IMPORTANT NOTICE

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached listing prospectus accessed from this page or otherwise received as a result of such access and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of the attached listing prospectus. In accessing the attached listing prospectus, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access and you acknowledge that Helvetia Holding AG together with its subsidiaries (Helvetia Group) and their respective affiliates and others will rely upon the truth and accuracy of the following representations, acknowledgements and agreements. IF YOU DO NOT AGREE TO THE TERMS DESCRIBED IN THIS DISCLAIMER, YOU MAY NOT OPEN THE ATTACHED LISTING PROSPECTUS.

The attached listing prospectus is being furnished to you solely for your information and may not be forwarded, reproduced, redistributed or passed on in whole or in part, directly or indirectly, to any other person. The distribution of the attached listing prospectus in certain jurisdictions may be restricted by law and persons into whose possession the attached listing prospectus comes should inform themselves about, and observe any such restrictions. Failure to comply with this notice may result in a violation of the United States Securities Act of 1933, as amended (the Securities Act), or the applicable laws of other jurisdictions.

Confirmation of Your Representation: You have been sent the attached listing prospectus on the basis that you have confirmed to Helvetia, being the sender of the attached: (i) that the electronic (or e-mail) address to which it has been delivered is not located in the United States, its territories and possessions, any State of the United States and the District of Columbia (including Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) and, if you are in the any European Economic Area (EEA), (a) you are a qualified investor (as defined in Article 2(e) of the Regulation (EU) 2017/1129 (the Prospectus Regulation), and (b) are not a retail investor (as defined below); and (ii) that you consent to delivery by electronic transmission.

The attached listing prospectus has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently neither Helvetia nor any person who controls it or any director, officer, employee or agent of it, nor any affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the listing prospectus distributed to you in electronic format and any hard copy version available to you on request from Helvetia.

You are reminded that the attached listing prospectus has been delivered to you on the basis that you are a person into whose possession the attached listing prospectus may be lawfully delivered in accordance with the laws of jurisdiction in which you are located and you may not nor are you authorised to deliver the attached listing prospectus to any other person.

Restrictions: Nothing on this electronic transmission constitutes an offer of securities for sale in the United States or any other jurisdiction where such offer is prohibited. The Bonds (as defined herein) to be issued will not be registered under the Securities Act and may not be offered or sold in the United States or to or for the account or benefit of U.S. persons (as such terms are defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Your attention is drawn to the first and second pages of the attached listing prospectus. If you are in the United States or are a U.S. person (as such term is defined in Regulation S under the Securities Act), you should not open the attached listing prospectus. The attached listing prospectus may only be communicated to persons in the United Kingdom, in circumstances where section 21(1) of the Financial Services and Markets Act 2000, as amended does not apply to the Issuer.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Bonds, from the date of application of Regulation (EU) No 1286/2014 (the PRIIPs Regulation), are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, MiFID II); (ii) a customer within the meaning of the Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by the PRIIPs Regulation for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.
MiFID II product governance / Retail investors, professional investors and ECPs target market – Solely for the purposes of the product approval process of any entity which is a manufacturer in relation to the Bonds (pursuant to MiFID II product governance rules), the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds to eligible counterparties and professional clients, each as defined in MiFID II; (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable. Any person subsequently offering, selling or recommending the Bonds (a Distributor) should take into consideration the manufacturers’ target market assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

A hard copy of the attached listing prospectus may be obtained from your usual sales contact at UBS Investment Bank, if lawful.

NOT FOR TRANSMISSION, DIRECTLY OR INDIRECTLY, INTO THE UNITED STATES, AUSTRALIA, CANADA, JAPAN OR ANY OTHER JURISDICTION IN WHICH OFFERS OR SALES WOULD BE PROHIBITED BY LAW OR TO ANY RETAIL INVESTOR IN THE EEA OR TO ANY RESIDENT THEREOF OR DISTRIBUTED OR REDISTRIBUTED, DIRECTLY OR INDIRECTLY, IN OR INTO THE UNITED STATES, AUSTRALIA, CANADA, JAPAN OR ANY OTHER JURISDICTION IN WHICH OFFERS OR SALES WOULD BE PROHIBITED BY LAW OR TO ANY RETAIL INVESTOR IN THE EEA OR TO ANY RESIDENT THEREOF.
Helvetia Schweizerische Versicherungsgesellschaft AG
St. Gallen, Switzerland

