy loans (4.5 %). 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 16.6.2 (page 193) 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. Most of the outstanding receivables from the OTC derivatives are covered by collateral. The scope of the hedging with cash collateral is CHF 333.8 million (previous year: CHF 405.1 million). Existing netting agreements are also relevant. Refer to the table for detailed information about derivative financial instruments.
- Counterparty risks from alternative investments and bond funds: The largest positions in the "alternative investments" asset class are private debt instruments (99.3 %) and structured products (0.7 %). There is also a credit risk from the bond and money market funds managed by external providers, of which 61.4 % can be attributed to infrastructure funds.
- 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 first-class 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 151) "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. Since the insurance cover is linked to the fulfilment of the contractual obligations on the part of the customer, the resulting risk is low for the insurance company.
- Counterparty risks from financial guarantees and loan commitments: detailed information on contingent obligations can be found in section 12 (page 162).

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 Group, 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		
as of 31.12.2022		Financial instruments	Cash collaterals	Net amount
in CHF million				
Derivative financial assets	385.1	–53.9	–333.8	–2.6
Derivative financial liabilities	94.1	–53.9	–10.1	30.1

	Gross and net amounts of financial instruments in the balance sheet	Offsettable, non-netted amounts		
as of 31.12.2021		Financial instruments	Cash collaterals	Net amount
in CHF million				
Derivative financial assets	411.3	–61.2	–405.1	–55.0
Derivative financial liabilities	171.0	–61.2	–15.3	94.5

16.6.2 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. "Alternative investments" covers private debt instruments and structured products. Investment funds with credit risk are restricted to bond and money market funds. The securities and issuer ratings of recognised rating agencies were used to show credit quality. Private debt instruments are listed as "Not rated", the underlying counterparties can mainly be rated "BB or lower". The notes held by Caser of CHF 1,094 million (previous year: CHF 1,473 million) for the targeted cash flow transformation are also listed as "Not rated". Over 95% of the underlying counterparties have an investment grade rating. Fewer than 5% are not rated.

Credit quality of interest rate instruments, loans and derivative financial instruments by asset class

as of 31.12.2022	AAA	AA	A	BBB	BB and lower	Not rated	Total
in CHF million							
Bonds	9762.1	6105.6	4766.1	5506.9	18.8	1697.7	27857.2
Investment funds	–	–	–	–	–	439.6	439.6
Alternative investments	–	–	2.5	–	–	981.4	983.9
Derivative financial assets	47.1	74.7	103.8	24.5	–	92.2	342.3
Mortgages	–	–	–	–	–	3667.8	3667.8
Loans	154.6	486.6	119.8	–	–	68.8	829.7
Money market instruments	–	140.4	375.5	27.4	–	367.1	910.3
Total	**9963.8**	**6807.3**	**5367.7**	**5558.7**	**18.8**	**7314.5**	**35030.8**
of which SPPI financial assets	9916.5	6540.5	4599.8	5134.1	15.2	5424.2	31630.2

as of 31.12.2021	AAA	AA	A	BBB	BB and lower	Not rated	Total
in CHF million							
Bonds	11546.1	6972.2	5883.6	7966.0	73.1	2063.4	34504.4
Investment funds	–	–	–	–	–	350.4	350.4
Alternative investments	–	–	15.9	–	–	946.4	962.3
Derivative financial assets	67.6	56.6	99.5	40.9	–	105.4	370.0
Mortgages	–	–	–	–	–	4114.1	4114.1
Loans	188.6	504.7	124.7	–	–	112.9	930.9
Money market instruments	1.6	12.3	252.8	50.8	–	513.0	830.6
Total	**11804.0**	**7545.8**	**6376.6**	**8057.7**	**73.1**	**8205.5**	**42062.7**
of which SPPI financial assets	11728.1	7434.3	5853.7	7346.5	49.2	6705.9	39117.8

Credit quality of debt instruments, loans and derivative financial instruments by sector

as of 31.12.2022	AAA	AA	A	BBB	BB and lower	Not rated	Total
in CHF million							
Governments	4523.2	2990.4	1200.7	2391.7	4.2	0.1	11110.2
Financial institutions	5115.3	2328.6	1323.3	355.9	7.9	3431.3	12562.3
Corporates and others	325.4	1488.3	2843.7	2811.1	6.7	3883.2	11358.3
Total	**9963.8**	**6807.3**	**5367.7**	**5558.7**	**18.8**	**7314.5**	**35030.8**

as of 31.12.2021	AAA	AA	A	BBB	BB and lower	Not rated	Total
in CHF million							
Governments	5328.0	3584.7	1450.7	3955.2	–	37.3	14356.0
Financial institutions	6073.5	2396.6	1568.9	465.0	28.2	3915.3	14447.6
Corporates and others	402.4	1564.5	3356.9	3637.5	44.9	4252.9	13259.1
Total	**11804.0**	**7545.8**	**6376.6**	**8057.7**	**73.1**	**8205.5**	**42062.7**

Credit quality of ceded reinsurance

as of 31.12.2022	Exposure	Share in %
in CHF million		
AAA	–	–
AA	369.9	32.5
A	671.9	59.0
BBB	43.3	3.8
BB and lower	–	–
Not rated	54.1	4.8
Total	**1 139.3**	**100.0**

as of 31.12.2021	Exposure	Share in %
in CHF million		
AAA	–	–
AA	445.2	36.4
A	699.9	57.2
BBB	9.7	0.8
BB and lower	–	–
Not rated	68.3	5.6
Total	**1 223.1**	**100.0**

SPPI financial investments with increased credit risk

	Book value		Fair value	
as of 31.12.	2022	2021	2022	2021
in CHF million				
BB and lower	15.2	49.2	15.3	49.6
Not rated[1]	34.7	20.2	33.6	20.6
Total	**49.9**	**69.5**	**48.9**	**70.2**

[1] For unrated financial assets (mainly mortgages), we assume an increased credit risk for positions with outstanding interest payments of more than 90 days.

The ten largest counterparties

as of 31.12.2022 in CHF million	Issuer rating	Book value total	AAA
Switzerland (Govt)	AAA	1 796.5	1 767.9
Mortgage Bond Bank of the Swiss Mortgage Institution	AAA	1 553.3	1 553.3
Central Mortgage Bond Institution of the Swiss Cantonal Banks	AAA	1 434.7	1 434.7
Spain (Govt)	A	1 414.5	–
Italy (Govt)	BBB	1 240.0	–
France (Govt)	AA	643.8	–
The Bank of New York Mellon	A	524.9	–
Germany (Govt)	AAA	497.5	486.0
European Investment Bank	AAA	478.0	478.0
European Union	AAA	459.8	437.3

as of 31.12.2021 in CHF million	Issuer rating	Book value total	AAA
Switzerland (Govt)	AAA	2 230.6	2 212.1
Spain (Govt)	A	2 215.7	–
Italy (Govt)	BBB	1 909.5	–
Mortgage Bond Bank of the Swiss Mortgage Institution	AAA	1 831.0	1 831.0
Central Mortgage Bond Institution of the Swiss Cantonal Banks	AAA	1 668.2	1 668.2
The Bank of New York Mellon	A	693.0	–
France (Govt)	AA	678.8	–
Germany (Govt)	AAA	631.2	581.7
United States (Govt)	AAA	630.2	630.2
European Investment Bank	AAA	617.0	617.0

When showing the ten largest counterparties, the credit risk exposure for the published tables "Credit quality of debt instruments, loans and derivative financial instruments" and "Credit risk from ceded reinsurance" is used.

Caser holds collateralised notes for targeted cash flow transformation totalling CHF 1,094 million (previous year: CHF 1,473 million). The largest share of collateral for these notes comprises bonds from Spain at CHF 341 million and France at CHF 108 million. In the table above these notes are included as "Not rated" not considering any collaterals. The Bank of New York Mellon is the largest counterparty for the notes held by Caser at CHF 525 million. There is no counterparty risk involving Bank of New York Mellon, but instead with relation to the bonds used to secure these notes.

