



Helvetia Switzerland

Operative Account 2015

Collective life insurance.

Your Swiss Insurer.



“Beep” – a new sound sets the tone in everyday life.



Something is beeping at Mr P.'s house. An unremitting and penetrating sound. It begins first thing in the morning. That's when his digital alarm clock wakes him up with an irritating beep and beeps him out of bed. In the bathroom his electric

shaver reminds him with a discreet “beep” that the battery is almost flat. Half asleep, Mr P. staggers into the kitchen where he – beep – switches on the coffee maker and – beep – presses the “espresso” button.

In the meantime, thoroughly beeped awake, Mr P. checks his emails on his smartphone while on the way to the railway station. He already knows that some emails have arrived due to a special – you'd never guess! – “beep beep”. He has only just entered the packed train when the carriage door, which is still open, reminds him with some loud beeping that he should remove his briefcase from the light barrier. Thank you – beep.

After the door to the company building has welcomed Mr P. with a friendly “beep”, his booted computer in his office lets him know by beeping that it is now ready to work. Mr P. can now hear the beeping ringing in his ears and wonders, not for the first time, whether there once used to be more pleasant sounds before everything became digitised through and through, for instance the sound of a conversation with friends, colleagues, passers-by, but with a short “beep” he quickly switches off this thought.

Dear Readers,

Digitisation is the hot topic of the day. We must learn how to handle this, in both our personal lives and in our jobs, and how to explore the chances and opportunities that this development brings. Helvetia has recognised the signs of the times and with “BVGonline” has created a tool that should enable our customers to easily deal with the complex material concerning occupational benefit schemes. Today 54% of all policies are already managed with BVGonline.

Of course, however, that is not all. In future, Helvetia will be offering more and more products and services in digital form. So in future BVGonline will not only offer the possibility of transmitting data and requesting information to associated companies, but to beneficiaries as well. The focus will always be on the service and the benefit for the customer. A service offered in digital form should be more than just a collection of beeps – there are enough of those already – and not just for Mr P.!

In times of global challenges and all the uncertainty that this brings, we are increasingly focusing on our core task: to offer security and reliability in an uncertain world. The figures of the present operative account show that we were also able to keep this promise in financial year 2015. We have managed to selectively expand the business, to successfully face the difficult situation on the capital market thanks to our prudent investment policy, to achieve robust results in the insurance business and thus to consolidate our market position. Although we are facing up to the challenges of the digital age, direct personal contact and the benefit for our customers will continue to remain the focal point of our activities.

In this spirit we look forward to our continuing cooperation – with trust, dynamism and enthusiasm.

Helvetia Swiss
Life Insurance Company Ltd

Dr Philipp Gmür
Chairman of the Executive Management

Income statement.

The following income statement reports on Helvetia Insurance's income and expenses for its collective life business in 2015, thereby providing information on the type, amount and composition of our success in this business sector.