CHF 275,000,000 1.500 per cent. fixed to fixed rate guaranteed perpetual subordinated bonds (the **Perpetual Bonds**)

CHF 125,000,000 1.450 per cent. fixed to fixed rate guaranteed dated subordinated bonds due 2040 (the **Dated Bonds**, and together with the Perpetual Bonds, the **Bonds**)

– each with reopening clause –

Guaranteed on a subordinated basis by Helvetia Holding AG, St. Gallen, Switzerland

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| **Issuer’s Name and Registered Office:** | Helvetia Schweizerische Versicherungsgesellschaft AG, Dufourstrasse 40, 9001 St. Gallen, Switzerland (the **Issuer**). |
| **Guarantor’s Name and Registered Office:** | Helvetia Holding AG, Dufourstrasse 40, 9001 St. Gallen, Switzerland (the **Guarantor**). |
| **Interest Rate and Interest Payment Dates:** | The Perpetual Bonds will bear interest on their principal amount (i) from (but excluding) the Payment Date up to (and including) the First Call Date at a rate of 1.500 per cent. per annum, payable in arrear for the first time on 12 August 2020 and thereafter annually in arrear on 12 August in each year, for the last time on the First Call Date; and (ii) as from (but excluding) the First Call Date, in respect of each successive five-year period, the first such period commencing on (but excluding) the First Call Date and ending on (and including) the fifth anniversary of that date, at a rate of interest being determined on each Coupon Determination Date and equal to the Five-Year Mid Swap Rate plus the Initial Margin, payable annually in arrear on 12 August in each year. |
| **Deferral of Interest:** | Interest on the Bonds is (i) deferrable at the option of the Issuer at all times, and (ii) mandatorily deferrable upon the occurrence of Solvency Event, or if payment of interest will cause a Solvency Event to occur. For definition of Solvency Event, see Condition 2.4. Payment of Interest will be mandatory on a Compulsory Interest Payment Date. For definition of Compulsory Interest Payment Date, see Condition 2.4. |
| **Accumulation:** | Cash cumulative interest paid at the earlier of (i) payment or redemption of a junior or parity security (ii) payment on the Bonds (iii) redemption of the Bonds or (iv) liquidation. |
| **Issue Price:** | The Managers have purchased the Bonds at 100 per cent. of the nominal amount (before commissions). |
| **Placement Price:** | The Placement Price of the Bonds will be fixed in accordance with supply and demand. |
| **Form of the Bonds:** | The Bonds are issued as uncertificated securities (**Wertrechte**) in accordance with article 973c of the Swiss Code of Obligations and, upon registration in the main register (**Hauptregister**), will constitute intermediated securities (**Bucheffekten**); investors do not have the right to request the delivery of individually certificated Bonds. |
Denominations: CHF 5,000 nominal and multiples thereof.
Payment Date: 11 February 2020.
Redemption Date: The Perpetual Bonds have no fixed maturity date and Bondholders do not have the right to call the Perpetual Bonds for their redemption. No acceleration remedy exists in case of payment default other than in bankruptcy or insolvency. Issuer has a clean-up call for redemption. On the First Call Date and on any Subsequent Fixed Interest Payment Date, the Issuer may, at its option, redeem all, but not some only, of the Perpetual Bonds at their principal amount, together, if applicable, with interest accrued to the date fixed for redemption and any Deferred Interest.
Issuer Call Option will also be subject to a Solvency Event not occurring or if using such call would cause a Solvency Event to occur with consent from FINMA or a Successor Authority.