		Securities rating Bonds		Money market instruments	Derivative financial assets	Borrower's note loans	Other loans
AA	A	BBB and lower	Not rated				
11.2	17.4	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	326.1	1 088.4	–	–	–	–	–
–	–	1 240.0	–	–	–	–	–
620.8	22.7	0.3	–	–	–	–	–
–	–	–	524.9	–	–	–	–
7.7	–	3.8	–	–	–	–	–
–	–	–	–	–	–	–	–
–	22.5	–	–	–	–	–	–

		Securities rating Bonds		Money market instruments	Derivative financial assets	Borrower's note loans	Other loans
AA	A	BBB and lower	Not rated				
–	15.3	–	3.2	–	–	–	–
–	379.0	1 836.7	–	–	–	–	–
–	–	1 909.5	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	693.0	–	–	–	–
653.2	25.3	0.3	–	–	–	–	–
8.1	–	–	–	–	–	41.4	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–

17. Events after the reporting date

No additional important events occurred before or on 2 March 2023, 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 consolidation

18.1 Events in the reporting year

The following events led to a change in the scope of consolidation for Helvetia Group in the reporting period:

- Becser Assegurances S.A., Andorra, which was acquired 2021 and held temporarily as an investment, has been recorded as a subsidiary since 1 January 2022.
- On 3 January 2022, Caser Residencial Gestion acquired the business operations of Residencia Alborada de Pinilla SL, a retirement home in Laguna de Duero, Spain, for a price of CHF 0.4 million. The net assets acquired totalled CHF 0.1 million and the resulting goodwill of CHF 0.3 million was written off due to lack of materiality.
- On 29 March 2022, Medicall AG invested in Emeda AG, Brüttisellen, with a share of 50%. The join venture's purpose is to provide and supply medical and pharmaceutical products and services to nursing homes in Switzerland.
- On 18 May 2022, Aldebaran Riesgo SCR acquired an 80% share in EACI S.A., Barcelona. The purchase price totalled CHF 6.6 million in cash. EACI produces and markets basic materials and fire fighting products. Due to the character of the investment and as it is not material to Helvetia, the holding is carried as a financial instrument.
- On 8 June 2022, Helvetia Global Solutions established a branch office in the United Kingdom.
- On 24 June 2022, Aldebarán Riesgo acquired a 49.0% share in Gestión de estaciones de autobuses Atotxa, S.L.U., Donostia-San Sebastián, for CHF 23.0 million.
- On 27 June 2022, the share in Caja de Seguros Reunidos, Compañia Seguros y Reaseguros S.A. increased by way of a gradual acquisition from 70.53% to 80.51%.
- On 29 July 2022, the associated company Assegur Diversos S.A., Seville, was sold.
- On 12 September 2022, Helvetia I Funds Great Britain was liquidated.
- On 28 September 2022, Extremeña de Patrimonio para la Sanidad, S.L.U. acquired 100% of the private clinic Clínica Quirúrjica Cacereña, S.A., Cáceres. The purchase price totalled CHF 12.8 million in cash. The acquired net assets total CHF 11.8 million. The resulting goodwill of CHF 0.9 million was written off due to lack of materiality.
- On 4 October 2022, Caser Servicios de Salud S.A acquired the business operations of Dental Europa Can Llong, S.L., a dental clinic in Sabadell, Barcelona, for the price of CHF 1.4 million in cash.
- On 6 October 2022, the shares in the associated company Assistance Beteiligungs-GmbH, Vienna, were sold.
- On 10 October 2022, Clínicas Avetmas, S.A.U. acquired 100% of the veterinary clinic Arganzuela, S.L.U., Madrid, for the price of CHF 0.5 million in cash. The acquired net assets total CHF 0.3 million. The resulting goodwill of CHF 0.2 million was written off due to lack of materiality.
- On 11 November 2022, Clínicas Avetmas S.A.U. acquired the business operations of a group of four veterinary clinics in the centre of Madrid for the price of CHF 0.5 million in cash. The acquired net assets total CHF 0.3 million. The resulting goodwill of CHF 0.2 million was written off due to lack of materiality.
- On 15 November 2022, Aldebaran Riesgo SCR acquired 45% of Aquanex, Servicio domiciliario del Agua de Extremadura, S.A., Mérida-Badajoz.
- On 24 November 2022, the Helvetia Group sold its share in the life insurance company Sa Nostra Compañía De Seguros De Vida, S.A, Palma de Mallora, which Helvetia held through Caser. Sa Nostra Vida was part of the Europe segment. The profit from the sale of CHF 102.0 million was recognised in other income. The transaction reduced the weight of the life business in the business volume of the Helvetia Group as a whole. In 2022, Sa Nostra Vida contributed CHF 11.6 million to the Group's annual result and generated gross premiums of CHF 29.0 million.
- In the reporting period, the share in MoneyPark AG increased by way of gradual acquisition from 84.78% to 97.70%.

18.2 Events in the previous period

- Atlanto AG, St. Gallen, was founded on 7 January 2021: A service platform that supports start-ups and SMEs in minimising their administrative workload and making their daily work routine more efficient.
- On 12 March 2021, Jalsosa acquired 100% of Layertex, S.L., Barcelona, for CHF 2.3 million. The company produces and distributes personal care products. Due to the character of the investment and as it is not material to Helvetia, the holding is carried as a financial instrument.
- On 30 March 2021, Aldebarán Riesgo acquired 60% of Bernardinos Solar S.L.U., Madrid, an operator of photovoltaic systems, for CHF 3.4 million. Due to the character of the investment and as it is not material to Helvetia, the holding is carried as a financial instrument.
- On 30 April 2021, Extremeña de Patrimonio para la Sanidad acquired 100% of Grupo Empresarial Marazuela, S.A., a private clinic based in Talavera de la Reina, Spain. This acquisition will see Caser grow further in the health and elderly care sector, which in light of demographic developments will offer growth opportunities and ensure income diversification. The purchase price was CHF 13.2 million in cash. The acquired net assets total CHF 7.3 million. The resulting goodwill of CHF 5.9 million represents expected earnings potential. It is assigned to the "Diversification Business Caser" CGU and is not expected to be deductible for tax purposes. Marazuela has no material impact on the revenue or consolidated net profit of the Helvetia Group.
- On 10 May 2021, Medicall acquired 100% of SmartLife Care AG, Brüttisellen. SmartLife Care is active in the development, operation and distribution of ambient assisted living solutions (age-appropriate assistance systems for self-determined living). The total price was CHF 8.1 million. The cash component of the purchase price stood at CHF 3.9 million. Furthermore, Helvetia already held SmartLife Care shares, which were valued at CHF 4.2 million and are part of the purchase price in accordance with IFRS. This resulted in a share of profit or loss of associates of CHF 2.7 million. The acquired net assets total CHF 3.2 million. The resulting goodwill of CHF 4.8 million represents expected growth and earnings potential. It is assigned to the "Switzerland non-life" CGU and is not expected to be deductible for tax purposes. SmartLife Care has no material impact on the turnover or consolidated net profit of the Helvetia Group.
- Helvetia European Private Debt Fund, Luxembourg was founded on 6 July 2021.
- On 8 July 2021, Helvetia Versicherungen Vienna acquired 100% of faircheck Schadenservice GmbH, Graz. faircheck is an Austrian market leader in independent claims assessment. The company offers a part of the value chain in claims assessment that is highly important to our customers and partners and which Helvetia Austria has thus far not been in a position to provide. faircheck has also been involved in the (further) development of digital solutions for years in the field of claims assessment and has tools and customer apps enabling a very efficient and customer friendly process design. Helvetia would like to extend these developments to other areas of its claims process in order to enhance efficiency and its service orientation. The purchase price was CHF 2.2 million in cash. The acquired net assets total CHF –0.3 million. The resulting goodwill of CHF 2.4 million represents expected earnings and synergy potential. It is assigned to the "Austria" cash-generating unit and is not expected to be deductible for tax purposes. faircheck has no material impact on the turnover or consolidated net profit of the Helvetia Group.
- On 9 July 2021, the shares in the associated company Pilatus Arena AG, Lucerne were sold.
- On 29 September 2021, Caser (Caja de Seguros Reunidos, Compañia de Seguros y Reaseguros S.A.) acquired 59.72% of Actiu Assegurances S.A. Actiu is a holding company based in Andorra with shares in two insurance companies operating in Andorra. The purchase price is CHF 8.3 million. This transaction will strengthen the current cooperation between Crèdit Andorrà and Caser and expand into the non-life business. The net assets gained come to CHF 21.9 million. Actiu has no material impact on the sales or consolidated net profit of Helvetia Group.
- On 21 October 2021, Helvetia Venture Fund acquired a 26.48% stake for CHF 2.1 million in LuckyShot GmbH, which provides software for associations. Due to the character of the investment and as it is not material to Helvetia, the holding is carried as a financial instrument.
- On 20 December 2021, Aldebarán Riesgo acquired a 48.78% stake for CHF 20.5 million in Ciudad de la Justicia de Córdoba S.A., an infrastructure company based in Córdoba.
- By way of gradual acquisition, the stake of the Helvetia Group in Caja de Seguros Reunidos, Compañia de Seguros y Reaseguros S.A., rose from 70.52% to 70.53% and its stake in C Y E Badajoz, Servicios Sociosanitarios S.A., Badajoz, rose from 67% to 100%.