Income statement

| in TCHF, pursuant to the statutory financial statements | 2015 | 2014 |
|--|------------------|------------------|
| Income | | |
| Savings premiums | 2 143 337 | 2 232 896 |
| <i>Of which contributions to strengthen retirement savings capital</i> | 807 992 | 776 344 |
| <i>Of which transferred retirement savings capital (individually transferred)</i> | 888 156 | 817 076 |
| <i>Of which retirement savings capital transferred (contracts transferred in the case of new associations)</i> | 321 455 | 520 311 |
| <i>Of which transfers-in for transferred old-age and survivor's pensions</i> | 10 855 | 29 112 |
| <i>Of which transfers-in for transferred disability pensions</i> | 32 206 | 24 925 |
| <i>Of which transfers-in for vested benefit policies</i> | 82 673 | 65 127 |
| Risk premiums | 313 474 | 328 173 |
| Cost premiums | 89 484 | 89 165 |
| Gross premium income earned | 2 546 295 | 2 650 234 |
| Direct income from investments | 415 692 | 413 593 |
| Proceeds from disposals | 147 479 | 43 158 |
| Exchange gains and losses | -99 317 | 309 |
| Amount of write-ups/depreciation | -55 455 | 974 |
| Interest expense | -5 826 | -43 |
| Asset management expense | -22 931 | -20 746 |
| Net income from investments | 379 642 | 437 245 |
| Other income | 24 157 | 23 409 |
| Re-insurance result | -26 570 | -11 017 |
| Total income | 2 923 524 | 3 099 871 |
| Expenses | | |
| Retirement, death and disability benefits | 549 783 | 1 490 138 |
| <i>Of which capital benefits</i> | 340 185 | 1 289 403 |
| <i>Of which pension benefits</i> | 209 599 | 200 735 |
| Termination benefits | 906 463 | 871 323 |
| Redemption values due to termination of contracts | 215 295 | 220 412 |
| Benefits processing costs | 7 136 | 6 758 |
| Insurance benefits | 1 678 678 | 2 588 630 |
| Retirement savings capital | 621 364 | 786 996 |
| Reserves for retirement and survivors' pensions | 223 249 | -616 471 |
| Reserves for disability pensions | 39 194 | 31 543 |
| Actuarial reserve for vested benefit policies | 21 884 | -6 423 |
| Provision for incurred but outstanding claims | -12 548 | -136 |
| Other | 95 746 | 36 145 |
| Change in technical provisions | 988 889 | 231 654 |
| Acquisition and administration costs | 87 634 | 89 574 |
| Other expenses | 1 346 | 7 120 |
| Surplus sharing allocated to the surplus fund | 96 570 | 130 249 |
| Operating result | 70 409 | 52 643 |
| Total expenses | 2 923 524 | 3 099 871 |

Balance sheet figures.

With the following balance sheet, Helvetia Insurance provides information on the origin and use of the funds allocated to its collective life business. For the year under review, 2015, the complete balance sheet is presented for the first time. For reasons of transparency this adjustment has also been carried out for 2014.

Balance sheet

| in TCHF, pursuant to the statutory financial statements | 31.12.2015 | | 31.12.2014 | |
|---|-------------------|-------------|-------------------|-------------|
| Assets | | | | |
| Investments | | | | |
| Liquid funds and time deposits | 428 808 | 2.55% | 1 060 692 | 6.56% |
| Fixed-income securities in Swiss francs | 7 244 713 | 43.06% | 7 347 964 | 45.43% |
| Fixed-income securities in foreign currencies | 2 956 698 | 17.57% | 1 984 541 | 12.27% |
| Mortgages and other par value receivables | 3 321 540 | 19.74% | 3 027 261 | 18.72% |
| Swiss shares and foreign shares | 356 043 | 2.12% | 379 814 | 2.35% |
| Investment fund units | 342 364 | 2.04% | 351 269 | 2.17% |
| Private equity and hedge funds | 751 | 0.00% | 1 198 | 0.01% |
| Assets from financial derivative instruments | 12 698 | 0.08% | 13 143 | 0.08% |
| Investments in holdings and affiliated companies | 112 | 0.00% | 112 | 0.00% |
| Real estate | 2 159 859 | 12.84% | 2 008 842 | 12.42% |
| Other investments | 0 | 0.00% | 0 | 0.00% |
| Total investments | 16 823 588 | 100% | 16 174 837 | 100% |
| Other assets | 785 334 | | 563 255 | |
| Balance sheet total | 17 608 922 | | 16 738 092 | |
| Liabilities | | | | |
| Technical provisions, gross | | | | |
| Retirement savings capital ¹ | 10 609 196 | | 9 987 832 | |
| Additional reserves for future pension conversions ¹ | 359 500 | | 423 900 | |
| Actuarial reserve for current retirement and survivors' pensions ¹ | 2 340 037 | | 2 116 789 | |
| Actuarial reserve for current disability pensions ¹ | 1 194 738 | | 1 155 544 | |
| Strengthening of the actuarial reserve for current pensions ¹ | 691 643 | | 559 972 | |
| Actuarial reserve for termination benefit policies | 353 447 | | 331 563 | |
| Provision for incurred but outstanding claims | 219 612 | | 234 625 | |
| Cost-of-living adjustment fund | 310 146 | | 304 569 | |
| Provision for credited dividends | 188 749 | | 177 445 | |
| Other technical provisions | 25 307 | | 23 310 | |
| Total technical provisions, gross | 16 292 376 | | 15 315 548 | |
| Surplus fund | 160 064 | | 177 359 | |
| Other provisions | 539 609 | | 708 584 | |
| Other liabilities | 616 873 | | 536 601 | |
| Balance sheet total | 17 608 922 | | 16 738 092 | |