Unless previously redeemed or purchased and cancelled in accordance with the Conditions, the Issuer shall redeem the Dated Bonds at their principal amount, together, if applicable, with interest accrued up to (but excluding) the Final Maturity Date and any Deferred Interest. Final Maturity Date means (i) if, on or prior to the Scheduled Maturity Date, none of the circumstances described in paragraph (ii) below has occurred, the Scheduled Maturity Date, or (ii) if in respect of the date on which such redemption would be made, either a Solvency Event (A) has occurred and is continuing or (B) would occur as a result of such redemption (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured), the Interest Payment Date which is immediately following the date on which the Solvency Event has lapsed, provided, however, that (a) in respect of the date on which such redemption would be made, no Solvency Event either (1) has occurred and is continuing or (2) would occur as a result of such redemption and (b) in either case, the Issuer has obtained the prior written approval of FINMA or any Successor Authority. Scheduled Maturity Date means 12 August 2040.

First Call Date: 12 August 2026 in respect of the Perpetual Bonds; 12 August 2030 in respect of the Dated Bonds.
Early Redemption: At any time in the 3 (three) months prior to (and including) the First Call Date (i.e., from 12 May 2026 in respect of the Perpetual Bonds and from 12 May 2030 in respect of the Dated Bonds) at par value.

On the First Call Date and on any Subsequent Fixed Interest Payment Date, the Issuer may, at its option, redeem all, but not some only, of either the Perpetual Bonds or the Dated Bonds or both at their principal amount, together, if applicable, with interest accrued to (and including) the date fixed for redemption and any Deferred Interest.

Upon the occurrence of a Capital Event, Regulatory Event or, with respect to the Perpetual Bonds only, an Accounting Event or for taxation reasons (non-tax deductibility of the Bonds), the Issuer may, at its option, redeem all, but not some only, of either the Perpetual Bonds or the Dated Bonds or both at their principal amount together, if applicable, with interest accrued to the date fixed for redemption and any Deferred Interest (provided that if at any time the inclusion of a redemption option due to, with respect to the Perpetual Bonds only, an Accounting Event or a Capital Event causes a Regulatory Event, the relevant date for redemption may only fall on or after the fifth anniversary of the Payment Date). For detailed definitions of the events, see Condition 3.4.

Reopening of the Issue: The Issuer reserves the right to reopen (reopening) and increase the aggregate principal amount of the Bonds issued at any time and without prior consultation of or permission of the Bondholders.
Status: The Bonds constitute direct, unsecured and subordinated obligations of the Issuer and rank pari passu and without any preference among themselves.
Guarantee: Guarantee on a subordinated basis pursuant to article 111 of the Swiss Code of Obligations and in accordance with Condition 8.
Governing Law and Jurisdiction: The Bonds are governed by, and construed in accordance with, Swiss law. Exclusive place of jurisdiction for any disputes out of or in connection with the Bonds and all related contractual documentation shall be the City of Zurich, Switzerland, and, if permitted, the Commercial Court of the Canton of Zurich, Switzerland, venue being Zurich 1.
Selling Restrictions: In particular U.S.A., U.S. persons, European Economic Area (prohibition of sales to EEA retail investors) and the United Kingdom.
Listing and Trading: In accordance with article 109 of the Swiss Financial Services Ordinance, this preliminary listing prospectus (the Prospectus) has been prepared in compliance with articles 652a and 1156 of the Swiss Code of Obligations, as such articles were in effect immediately prior to the entry into effect of the Swiss Financial Services Act (the FinSA; Bundesgesetz über die Finanzdienstleistungen), and the listing rules of the SIX Swiss Exchange in their version dated 8 November 2019 and in force as of 1 January 2020 (the Listing Rules). Consequently, this Prospectus will not be reviewed or approved by a Swiss review body pursuant to article 51 of
the FinSA and will not comply with the disclosure requirements applicable to a prospectus approved by such a review body under the FinSA.

Application will be made to SIX Exchange Regulation AG for listing of the Bonds on the SIX Swiss Exchange. The Bonds are expected to be provisionally admitted to trading on the SIX Swiss Exchange from 7 February 2020. The last trading day for the Bonds is expected to be the second business day prior to the date fixed for redemption.