18.3 Group companies

as of 31.12.2022	Business activities	Holding in %	Method of consolidation	Currency	Share capital in million
Switzerland					
Helvetia Holding AG, St. Gallen	Other	–	–	CHF	1.1
Helvetia Schweizerische Versicherungsgesellschaft AG, St. Gallen	Non-life	100.00	full	CHF	82.6
Helvetia Schweizerische Lebensversicherungsgesellschaft AG, Basel	Life	100.00	full	CHF	50.0
Europäische Reiseversicherung, Basel[1]	Non-life	100.00	full	CHF	
Care Travel AG, Brüttisellen	Non-life	100.00	full	CHF	0.1
Medicall AG, Brüttisellen	Non-life	79.78	full	CHF	0.9
SmartLife Care AG, Brüttisellen	Non-life	100.00	full	CHF	0.2
smile.direct Versicherungen, Dübendorf[1]	Non-life	100.00	full	CHF	–
Helvetia Consulta AG, Basel	Other	100.00	full	CHF	0.1
Helvetia Consulting AG, St. Gallen	Other	100.00	full	CHF	0.1
IFANG Park AG, Schwerzenbach	Life	100.00	full	CHF	0.1
MoneyPark AG, Freienbach	Other	97.70	full	CHF	0.5
Finovo AG, Opfikon	Other	100.00	full	CHF	1.1
Helvetia Asset Management AG, Basel	Other	100.00	full	CHF	1.0
Helvetic Warranty GmbH, Dietlikon	Non-life	100.00	full	CHF	0.0
Atlanto AG, St. Gallen	Non-life	100.00	full	CHF	0.1
Helvetia I Funds North America	Other	76.86	full	USD	–
Helvetia I Funds Europe	Other	71.52	full	EUR	–
Helvetia Allegra ONE	Other	89.80	full	CHF	–
Helvetia Allegra 30	Other	63.75	full	CHF	–
Coop Rechtsschutz AG, Aarau		42.50	equity	CHF	
Prevo-System AG, Basel		24.00	equity	CHF	
Emeda AG, Brüttisellen		50.00	equity	CHF	
Readydata AG, Winterthur		34.13	investment	CHF	
Germany					
Helvetia Schweizerische Versicherungsgesellschaft AG, Direktion für Deutschland, Frankfurt a.M.[1]	Non-life	100.00	full	EUR	
HELVETIA Schweizerische Lebensversicherungs-AG, Frankfurt a.M.	Life	100.00	full	EUR	11.5
Helvetia 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	43.7
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
INZMO GmbH, Berlin		25.10	equity	EUR	
Luckyshot GmbH, Berlin		26.48	investment	EUR	
Theftex GmbH, Geestland		44.83	investment	EUR	
TX Leasing GmbH, Geestland		44.82	investment	EUR	

as of 31.12.2022	Business activities	Holding in %	Consolidation method[1]	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
Helvetia Italia Assicurazioni S.p.A., Milan	Non-life	100.00	full	EUR	15.6
APSA s.r.L., Milan	Non-life	100.00	full	EUR	0.1
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
Caja de Seguros Reunidos, Compañia de Seguros y Reaseguros S.A., Madrid	Life and non-life	80.51	full	EUR	647.7
CA Vida Assegurances, S.A., Andorra	Life and non-life	51.00	full	EUR	0.6
Becser Assegurances, S.A., Andorra	Non-life	50.10	full	EUR	0.7
Inmocaser, S.A.U., Madrid	Non-life	100.00	full	EUR	67.6
Caser Marketing Directo, S.L.U., Madrid	Non-life	100.00	full	EUR	0.0
Becser Corredoría D'Assegurances, S.A.U., Andorra	Non-life	100.00	investment	EUR	
Financera d'assegurances S.A., Andorra	Non-life	51.18	full	EUR	1.3
Linia Aseguradora S.L., Andorra	Non-life	100.00	investment	EUR	
Consell Asegurador S.A., Andorra	Non-life	80.00	investment	EUR	
Actiu Assegurances S.A., Andorra	Other	59.72	full	EUR	2.0
Jalfit Bienestar, S.A.U., Madrid	Other	70.00	full	EUR	0.1
Jalsosa, S.L., Madrid	Other	72.85	full	EUR	0.1
Aldebarán Riesgo, S.C.R., S.A.U., Madrid	Other	100.00	full	EUR	47.1
Bernardino Solar S.L.U., Madrid	Other	60.00	investment	EUR	
Layertex S.L., Cabrera de Mar (Barcelona)	Other	100.00	investment	EUR	
Barlovento Recursos Naturales, S.L., Logroño	Other	44.60	investment	EUR	
EACI S.A., Barcelona	Other	80.00	investment	EUR	
EACI Extinción, S.L., Madrid	Other	100.00	investment	EUR	
Acierta Asistencia, S.A., Madrid	Other	100.00	full	EUR	5.9
Grupo TH Mantenimiento, S.L., Madrid	Other	100.00	full	EUR	0.1
Clínica Parque Fuerteventura, S.L.U, Puerto del Rosario	Other	100.00	full	EUR	8.0
Clínica Parque, S.A.U, Tenerife	Other	100.00	full	EUR	10.9
Extremeña de Gestion Sanitaria y Especialidades Médicas, S.L.U., Don Benito	Other	100.00	full	EUR	0.0
Extremeña de Patrimonio para la Sanidad, S.L.U., Madrid	Other	100.00	full	EUR	13.8
Grupo Empresarial Marazuelza S.A., Talavera de la Reina	Other	100.00	full	EUR	1.2
Hospital Cáceres, Clinica Quirúrgica Cacereña, Cáceres	Other	100.00	full	EUR	0.4
Hospital del Llevant, S.L., Manacor	Other	100.00	full	EUR	0.4
Parque Hospitales Baleares, S.L.U., Madrid	Other	100.00	full	EUR	0.0
Residencia del Hospital del Llevant, S.L., Manacor	Other	100.00	full	EUR	0.0
Atendae Asistencia S.A., Madrid	Other	100.00	full	EUR	1.5
C Y E Badajoz, Servicios Sociosanitarios, S.A., Badajoz	Other	100.00	full	EUR	0.1
C Y E Servicios Sociosanitarios, S.A.U., Madrid	Other	100.00	full	EUR	1.7
Caser Residencial de Gestión, S.L.U., Madrid	Other	100.00	full	EUR	2.2
Caser Residencial Inmobiliaria, S.A.U., Madrid	Other	100.00	full	EUR	19.0
Caser Residencial, S.A.U., Madrid	Other	100.00	full	EUR	0.2
Caser Retiro, S.L., Madrid	Other	50.00	full	EUR	0.0