¹ Breakdown of the items into mandatory insurance and supplementary system:

| As at 31.12. in TCHF | Mandatory insurance | | Supplementary system | |
|--|---------------------|-----------|----------------------|-----------|
| | 2015 | 2014 | 2015 | 2014 |
| Retirement savings capital | 5 808 208 | 5 487 347 | 4 800 988 | 4 500 485 |
| Additional reserves for future pension conversions | 296 600 | 335 500 | 62 900 | 88 400 |
| Actuarial reserve for current retirement and survivors' pensions | 1 250 643 | 1 123 574 | 1 089 395 | 993 214 |
| Actuarial reserve for current disability pensions | 732 435 | 693 561 | 462 303 | 461 983 |
| Strengthening of the actuarial reserve for current pensions | 525 147 | 422 338 | 166 497 | 137 634 |

Investments.

Investment year 2015

On 15 January the Swiss National Bank took the markets by surprise when it unexpectedly abandoned the minimum exchange rate of CHF 1.20 per euro. Subsequently both the Swiss equity market and the exchange rate against the euro lost more than 15% of their value. Although equities staged a relatively swift recovery in the maelstrom of European markets, the Swiss franc remained markedly overvalued against the euro throughout the entire year.

Far more drastic for the investment of pension assets than the development of equities and the currency were the negative interest rates imposed by the National Bank in order to counteract the strength of the franc. These caused yields on Swiss bonds to fall significantly; yields on federal bonds, even those with long-term maturities, sank to well below zero at times. This meant that the LOB minimal interest rates could not be achieved with bonds issued in Swiss francs.

Driven by the increasingly aggressive monetary policy of the European Central Bank, euro interest rates also fell continually and offered no viable alternative to securities denominated in Swiss francs, especially as foreign currency investments have to be hedged to a high degree.

Real estate markets continued to show a robust development, both in Switzerland and in Europe, especially in the housing segment. The excess demand and the pressure on yields was correspondingly high.

Investment volume and asset allocation

In the prevailing investment environment real estate, Swiss mortgages, US dollar treasuries, corporate bonds, predominantly in the BBB range, and convertible bonds were among the preferred investment instruments among institutional investors. It was in these instruments that fresh funds were primarily invested in the year under review.

At the end of the year the investment volume measured at carrying amounts amounted to CHF 16.8 billion, which corresponds to an increase of around CHF 600 million. The valuation reserves remained practically unchanged at CHF 1.6 billion. Thus non-current assets at market value amounted to around CHF 18.3 billion.

There were some changes in asset allocation compared with the previous year. Due to the negative interest rates in Switzerland bonds denominated in foreign currency – primarily in US dollars – were topped up by some 5 percentage points, to the detriment of liquidity and CHF bonds. Due to the favourable market situation, investments in first-rate Swiss mortgages were topped up by more than CHF 300 million. With an increase of CHF 150 million we managed to expand the portfolio weighting of real estate by 0.4% points despite the excess demand.

Due to the volatile markets both equity and foreign currency exposures remained highly hedged throughout the entire year to protect the balance sheet and income statement.

Sustainable investment performance

In the year under review income from investments, amounting to CHF 402.6 million, brought a direct yield of 2.45%. The year-on-year decline can be attributed to the extraordinarily low interest rates for new investments and reinvestments.