as of 31.12.2022	Business activities	Holding in %	Consolidation method[1]	Currency	Share capital in million
Centro Sociosanitarios de Logroño, S.L., Logroño	Other	100.00	full	EUR	0.2
Myces, S.L.U., Lleida	Other	100.00	full	EUR	1.2
Centro Asistencial San Torcuato, S.L., Zamora	Other	100.00	full	EUR	0.1
Residencia Nueva Vida, S.A., Pontevedra	Other	100.00	full	EUR	1.3
Servicios Integrales Geriontológicos y Sanitarios, S.A., Bilbao	Other	100.00	full	EUR	3.3
Arrienda Gestión S.A.U., Madrid	Other	100.00	full	EUR	24.0
Casavi, Asistencia en Viaje, S.L.U., Madrid	Other	100.00	full	EUR	0.1
Caser Direct, Correduria de Seguros del Grupo Asegurador Caser, S.A., Madrid	Other	100.00	full	EUR	0.1
Caser Servicios de Salud, S.A.U., Madrid	Other	100.00	full	EUR	11.6
Clínicas Avetmas, S.A.U., Madrid	Other	100.00	full	EUR	5.0
C.V. Sanchinarro, S.L., Madrid	Other	100.00	full	EUR	1.0
Caservet Arganzuela, SLU., Madrid	Other	100.00	full	EUR	0.0
Gesinca Consultora de Pensiones y Seguros, S.A., Madrid	Other	100.00	full	EUR	0.9
Premium Health Wellness, S.L.U., Alicante	Other	100.00	full	EUR	0.0
Caser Valores e Inversiones Agencia Valores, S.A.U., Madrid	Other	100.00	full	EUR	0.2
Caser Pensiones, Entidad Gestora de Fondos de Pensiones, S.A., Madrid	Other	100.00	full	EUR	5.0
Gesnorte S.A., S.G.I.I.C., Madrid		29.55	equity	EUR	
Audisec, Servicios de la Informatión, S.L., Ciudad Real		35.00	equity	EUR	
Ciudad de la Justicia de Córdoba, S.A., Córdoba		48.78	equity	EUR	
Gestión de Estaciones de Autobuses Atotxa, S.L., Donostia-San Sebastián		49.00	equity	EUR	
Aquanex, Servicio domiciliario del agua de extremadura, S.A., Méri-da-Badajoz		45.00	equity	EUR	
SAISA 2020 Sociedad de Inversiones Andaluzas, S.A., Sevilla		35.00	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
Smile Insurances & IT Solutions GmbH, Wien[2]	Other	100.00	full	EUR	0.0
protecta.at Finanz- und Versicherungsservice GmbH, Vienna	Other	100.00	full	EUR	0.0
faircheck Schadenservice GmbH, Graz	Non-life	100.00	full	EUR	0.0
ZSG Kfz-Zulassungsservice GmbH, Vienna		33.33	equity	EUR	
France					
Helvetia Compagnie Suisse d'Assurances S.A., Direction pour la France, Le Havre[2]	Non-life	100.00	full	EUR	
Helvetia Assurances S.A., Le Havre	Non-life	100.00	full	EUR	94.4
Groupe Save, Le Havre	Non-life	100.00	full	EUR	0.1
Seasecure Holding SAS, Marseille		36.46	equity	EUR	

as of 31.12.2022	Business activities	Holding in %	Consolidation method[1]	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	1.8
Liechtenstein					
Helvetia Global Solutions AG, Vaduz	Non-life	100.00	full	CHF	5.0
Luxembourg					
Helvetia Europe S.A., Luxembourg	Other	100.00	full	EUR	3.6
Luxcellence Helvetia Fund International Bonds	Other	100.00	full	EUR	–
Luxcellence Helvetia Fund European Equity	Other	100.00	full	EUR	–
Luxcellence Helvetia Fund International Equity	Other	100.00	full	EUR	–
Swiss Cap Private Debt Fund	Other	100.00	full	USD	–
Helvetia European Private Debt Fund	Other	100.00	full	EUR	–
Helvetia Venture Fund S.A., SICAR	Other	99.48	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
UK					
Helvetia Global Solutions Ltd, London[1]	Non-life	100.00	full	EUR	–
Helvetia Marine Services Ltd., London	Non-life	100.00	full	GBP	0.0
Worldwide					
Helvetia Schweizerische Versicherungsgesellschaft AG, Rückversicherung, St. Gallen[2]	Non-life	100.00	full	CHF	

1 Branches
2 Formerly Smart Insurance & IT Solutions GmbH

Statutory Auditor's Report

To the General Meeting of Helvetia Holding AG, St. Gallen

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Helvetia Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2022 and the consolidated income statement, statement of comprehensive income, consolidated statement of equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 86 to 204) give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession, as well as the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

VALUATION OF LIFE RESERVES

VALUATION OF LOSS RESERVES

RECOVERABILITY OF GOODWILL

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

VALUATION OF LIFE RESERVES

Key Audit Matter

Technical reserves recognize the valuation of obligations from life insurance policies. For this purpose, management has to make estimates and assumptions on the occurrence of future insured events (death, disability, survival) as well as the corresponding insurance contract settlement costs.

Assumptions on mortality, disability, reactivation, lapse rates, interest rates and costs are particularly relevant for the technical reserves established for such events. These assumptions are made on the basis of statistics provided by industry associations and observations from own portfolios, and take into account expected future developments. The definition of such assumptions involves uncertainties, which are mitigated with additional security margins.

Actual benefits paid may be different from the booked reserves, but overall, the insurance company must dispose of sufficient technical reserves.

Our response

In essence, we have reviewed the technical reserves as follows:

- Involving actuaries as part of the audit team.
- Testing of the design and implementation of selected key controls for calculating technical reserves as well as the assurance of the quality of data used.
- Review of compliance with local legal and regulatory requirements for the calculation of technical reserves.
- Review of the derivation and plausibility checks of the main assumptions, including interest rates, mortality, lapse rates and costs.
- Review of technical reserves based on the recalculation of technical reserves of individual contracts or updates.
- Reconciliation of data used to calculate technical reserves with the sub-systems using random samples.

For further information on the valuation of life reserves refer to the following:

— Chapter 9

VALUATION OF LOSS RESERVES

Key Audit Matter

Reserves have been established for claims incurred (both incurred and reported and incurred but not reported claims) up to the end of the business year. These include the costs of claims expected to be paid as well as the costs of handling claims. The reserves are calculated using actuarial methods and assumptions. Determining these assumptions involves significant judgment, and even small changes in the assumptions may have a material impact on the value of the reserves.

In addition, the actual claims paid out may deviate from the estimates

Our response

In summary, we have audited the claims reserves as follows:

- Inclusion of actuaries as part of the audit team.
- Testing of the design and implementation of selected key controls for the calculation of the loss reserves and the integrity of the data used in the actuarial calculation.
- Critically assessing the methodology used by the Group to calculate reserves.
- Examining the determination of the most important assumptions, in particular inflation.
- Independently recalculating the reserves of the most important business lines as well as reconciling and assessing the reasonableness of the reserves recorded by the Group.

For further information on the valuation of loss reserves refer to the following:

— Chapter 9

KPMG

RECOVERABILITY OF GOODWILL

Key Audit Matter

The goodwill position is subject to an annual goodwill impairment test. The impairment test determines the recoverable amount by calculating the value in use, comparing it to the carrying value of the cash-generating unit (incl. goodwill). If the recoverable amount exceeds the carrying value, no impairment is required.

The value in use is calculated using the discounted cash flow (DCF) method, which is in particular influenced by expected future cash flows, the applied discount rates as well as the growth rates. Therefore, the calculation of the value in use involves elements of uncertainty and is subject to management's judgments.

Our response

For the goodwill position, we have principally performed the following audit procedures:

- Testing of the design and implementation of selected key controls in connection with Goodwill Impairment Test.
- Retrospective Review of budget values from previous years and comparison with actual values of the last three years.
- Assessing sensitivity analyses concerning budget achievement, discount rates as well as growth rates.
- Reconciling the cash flows used in the goodwill impairment test with the budgets approved by the Board of Directors.
- Recalculating the DCF model.
- Involving a valuation specialist to critically assess the parameters used, in particular the discount rates.
- Appraising the model used by management to calculate the discount rates.
- Independently calculating the discount rates, and comparing and reviewing the reasonableness of the differences to the rates used by management.
- Comparing the growth rates applied with the inflation rates expected in the long term.

For further information on the recoverability of goodwill refer to the following:

— Chapter 6

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company, the audited part of the compensation report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

KPMG

Board of Directors’ Responsibilities for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit 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 Group’s internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

— Conclude on the appropriateness of the Board of Directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 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

Rainer Pfaffenzeller
Licensed Audit Expert
Auditor in Charge

Christoph Hörl
Licensed Audit Expert

Zurich, 2 March 2023

KPMG AG, Badenerstrasse 172, CH-8036 Zürich

Financial statements of Helvetia Holding AG

Balance sheet

in CHF million	2022	2021	Change
Assets			
Cash and cash equivalents	0.0	0.0	
Other current receivables			
– from participants	55.7	45.1	
Active deferred income	312.9	291.7	
Current assets	368.7	336.8	9.5%
Financial assets	68.8	68.8	
Participations	1 890.4	1 890.4	
Non-current assets	1 959.3	1 959.3	0.0%
Total assets	**2 327.9**	**2 296.0**	**1.4%**
Liabilities and equity			
Trade payables	3.7	3.7	
Current provisions	1.5	0.8	
Current interest-bearing liabilities			
Current liabilities	5.2	4.5	
Non-current interest-bearing liabilities			
Total liabilities	5.2	4.5	15.9%
Share capital	1.1	1.1	
Legal capital reserves			
– Reserve from capital contributions	296.9	296.9	
Legal retained earnings			
– General legal retained earnings	86.1	86.1	
– Reserve for treasury shares	13.2	9.9	
Voluntary retained earnings	1 508.4	1 502.7	
Retained profit			
– Profit carried forward	103.4	96.7	
– Annual profit / loss	313.7	298.3	
Treasury shares Helvetia Holding AG	–0.0	–0.2	
Total equity	2 322.8	2 291.6	1.4%
Total liabilities and equity	**2 327.9**	**2 296.0**	**1.4%**

Income statement

in CHF million	2022	2021	Change
Dividend income	313.9	298.7	
Interest income	0.7	0.7	
Total operating income	314.6	299.3	
Other operating expenses	−0.0	−0.0	
Total operating expenses	−0.0	−0.0	
Extraordinary expenses	−0.0	−0.0	
Earnings before tax	314.6	299.3	5.1 %
Income tax	−0.9	−1.0	
Annual profit / loss	**313.7**	**298.3**	**5.1 %**

Proposed appropriation of profit

in CHF million	2022	2021
2022 net profit	313.7	298.3
Retained earnings carried forward	103.4	96.7
At the disposal of the Annual General Meeting	417.1	395.1
Proposed dividend[1]	312.9	291.6
Allocation to free reserves	0.0	0.0
Retained earnings to be carried forward	**104.2**	**103.4**

[1] 2022: CHF 5.90 per registered share
2021: CHF 5.50 per registered share

Notes to the financial statements Helvetia Holding AG

1. Principles

1.1 General

The 2022 financial statements of Helvetia Holding AG were prepared in accordance with the provisions of Swiss accounting law (chapter 32 of the Swiss Code of Obligations). The applied valuation principles comply with the law. The material valuation principles that are not prescribed by law are discussed below.

Rounding can mean that the summation of individual values does not correspond to the reported total.

1.2 Valuation principles

Measurement is carried out 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 additional information in the Notes to the financial statements, cash flow statement and management report

As the Helvetia Group 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 additional information in the Notes to the financial statements, a management report and statement of cash flow in these financial statements.

2. Notes on balance sheet and income statement items

2.1 Prepaid expenses and deferred charges

The dividend of the subsidiary Helvetia Schweizerische Versicherungsgesellschaft AG distributed from its net profits for 2022 is paid simultaneously to Helvetia Holding AG and thus recognised on a transitory basis under "Prepaid expenses and deferred charges". The item in the amount of CHF 312.9 million exists vis-à-vis Group companies (previous year: CHF 291.7 million).

2.2 Financial assets

The loan to Helvetia Schweizerische Versicherungsgesellschaft AG totals CHF 68.8 million and earned interest at 0.75%.

2.3 Shareholdings

On the reporting date, Helvetia Holding AG owned the following direct investments:

	Reported company capital	Holding as of	Reported company capital	Holding as of
	31.12.2022	31.12.2022	31.12.2021	31.12.2021
in CHF million				
Helvetia Schweizerische Versicherungsgesellschaft AG, St. Gallen	82.6	100.00%	82.6	100.00%
Helvetia Asset Management AG, Basel	1.0	100.00%	1.0	100.00%

2.4 Share capital and authorised capital

The share capital of CHF 1,060,513.70 consists of 53,025,685 registered shares with a par value of CHF 0.02 (previous year: 53,025,685 registered shares with a par value of CHF 0.02).

At the reporting date, the capital contribution reserves totalled CHF 296,943,558 (previous year: CHF 296,943,558).

2.5 Treasury shares

	Low in CHF	High in CHF	Average price in CHF	Number
As at 1.1.2021				242 844
Purchases	90.25	113.30	105.23	48 576
Sales	91.55	113.00	109.09	– 126 535
As at 31.12.2021				164 885
Purchases	92.05	131.30	119.97	75 275
Sales	103.10	127.00	125.00	– 123 090
As at 31.12.2022				117 070

2.6 Dividend income

The dividend income of Helvetia Holding AG corresponds, on the one hand, to the first-time dividend of Helvetia Asset Management AG (CHF 1.0 million) and, on the other, to the simultaneously distributed dividend of Helvetia Schweizerische Versicherungsgesellschaft AG (CHF 312.9 million). In this regard, please also see the comment on "2.1 Prepaid expenses and deferred charges".

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 Helvetia VAT group and is therefore jointly and severally liable for VAT debts.

Helvetia Holding AG has issued subordinate and unsecured guarantees of CHF 1.9 billion (previous year: CHF 1.8 billion) vis-à-vis the bond creditors of Helvetia Schweizerische Versicherungsgesellschaft AG. This is associated with (i) two bonds issued in October 2014 in the total amount of CHF 375.0 million (an unsecured senior bond at CHF 150.0 million and an unsecured subordinated bond at CHF 225.0 million), (ii) a subordinated bond issued in April 2017 in the amount of EUR 500.0 million (CHF 518.1 million), (iii) two subordinated bonds issued in February 2020 in the amount of CHF 400.0 million (one of CHF 275.0 million and one of CHF 125.0 million), (iv) a subordinated green bond issued in November 2020 in the amount of CHF 200.0 million and (v) two unsecured senior bonds issued in June 2022 in the total amount of CHF 400.0 million (one of CHF 250.0 million and one of CHF 150.0 million).

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 2022:
– Patria Genossenschaft, Basel, with 34.09% (previous year: 34.09%).

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 para. 3 of the Swiss Code of Obligations is provided in the Notes to the 2022 consolidated financial statements of the Helvetia Group under section 15.

3.5 Ownership interests of members of the Board of Directors and the Executive Management
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 2022 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.

Statutory Auditor's Report

To the General Meeting of Helvetia Holding AG, St. Gallen

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Helvetia Holding AG (the Company), which comprise the balance sheet as at 31 December 2022, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 210 to 214) comply with Swiss law and the Company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the provisions of Swiss law, together with the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the Company, the audited part of the compensation report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Board of Directors' Responsibilities for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the Company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and PS-CH 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

Rainer Pfaffenzeller
Licensed Audit Expert
Auditor in Charge

Christoph Hörl
Licensed Audit Expert

Zurich, 2 March 2023

KPMG AG, Badenerstrasse 172, CH-8036 Zürich

Embedded value.

in CHF million	31.12.2022	31.12.2021
Embedded value after tax		
Switzerland	**4036.7**	**3780.8**
of which value of insurance portfolio	1899.4	1777.1
of which adjusted equity	2432.6	2362.3
of which solvency costs	–295.3	–358.6
EU	**1480.5**	**1276.1**
of which value of insurance portfolio	723.6	689.3
of which adjusted equity	1111.9	1062.3
of which solvency costs	–355.0	–475.5
Total[1]	**5517.2**	**5056.9**
of which value of insurance portfolio	2623.0	2466.4
of which adjusted equity	3544.5	3424.6
of which solvency costs	–650.3	–834.1