Investment performance at market values reached 1.88%. Due to the weaker equity and bond markets it was no longer possible to achieve the top figures of 2014. However, we comfortably outperformed the relevant LOB benchmarks.

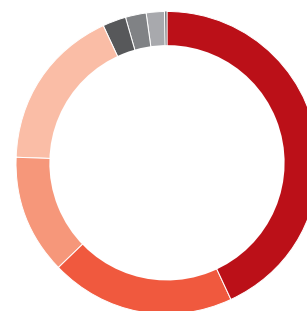
Outlook

In the current financial year interest rates are likely to remain at their currently low level especially due to the continuing expansive monetary policy of the European Central Bank, the global weakness in growth and the high levels of debt in both the public and the private sector. The present investment policy will be rigorously continued in 2016, accompanied by prompt and effective risk management.

Asset allocation

Investments by asset class as per 31.12.2015 (in % of carrying amount)

| | |
|--|--------|
| ■ Fixed-income securities in Swiss francs | 43.06% |
| ■ Mortgages and other par value receivables | 19.74% |
| ■ Fixed-income securities in foreign currencies | 17.57% |
| ■ Real estate | 12.84% |
| ■ Liquid funds and time deposits | 2.55% |
| ■ Swiss and foreign shares | 2.12% |
| ■ Investment fund units | 2.04% |
| ■ Assets from financial derivative instruments | 0.08% |
| □ Private equity and hedge funds | 0.00% |
| □ Investments in holdings and affiliated companies | 0.00% |
| □ Other investments | 0.00% |



Investments

| Balance as per 31.12.2015, in TCHF | Carrying amount | Market value |
|------------------------------------|-------------------------|--------------|
| At beginning of financial year | 16 135 199 | 17 752 984 |
| At end of financial year | 16 774 523 ¹ | 18 328 636 |

¹ Excluding liabilities from financial derivative instruments.

Valuation reserves

| Balance as per 31.12.2015, in TCHF | Market value |
|------------------------------------|--------------|
| At beginning of financial year | 1 617 784 |
| At end of financial year | 1 554 113 |
| Change | -63 671 |

Investment income

| Balance as per 31.12.2015, in TCHF | Gross ² | Net ³ |
|------------------------------------|--------------------|------------------|
| Investment income | 402 573 | 379 642 |
| Return on carrying amounts | 2.45% | 2.31% |
| Performance on market values | 1.88% | 1.75% |

² Including interest expense, before offsetting the asset management expense.

³ Including interest expense, after offsetting the asset management expense.

Asset management expense

All the internal costs in connection with the investment business and external fees (safekeeping account fees, other fees, costs of alternative investments, etc.) are included in the asset management expense. These costs do not include transaction costs or real estate expenses, which are deducted from income as is customary in the sector.

| in TCHF | 2015 | 2014 |
|---|------------|------------|
| Average investments at market value | 18 040 810 | 17 091 033 |
| Costs of asset management without upkeep of real estate | 22 931 | 20 746 |
| in % of investments at market values | 0.13% | 0.12% |
| Costs of upkeep and maintenance of real estate | 23 194 | 21 827 |
| in % of investments at market values | 0.13% | 0.13% |
| Costs of asset management with upkeep of real estate | 46 125 | 42 573 |
| in % of investments at market values | 0.26% | 0.25% |
| Share of collective investments ¹ | 1.70% | 1.95% |
| Share of non-cost-transparent investments ² | 0.71% | 0.65% |

¹ Collective investments are assets that are provided by investors for collective investment and administered for their account. The investment needs of investors are satisfied equally (Federal Act on Collective Investment Schemes, Art. 7 (1)).

² If the asset management expenses for a collective investment cannot be calculated or disclosed according to the instructions of the Swiss Federal Commission for Occupational Pension Plans (OAK BV), the investment is not transparent.

Overview of asset management expense

| Costs incurred | Market value | TER ³ | TTC ⁴ | SC ⁵ | Total |
|--|--------------|------------------|------------------|-----------------|---------------|
| Direct investments | 17 885 599 | 41 322 | 3 811 | | 45 133 |
| Single-level collective investments | 312 387 | 525 | | | 525 |
| Multi-level collective investments | 0 | 0 | | | 0 |
| Non-cost-transparent investments | 130 650 | | | | |
| Total market value / total before capitalisation | 18 328 636 | 41 848 | 3 811 | 467 | 46 125 |
| Capitalised costs | | 0 | 0 | 0 | 0 |
| Total recognised in the income statement | | 41 848 | 3 811 | 467 | 46 125 |

³ TER-costs: costs of administration and management (internal and external)

⁴ TTC costs: transaction costs

⁵ SC costs: costs that cannot be allocated to individual investments

Legal quote.

Business subject to the legal quote

The statutory provisions governing the legal quote require that at least 90% of income be used to the benefit of the active participants. This ensures that they participate appropriately in the profits earned by the insurance company.

| Balance as per 31.12.2015, in TCHF | Savings | Risk | Costs | Total |
|--|---------------|---------------|---------------|----------------|
| Gross income | 360 919 | 220 906 | 62 944 | 644 770 |
| Allocated benefits | 270 867 | 136 063 | 40 706 | 447 636 |
| Gross result | 90 052 | 84 843 | 22 238 | 197 134 |
| Increase/decrease in reinforcement of reserves in the savings process | | | | |
| Longevity risk | | | | 118 600 |
| Deficits from pension conversion | | | | -64 500 |
| Interest guarantees | | | | 2 900 |
| Increase/decrease in reinforcement of reserves in the risk process | | | | |
| Strengthening of disability and survivors' pensions | | | | 9 600 |
| Incurred, but not yet registered, insured events | | | | 0 |
| Claims fluctuations | | | | 20 000 |
| Increase/decrease in reinforcement of reserves | | | | 86 600 |
| Allocation to surplus fund | | | | 49 507 |
| Operative account result for business subject to the legal quote | | | | 61 026 |
| Distribution ratio | | | | 90.5% |

In its business subject to the legal quote, Helvetia used a total of CHF 583.7 million to the benefit of the participants in 2015. This equals a distribution rate of 90.5%.

The benefits paid to the active participants include the following components:

- Benefits allocated directly to the savings, risk and cost processes (see table p. 11): CHF 447.6 million
- Increase in reserves: CHF 86.6 million
- Allocation to surplus fund: CHF 49.5 million

Helvetia generates cost-covering revenues in the savings, risk and cost processes. Helvetia sets an extremely high priority on the security of the pension assets. The demographic and economic conditions are taken into account through the appropriate reinforcement of reserves. A consequence of these conditions is, for example, the deficit which is caused by the difference between the statutory and the actuarially correct pension conversion rates. For the mandatory retirement savings capital of active and disabled participants, this deficit currently amounts to around 0.45%.

Business not subject to the legal quote

Contracts that contain a special contractual regulation regarding surplus sharing are partly or totally excluded from the statutory provisions governing the legal quote. The source of the results and their allocation to business not subject to the legal quote are shown below:

| Balance as per 31.12.2015, in TCHF | Savings | Risk | Costs | Total |
|--|--------------|---------------|---------------|---------------|
| Gross income | 18 723 | 92 567 | 26 540 | 137 830 |
| Allocated benefits | 17 134 | 44 148 | 16 532 | 77 814 |
| Gross result | 1 589 | 48 419 | 10 008 | 60 016 |
| Increase/decrease in reinforcement of reserves in the savings process | | | | |
| Longevity risk | | | | 631 |
| Deficits from pension conversion | | | | 100 |
| Interest guarantees | | | | 0 |
| Increase/decrease in reinforcement of reserves in the risk process | | | | |
| Strengthening of disability and survivors' pensions | | | | 2 840 |
| Incurred, but not yet registered, insured events | | | | 0 |
| Claims fluctuations | | | | 0 |
| Increase/decrease in reinforcement of reserves | | | | 3 571 |
| Allocation to surplus fund | | | | 47 062 |
| Operative account result for business not subject to the legal quote | | | | 9 383 |
| Distribution rate | | | | 93.2% |

Contracts that contain a special contractual regulation regarding surplus sharing include in particular:

- Contracts with their own profit and loss account (so-called own bonus groups). Participation in profit in the form of surpluses is dependent upon the individual claims history of the contract.
- Contracts where policyholders bear the investment risk themselves and therefore participate directly in the investment income.