[1] of which minority interests CHF 132.4 million as of 31.12.2022

	31.12.2022	31.12.2021
Assumptions		
in %		
Switzerland		
Risk discount rate	6.50%	6.25%
Yield on bonds	2.1%–2.3%	0.2%–1.0%
Yield on equities	6.50%	6.25%
Yield on real estate	3.4%–3.5%	3.4%–3.5%
EU		
Risk discount rate	6.50%–8.25%	6.25%–8.50%
Yield on bonds	3.5%–4.4%	0.8%–1.8%
Yield on equities	6.50%	6.25%
Yield on real estate	3.8%–3.9%	3.8%–4.0%

in CHF million	31.12.2022	31.12.2021
Development of embedded value after tax		
Embedded value as of 1 January	5 056.9	4 705.0
Operating profit from insurance portfolio and adjusted equity	336.7	169.8
Value of new business	71.2	60.9
Economic changes, including changes to unrealised gains and losses on investments (equity and real estate)	166.9	240.6
Dividends and movement of capital	–42.8	–64.7
Foreign currency translation differences	–71.7	–54.7
Embedded value as of 31 December	**5 517.2**	**5 056.9**

in %		
Sensitivities		
+ 1 % change to risk discount rate	–5.5 %	–5.9 %
– 1 % change to risk discount rate	6.3 %	6.8 %
– 10 % change to fair value of equities	–1.7 %	–2.2 %
– 10 % change to fair value of real estate	–6.1 %	–6.2 %
+ 1 % change to new money rate	3.0 %	4.0 %
– 1 % change to new money rate	–3.0 %	–5.5 %

in CHF million		
New business		
Switzerland		
Value of new business	41.1	32.9
Annual premium equivalent (APE)	130.5	110.5
Value of new business in % APE	31.5 %	29.8 %
Present value of new business premiums (PVNBP)	1 137.7	978.5
Value of new business in % PVNBP	3.6 %	3.4 %
EU		
Value of new business	30.1	28.0
Annual premium equivalent (APE)	148.5	193.5
Value of new business in % APE	20.3 %	14.5 %
Present value of new business premiums (PVNBP)	1 042.4	1 446.4
Value of new business in % PVNBP	2.9 %	1.9 %
Total		
Value of new business	71.2	60.9
Annual premium equivalent (APE)	279.0	304.0
Value of new business in % APE	25.5 %	20.0 %
Present value of new business premiums (PVNBP)	2 180.1	2 424.9
Value of new business in % PVNBP	3.3 %	2.5 %

Annual premium equivalent (APE): 100 % annual new business premium + 10 % single new business premium
PVNBP: Present value of new business premiums

Alternative performance measures.

Introduction

Helvetia uses, throughout its financial and business publications, alternative performance measures (APMs) in addition to the figures which are prepared in accordance with the International Financial Reporting Standards (IFRS). We believe that these measures provide useful information to investors and enhance the understanding of our results. These financial measures are designed to measure performance, growth, capital efficiency, cash generation and dividend capacity.

The APMs should be viewed as complementary to, rather than a substitute for, the figures determined according to IFRS.

Helvetia Group uses the following major alternative performance measures:

- Business volume
- FX-adjusted growth
- Average investments of the Group
- Direct yield
- Investment performance
- Non-life: technical result / combined ratio / claims ratio /cost ratio
- Life: margin after costs
- Fee margin
- Return on equity
- New business margin
- Operating cash production
- Net economic dividend capacity

Investors should consider that similarly titled APMs reported by other companies may be calculated differently. For that reason, the comparability of APMs across companies might be limited.

In accordance with the Directive on the Use of Alternative Performance Measures of SIX Swiss Exchange this report gives the following information in regards to the above mentioned alternative performance measures:

- Definition of the APM and its use.
- Reconciliation of the APM to the most directly reconcilable line item, subtotal or total presented in the IFRS financial statements, where possible. In certain cases a reconciliation is not possible or practicable since the APM concerned is based on fundamentally different principles.

Helvetia Group's most recent financial publications at any time are available online at www.helvetia.com/publications.

Business volume

Definition

Total business volume is the "top line" figure which indicates the success of the distribution and sales organisation. Total business volume of Helvetia Group comprises of gross written premiums (including active reinsurance) and deposits received from investment contracts.

Business volume = GWP non-life+GWP life+deposits life

Reconciliation

2022	Business volume	Deposits	IFRS gross premiums
in CHF million			
Business areas			
Non-life	6 965		6 965
Life	4 132	–311	3 821
Segments			
Switzerland	4 652	–93	4 559
Europe	4 441	–218	4 223
Specialty Markets	2 005		2 005
Total	**11 097**	**–311**	**10 786**

2021	Business volume	Deposits	IFRS gross premiums
in CHF million			
Business areas			
Non-life	6 656		6 656
Life	4 566	–415	4 151
Segments			
Switzerland	4 652	–79	4 573
Europe	4 855	–335	4 520
Specialty Markets	1 715		1 715
Total	**11 222**	**–415**	**10 808**

GWP = gross written premiums

FX-adjusted growth

Definition

Helvetia presents the percentage of change of total business volume and its components adjusted for foreign currency translation effects.

Helvetia Group's consolidated financial statements are presented in CHF. As a significant portion of our revenues results from outside Switzerland, the comparability between different periods is affected when exchange rates fluctuate. Change in business volume and its components are therefore determined by correcting nominal business volume growth for the effects of foreign currency translation.

Foreign currency translation effects are calculated as

$$\textbf{FX effect} = \frac{\textbf{Business volume at CY FX rate-Business volume at PY FX rate}}{\textbf{PY business volume at PY FX rate}}$$

Reconciliation

2022	FX-adjusted business volume growth	FX effect	Nominal business volume growth	Impact of growth in deposits	Nominal IFRS premiums growth
Business areas					
Non-life	9.4%	–4.8%	4.6%		4.6%
Life	–7.3%	–2.2%	–9.5%	1.5%	–8.0%
Segments					
Switzerland	0.4%	–0.4%	0.0%	–0.3%	–0.3%
Europe	–1.5%	–7.0%	–8.5%	1.9%	–6.6%
Specialty Markets	20.2%	–3.3%	16.9%		16.9%
Total	**2.6%**	**–3.7%**	**–1.1%**	**0.9%**	**–0.2%**

2021	FX-adjusted business volume growth	FX effect	Nominal business volume growth	Impact of growth in deposits	Nominal IFRS premiums growth
Business areas					
Non-life	22.0%	0.6%	22.6%		22.6%
Life	6.3%	0.3%	6.6%	–2.7%	3.9%
Segments					
Switzerland	2.6%		2.6%	–0.4%	2.2%
Europe	31.5%	1.1%	32.6%	–1.0%	31.6%
Specialty Markets	12.6%	0.3%	12.9%		12.9%
Total	**15.1%**	**0.4%**	**15.5%**	**–0.9%**	**14.6%**

CY = current-year period (reporting period), PY = prior-year period, FX = foreign exchange

Average investments of the Group

Definition

The average Group investment portfolio represents the average of investments at the beginning of the period and the investments at the end of the period net of short derivatives.

$$\textbf{Average Group investment portfolio} = \frac{\textbf{Investments at beginning of period + Investments at end of period}}{\textbf{2}}$$

Reconciliation

in CHF million	2022	2021
Investments at beginning of period	60 009	60 571
– Short derivatives at beginning of period	–171	–203
– Investments in associates at beginning of period	–64	–31
– Investments with market risk for the policyholder at beginning of period (net of short derivatives)	–5 473	–4 792
	54 301	**55 545**
Investments at end of period	51 987	60 009
– Short derivatives at end of period	–94	–171
– Investments in associates at end of period	–87	–64
– Investments with market risk for the policyholder at end of period (net of short derivatives)	–4 806	–5 473
	47 000	**54 301**
Average Group investment portfolio	**50 650**	**54 923**

Direct yield

Definition

The direct yield represents the ratio of the current income from Group investments (net) to the average Group investment portfolio expressed as a percentage. Net current income consists of interest and dividend income and rental income from investment property less investment management expenses.

$$\textbf{Direct yield (in \%)} = \frac{\textbf{Current income from Group investments (net)}}{\textbf{Average Group investment portfolio}} \times 100$$

Reconciliation

in CHF million	2022	2021
Current income from Group investments (net)	905	882
Average Group investment portfolio	50650	54923
Direct yield	**1.8%**	**1.6%**

Investment performance

Definition

Investment performance is the ratio of the Group's total net investment income to the adjusted average Group investment portfolio expressed as a percentage. Investments at the end of the period are calculated by adjusting for gains and losses in the period. In addition to current income, total income includes gains and losses on financial assets, realised and book gains and losses on investment property as well as changes in unrealised gains and losses in equity.

$$\textbf{Investment performance (in \%)} = \frac{\textbf{Total income on Group investments (net)}}{\textbf{Adjusted average Group investment portfolio}} \times 100$$

Reconciliation

in CHF million	2022	2021
Current income on Group investments (net)	905	882
+ Gains and losses on Group financial assets (net)	–443	491
+ Realised and book gains on investment property	346	457
+ Change in unrealised gains and losses in equity	–5 254	–1 163
Total income on Group investments (net)	**–4 446**	**669**
Investments at beginning of period (net of short derivatives)	54 301	55 545
investments at end of period (net of short derivatives)	47 000	54 301
+ Adjustment of gains and losses in the period	5 351	214
Adjusted investments at end of period (net of short derivatives)	52 351	54 515
Adjusted average Group investment portfolio	**53 326**	**55 030**
Investment performance	**–8.3 %**	**1.2 %**

Non-life: technical result / combined ratio / claims ratio / cost ratio

Definition
The non-life technical result shows the insurance technical result of the non-life business before the influence of the investment result and other non-technical income and expenses that are not directly related to the insurance business. The non-life technical result consists of the following components:

- Net earned premiums in non-life
- Minus the total of net benefits to policyholders and claims (net)
- Minus acquisition costs (net)
- Minus technical administrative expenses and other technical expenses (net)
- Plus other technical income (net)

Helvetia uses the combined ratio as a measure of technical profitability in the non-life business area. The combined ratio represents the total of net benefits to policyholders and claims, acquisition costs, technical administrative expenses and other technical income and expenses (net) divided by net earned premiums.

The combined ratio is typically expressed as a percentage. A ratio of below 100% indicates that the technical result is profitable, whereas a ratio of above 100% indicates a technical loss. It does not capture investment income, other non-technical expenses and income or non-operating items. Even in case of a combined ratio of above 100%, the profit from operating activities and / or the net income can still be positive due to a positive investment income and / or a positive result from other non-technical expenses and income and / or a positive non-operating result.

$$\textbf{Combined ratio (net)} = \frac{\textbf{Net benefits to policyholders and claims+acquisition costs (net)+ technical administrative costs (net)}}{\textbf{Net earned premiums}}$$

The combined ratio can be further broken down into the claims ratio and the cost ratio. The claims ratio represents net benefits to policyholders and claims (including claims handling costs) divided by net earned premiums, and thus expresses the percentage of net earned premiums used to settle claims.

$$\textbf{Claims ratio (net)} = \frac{\textbf{Net benefits to policyholders and claims}}{\textbf{Net earned premiums}}$$

The expense ratio represents acquisition costs, technical administrative expenses and other technical income and expenses (net) divided by net earned premiums. It expresses the percentage of net earned premiums used to cover technical expenses for the acquisition of new or renewal business and for administrative expenses.

$$\textbf{Cost ratio (net)} = \frac{\textbf{Acquisition costs (net) + Technical administrative costs (net)}}{\textbf{Net earned premiums}}$$

Reconciliation

in CHF million, non-life business only	2022	2021
① **Net earned premiums**	**5 771**	**5 529**
② **Net benefits to policyholders and claims**	**–3 730**	**–3 510**
Acquisition costs	–1 516	–1 457
Reinsurers' share of acquisition costs	186	179
③ **Total acquisition costs (net)**	**–1 330**	**–1 278**
Operating and administrative expenses	–570	–567
Other income	70	68
Other expenses	–51	–116
Operating and administrative expenses + other income and expenses	–551	–615
④ **Thereof technical administrative costs (net)**	**–404**	**–451**
Technical result non-life	**307**	**290**
Claims ratio (net) ②/①	**64.6%**	**63.5%**
Cost ratio (net) (③+④)/①	**30.1%**	**31.3%**
Combined ratio (net) (②+③+④)/①	**94.7%**	**94.8%**

Life: margin after costs

Definition

In order to provide investors with a detailed view of the various sources of profit in the life business, Helvetia has developed a concept for their presentation. In doing so, Helvetia promotes a comprehensive understanding of how it generates profit in the life business. The margin after costs shows the technical result of the life business before the influence of extraordinary effects (e.g. interest-related reserve strengthening), gains and losses on investments, policyholder participation and financing and tax expenses. The margin after costs consists of the following sources of profit:

- Savings result: balance of current income and interest expense.
- Fee result: balance of revenue and expenses from investment-linked products such as management fees.
- Risk result: balance of risk premiums and risk benefits.
- Other result: balance of other revenues and expenses, in particular the results from lapse and reinsurance.
- Cost result: balance of cost premiums and acquisition and administration expenses.

Reconciliation

in CHF million, life business only	2022	2021
Life margin after costs	**511**	**467**
Extraordinary result	233	−450
Gains and losses on investments	−33	761
Result from policyholder participation	−205	−380
Profit or loss from operating activities	**506**	**397**

Fee margin

Definition

The fee margin is a profitability metric for the fee business. It shows income from fee and commission business less corresponding costs before tax. Helvetia has disclosed the fee margin since 2022.

Reconciliation

in CHF million	2022	2021
Income from fee and commission business	377.3	354.4
Costs from fee and commission business	–346.0	n.a.
Fee margin	**31.3**	**n.a.**

Return on equity

Definition

Return on equity (RoE) represents the earnings attributed to shareholders after interest on preferred securities and without non-controlling interests for the period divided by average equity excluding preferred securities, non-controlling interests and unrealised gains and losses for the period.

RoE reflects the relationship between business profitability and available capital. Therefore, management uses RoE as a key performance indicator in the steering of our business.

$$\textbf{Return on equity (in \%)} = \frac{\textbf{Earnings for shareholders without non-controlling interests}}{\textbf{Average shareholders' equity (excl. preferred securities, non-controlling interests and unrealised gains and losses) over the reporting period}} \times 100$$

Reconciliation

in CHF million		2022	2021
Equity (excluding preferred securities and non-controlling interests)	1.1.	5926.5	5912.3
Unrealised gains and losses in equity	1.1.	−980.3	−1381.3
Equity excl. unrealised gains and losses	1.1.	**4946.3**	**4531.0**
Equity (excluding preferred securities and non-controlling interests)	30.6.	4172.2	5817.6
Unrealised gains and losses in equity	30.6.	818.3	−1133.4
Equity excl. unrealised gains and losses	30.6.	**4990.5**	**4684.3**
Equity (excluding preferred securities and non-controlling interests)	31.12	3931.9	5926.5
Unrealised gains and losses in equity	31.12	1372.6	−980.3
Equity excl. unrealised gains and losses	31.12	**5304.5**	**4946.3**
Equity excl. unrealised gains and losses	Average	**5080.4**	**4720.5**
Profit or loss for the period		614.4	519.8
Interest on preferred securities		−14.0	−12.5
Non-controlling interest		−39.4	−22.6
Earnings for shareholders without non-controlling interests		**561.0**	**484.7**
Return on equity		**11.0%**	**10.3%**

New business margin (NBM)

Definition
The new business margin (NBM) is a key performance indicator to measure the profitability of new life business. The NBM (in % PVNBP) is calculated as the value of new business (VNB) divided by the present value of new business premiums (PVNBP) expressed in %.

$$\textbf{New business margin (in \% PVNBP)} = \frac{\textbf{Value of new business}}{\textbf{Present value of new business premiums}} \times 100$$

The VNB is the additional value to the shareholder, which is created through the activity of writing new business in the reporting period. It is the contribution of the new business to the TEV and consists of

– the adjusted equity of the new business
– plus the present value of future profits of the new business
– less the solvency costs of the new business.

The adjusted equity contains the cumulated profits of the new business written during the reporting period at the end of the reporting period.

The present value of future profits corresponds to the present value of all expected future statutory earnings after taxes from the new business of the reporting period as of the reporting date.

Solvency costs are the costs of the solvency capital of the new business provided by the shareholder and are deducted from the VNB.