The result of the business not subject to the legal quote was particularly affected by Swisscanto's collective foundations as pension plans with their own bonus groups. As a ratio of the total number of participants, the Swisscanto business accounts for almost one third of Helvetia's total collective life business. The investment risk of this business segment has not been re-insured with Helvetia.

Recapitulation of operating result

| Balance as per 31.12.2015, in TCHF | Subject to legal quote | | Not subject to legal quote | | Total |
|--------------------------------------|------------------------|-------------|----------------------------|-------------|---------------|
| Savings | 360 919 | | 18 723 | | 379 642 |
| Risk | 220 906 | | 92 567 | | 313 473 |
| Costs | 62 944 | | 26 540 | | 89 484 |
| Gross income | 644 770 | 100.0% | 137 830 | 100.0% | 782 599 |
| Benefits paid to active participants | 583 744 | 90.5% | 128 448 | 93.2% | 712 190 |
| Operating result | 61 026 | 9.5% | 9 383 | 6.8% | 70 409 |

Sources of revenue and most important expenses for the three processes

| Process | Revenues | Allocated benefits |
|---------|-----------------------|--|
| Savings | Net investment income | Rate of interest for retirement savings capital and the actuarial reserves for current pensions, conversion of retirement savings capital into retirement pensions |
| Risk | Risk premium | Payment of disability and survivors' benefits, accrual of actuarial reserves for new pensions |
| Costs | Cost premium | Services provided as part of the administration of the occupational benefits and insurance solutions as well as customer advice |

Surplus fund.

The surplus fund for collective life insurance business was allocated a total of CHF 96.6 million from the 2015 result. CHF 49.5 million of this is allocated to business subject to the legal quote.

Development of the surplus fund

| in TCHF | Subject to legal quote | Not subject to legal quote | Total |
|-----------------------------------|------------------------|----------------------------|----------------|
| Balance as per 31.12.2014 | 97 922 | 79 437 | 177 359 |
| Allocation from operative account | 49 507 | 47 062 | 96 570 |
| Distribution to pension plans | 50 484 | 63 381 | 113 866 |
| Balance as per 31.12.2015 | 96 945 | 63 118 | 160 064 |

For the business subject to the legal quote, surpluses in the amount of CHF 50.5 million were paid out in 2015. This concerns the interest and risk surpluses for 2014 that were credited to the pension plans retroactively on 01.01.2015 as well as the surplus sharing of vested benefit policies for 2015.

In its surplus policy of past years Helvetia has given centre stage to continuity and stability. This consistent surplus policy and the good business result in 2015 allow adequate surplus sharing. As at 01.01.2016 the following surpluses will be credited retroactively for 2015:

Interest surplus and total interest for 2015¹

| | Guaranteed interest rate | Interest surplus | Total interest |
|--|--------------------------|------------------|----------------|
| LOB retirement savings capital | 1.75% | 0.00% | 1.75% |
| Supplementary retirement savings capital | 1.25% | 0.50% | 1.75% |

¹ Applies to full insurance solutions offered by Helvetia's collective foundations and company-own foundations with a full insurance contract.

In accordance with the regulations for the minimum distribution rate relating to the distribution of surpluses, a risk surplus of 5% of risk premiums was paid out for 2015 in addition to the interest surplus. Customers with a special surplus agreement and collective life contracts that are not related to the occupational benefit scheme do not qualify for a risk surplus.