The PVNBP is the present value of projected new regular premiums, discounted with the risk discount rate, plus the total amount of single premiums received. Premiums are before reinsurance.

VNB and PVNBP are determined by using an actuarial methodology. In this approach, insurance contracts are projected deterministically using best estimate assumptions consistent with the assumptions used for TEV. Present values are calculated by using risk discount rates.

Reconciliation
VNB and PVNBP are components of the Embedded value methodology. This is based on statutory profits, expected future cash flows and uses discounting. As such it is not comparable to IFRS standards and there is no comparable IFRS financial measure. Therefore, a reconciliation is not possible. Moreover, the calculation of NBM of each country market is consistent with the respective accounting policies applied in the financial statements prepared in accordance with local statutory reporting.

Operating cash production

Definition
The operating cash production represents the amount of cash Helvetia's legal entities have generated in the reporting period and which is available for the Helvetia Group. It includes dividends (that will be remitted within the following year), contributions of branches and paid interest and fees on internal financial instruments.

Reconciliation
There is no comparable IFRS financial measure to operating cash production. Therefore, a reconciliation is not possible.

Net economic dividend capacity (NEDC)

Definition
Net economic dividend capacity (NEDC) reflects potentially free available capital at the balance sheet date that can be used for additional dividends or growth purposes.

The Group's NEDC is calculated by adding up the capacities to pay a dividend of all main Helvetia legal entities. The determination of each legal entity's dividend capacity takes the following considerations into account:

- the available free local equity based on local statutory – not IFRS – accounting,
- available free assets over insurance technical liabilities (including a security buffer), in legal entities where such tied asset requirements still exist or are required by the prudent person principle,
- surpluses defined by local solvency requirements (i.e. SST, Solvency II) at each individual legal entity level also taking into account Group considerations (such as SST and S&P)

whereby the most restricting of these measures defines an entity's dividend capacity.

Capital and additional buffers on top of regulatory SST and Solvency II are taken into account in order to balance prospective volatility of own funds or required capital, to fund growth or to reflect restrictions in transferability of free funds.

Reconciliation
NEDC is based on statutory accounting, solvency and tied asset measures which vary from country to country and are not comparable to IFRS. There is therefore no comparable IFRS financial measure to NEDC and a reconciliation is not possible.

Service

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.

EIOPA
European Insurance and Occupational Pensions Authority

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.

Emerging risks
Unexpected and newly emerging or qualitatively changing risks resulting from the combination of different factors.

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.

ESG (environmental, social, governance)
ESG stands for environmental protection, social justice and good corporate governance and thus summarises all aspects of sustainability.

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 recover-able 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.

Ogden discount rate
The Ogden discount rate is used by courts in the United Kingdom to determine the present values of future losses arising from personal injuries that are settled against a one-time payment. This primarily impacts motor vehicle and general liability insurance. After being set at 2.5% in 2001, the Ministry of Justice reduced the Ogden discount rate to –0.75% on 27 February 2017 – a much greater reduction than previously forecast by the insurance industry.

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.

SPPI financial instruments
Financial instruments where the contractual payment flows fall due at specific times and solely comprise repayment of principal and interest on the amount outstanding.

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 (PVNBP).

Zillmering
Balancing of an account with part of the unamortised acquisition costs taken into consideration.

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Important dates

28 April 2023	Ordinary Annual General Meeting in St. Gallen
27 September 2023	Publication of half-year financial results for 2023
11 April 2024	Publication of financial results 2023 (expected)

Multi-year overview.

	2018	2019	2020	2021	2022
in CHF million					
Business volume					
Gross premiums life	4480.1	4539.2	3996.7	4151.3	3820.9
Deposits received life	197.1	239.4	286.6	414.6	311.3
Gross premiums non-life	4396.1	4675.5	5430.3	6656.3	6965.0
Business volume	9073.3	9454.1	9713.6	11222.2	11097.2
Key performance figures					
Result life	147.9	224.4	167.1	304.1	419.8
Result non-life	332.0	398.5	258.5	389.3	289.6
Result other activities	–48.9	–84.8	–143.9	–173.6	–95.0
Group profit for the period after tax	431.0	538.1	281.7	519.8	614.4
Investment result	580.1	1876.5	1027.2	2264.9	–38.6
of which investment result from Group financial assets and investment property	794.4	1402.7	840.6	1831.3	808.4
Key balance sheet figures					
Consolidated equity (without preferred securities)	5097.1	5834.1	6400.3	6414.5	4217.5
Provisions for insurance and investment contracts (net)	44418.5	46194.2	51571.7	51397.7	46452.0
Investments	51997.5	54524.7	60570.9	60009.1	51986.9
of which Group financial assets and investment property	48583.5	50227.8	55674.7	54384.6	47063.0
Ratios					
Return on equity	9.3%	11.4%	5.4%	10.3%	11.0%
Reserve to premium ratio non-life	145.0%	145.3%	149.3%	136.8%	139.9%
Combined ratio (gross)	88.7%	90.4%	94.0%	97.3%	92.4%
Combined ratio (net)	91.0%	92.3%	94.0%	94.8%	94.7%
New business margin	1.7%	2.9%	2.6%	2.5%	3.3%
Direct yield	2.0%	1.9%	1.7%	1.6%	1.8%
Investment performance	0.3%	5.9%	2.7%	1.2%	–8.3%
Key share data Helvetia Holding AG					
Group profit for the period per share in CHF	8.4	10.5	4.8	9.2	10.6
Consolidated equity per share in CHF	103.1	118.0	121.3	121.3	79.7
Price of Helvetia registered shares at the reporting date in CHF	114.9	136.8	93.4	107.4	107.8
Market capitalisation at the reporting date in CHF million	5713.5	6802.5	4952.6	5695.0	5716.2
Number of shares issued	49725685	49725685	53025685	53025685	53025685
Employees					
Helvetia Group	6624	6829	11687	12128	12628
of which Switzerland and Corporate	3542	3668	3739	3757	3825

Profile

Helvetia Versicherungen, with its headquarters in St. Gallen, has grown since 1858 to become a successful international insurance group with more than 12,600 employees and more than 7 million customers. We want to enable our fellow human beings to seize opportunities and minimise risks in all life situations. Regardless of whether you're about to start a family, embark on a long trip or build a home: Helvetia is there for its customers when it matters. To live up to this aspiration, we want to be the best partner and to be present everywhere that protection needs arise – with insurance, pension and investment solutions from a single source as well as simple products and processes. Our shareholders invest in a profitably growing core business in the non-life and life segments and benefit from an attractive distribution policy with sustainably increasing dividends.

Helvetia knows the business, from mobile phone insurance and insurance provision for the Gotthard Base Tunnel to the long-term investment of customer assets. We use this expertise to develop our pension and insurance solutions as well as in our dialogue with society.

Helvetia is the leading all-lines insurer in Switzerland. In the Europe segment comprising Germany, Italy, Austria and Spain, the company has firmly rooted market positions for generating above-average growth. In the Specialty Markets segment, we offer tailored special insurance and reinsurance cover worldwide.

Helvetia also has a balanced business mix with respect to the life and non-life business. The focus is placed on retail customers as well as small and medium-sized companies. In selected sectors, large companies are also insured. We want to offer all of our customers solutions that are as uncomplicated as possible – very much in keeping with our brand promise: simple. clear. helvetia. Helvetia develops business models and taps into growth and value potential with enthusiasm and drives forward its own business in a powerful and future-oriented manner. Our diversification in terms of markets, business mix, customers and sources of revenue allows us to weather economic and market fluctuations. The business model and revenue streams of Helvetia are extremely resilient thanks to its balanced risk position and strong capital base.

Solid technical results, coupled with a proven asset-liability approach to steer our CHF 61 billion balance sheet – guarantee sustainable profit development. Helvetia acts with foresight and responsibility in everything it does: for the benefit of our shareholders, customers and employees as well as our partners, society and the environment.

The shares of Helvetia Holding are traded on the SIX Swiss Exchange under the symbol HELN.

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Helvetia is committed to the use of non-discriminatory language. Due to regulatory requirements and in the interests of readability, genders are either listed alternately or the male and female forms are given in this document.

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