The surplus fund

The surplus fund contains reserves for future surplus sharing. It is used to guarantee customers long-term, stable surplus sharing and to smooth out any fluctuations in the course of business. The reserves may only be used to the benefit of active participants as part of their occupational benefit scheme. Pursuant to the provisions of the Supervision Ordinance (AVO), an allocation from the operative account must be paid out after five years at the latest, whereby the distribution may not exceed two thirds of the surplus fund.

Other key figures.

Portfolios

| | 2015 | 2014 |
|---------------------------------------|----------------|----------------|
| Active participants | 185 741 | 183 175 |
| Pensioners | 23 163 | 22 112 |
| Termination benefit policies | 10 251 | 10 560 |
| Number of active participants | 219 155 | 215 847 |
| Number of collective contracts | 17 826 | 17 802 |

Interest and conversion rates 2015

| | Mandatory insurance | Supplementary system |
|--|---------------------|----------------------|
| Rate of interest on retirement savings capital | 1.75% | 1.250% |
| Pension conversion rate men (age 65) | 6.80% | 5.835% |
| Pension conversion rate women (age 64) | 6.80% | 5.574% |

Cost-of-living adjustment fund

The cost-of-living adjustment fund is a technical provision. It is used to finance the future adjustment of current disability and survivors' pensions to the price index pursuant to the LOB.

Development of cost-of-living adjustment fund

in TCHF

| | |
|--|----------------|
| Balance as per 31.12.2014 | 304 569 |
| Cost-of-living premiums received | 6 272 |
| Tariff interest | 761 |
| Cost of adjusting risk pensions to increase in price index | -202 |
| Withdrawal for expenses | -1 254 |
| Balance as per 31.12.2015 | 310 146 |

Pension adjustment

The adjustment of pensions to the price index is governed by Art. 36 LOB. The cost-of-living adjustment is granted for the first time once the pension has been running for three years, at the start of the following calendar year. The subsequent adjustments are made at the same time as the adjustment to the OASI pensions. As a result of this rule, the mandatory survivors' and disability pensions were not adjusted for inflation on 01.01.2015:

| Pension beginning in year/period | Adjustment rate |
|----------------------------------|-----------------|
| 1985–2010 | 0.0% |
| 2011 | 0.0% |

The adjustment rates are calculated and published by the Federal Social Insurance Office (FSIO) in line with the Swiss consumer price index.

Operating expenses

| in TCHF | 2015 | 2014 |
|--|---------------|---------------|
| Acquisition costs | 17 911 | 19 676 |
| <i>Of which commissions to brokers and agents</i> | 6 866 | 6 469 |
| <i>Of which commissions to own sales representatives</i> | 4 269 | 4 199 |
| Benefits processing costs | 7 136 | 6 758 |
| Marketing and advertising expenses | 3 489 | 3 386 |
| General administration expenses | 66 234 | 66 512 |
| Re-insurance share of administration costs | -7 584 | -4 043 |
| Total net operating expenses | 87 185 | 92 289 |

According to cost units

| | | |
|---|---------------|---------------|
| Operating expenses of active participants in absolute terms | 79 070 | 84 532 |
| Operating expenses of pensioners in absolute terms | 7 136 | 6 758 |
| Operating expenses of vested benefit policies in absolute terms | 979 | 999 |
| Operating expenses for other cost units | 0 | 0 |
| Total net operating expenses | 87 185 | 92 289 |

Per head (in CHF)

| | | |
|--|-----|-----|
| Operating expenses of active participants | 426 | 461 |
| Operating expenses of pensioners | 308 | 306 |
| Operating expenses of termination benefit policies | 96 | 95 |

Cost premiums

| in TCHF | 2015 | 2014 |
|--|---------------|---------------|
| According to cost units | | |
| Cost premiums of active participants in absolute terms | 88 408 | 88 093 |
| Cost premiums of vested benefit policies in absolute terms | 1 076 | 1 071 |
| Other cost premiums | 0 | 0 |
| Total cost premiums | 89 484 | 89 165 |

Per head (in CHF)

| | | |
|--|-----|-----|
| Cost premiums of active participants | 476 | 481 |
| Cost premiums of vested benefit policies | 105 | 101 |

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