**Rating:**
At issuance, the Bonds are expected to be rated BBB+ by Standard & Poor’s.

**Swiss Security Number / ISIN / Common Code:**
- Perpetual Bonds: 52.161.730 / CH0521617305 / 211359668
- Dated Bonds: 52.161.731 / CH0521617313 / 211359773

**Sole Structuring Advisor**
UBS Investment Bank

**Joint Lead Managers**
- UBS Investment Bank
- Credit Suisse
- Deutsche Bank AG London Branch, acting through Deutsche Bank AG Zurich Branch

**Co-Managers**
- Zürcher Kantonalbank
- Raiffeisen Switzerland Cooperative

(together, the Managers)
IMPORTANT INFORMATION

Prohibition on marketing and sales to retail investors in the EEA

This Prospectus is being prepared by the Issuer and the Guarantor solely in connection with the listing of the Bonds. The information contained in this Prospectus has been provided by the Issuer or the Guarantor and by the other sources identified in this Prospectus. No representation or warranty, express or implied, is made by the Issuer or the Guarantor or any of their respective affiliates or advisors as to the accuracy or completeness of this information, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the Issuer or the Guarantor.

This Prospectus has been prepared solely for use in connection with the listing of the Bonds on the SIX Swiss Exchange. This Prospectus may not be used for, or in connection with, and does not constitute, an offer to sell, or a solicitation of an offer to buy, Bonds. The distribution of this Prospectus may be restricted by law in certain jurisdictions. Persons in possession of this Prospectus are required to inform themselves of and observe such restrictions. The Issuer and the Guarantor do not accept any responsibility for any violation by any person of any such restrictions. Except as otherwise indicated, this Prospectus speaks as of the date hereof, and any information contained in a document incorporated by reference herein is current only as of the date of such document. The delivery of this Prospectus shall, under no circumstances, imply that there has been no change in the affairs of the Issuer or the Guarantor or their subsidiaries or that the information herein is correct as of any date subsequent to the earlier of the date of this Prospectus and any specified date with respect to such information. Helvetia's business, financial condition, results of operations and prospects may have changed since such dates.
CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

This Prospectus contains or incorporates by reference statements that constitute, or may be deemed to constitute, forward-looking statements. In addition, in the future Helvetia, and others on its behalf, may make statements that constitute forward-looking statements. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words "aims", "believes", "estimates", "anticipates", "expects", "intends", "may", "will", "plans", "predicts", "continues" or "should" or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward-looking statements include matters that are not historical facts or which may not otherwise be provable by reference to past events. They appear in a number of places throughout this Prospectus and include statements regarding Helvetia's intentions, beliefs or current expectations concerning, among other things, Helvetia's results of operations, financial condition, liquidity, prospects, growth, strategies, dividend policy and also the industries and the economic environments in which Helvetia operates.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events, and depend on circumstances, that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. Prospective investors should not place reliance on these forward-looking statements.

Forward-looking statements are made as of the date of this Prospectus and Helvetia does not intend, and does not assume any obligation, to update any of the forward-looking statements contained in this Prospectus, except as required by applicable mandatory law or regulations.

Many factors may cause Helvetia's results of operations, financial condition, liquidity, dividend policy and the development of the industries or economic environments in which Helvetia competes to differ materially from those expressed or implied by the forward-looking statements contained in this Prospectus. These include (but are not limited to):

- the instability and volatility in general, global economic and financial conditions, with particular effects on the markets in which Helvetia operates;
- the performance and conditions of financial markets; including global equity and credit markets, volatility of interest rates, credit spreads, equity prices, currency exchange rates, property prices or other market indices and their impact on investment assets;
- uncertainties in valuing assets and liabilities;
- risks that the sale of assets cannot realise the equal amounts with which those assets are valued for accounting purposes;
- the possibility that hedging arrangements may not be effective;
- the possibility not maintain sufficient liquidity and/or not to have access to capital markets;
- changes in laws and regulations, including accounting policies or practices and interpretations thereof by courts, regulators or other authorities;
- legal actions or regulatory investigations or actions, including those in respect of industry requirements or business conduct rules of general applicability;
- risks associated with implementing Helvetia's business strategies; including significant acquisitions, investments or dispositions;
- the frequency, magnitude and general development of insured events;
- uncertainties in estimating future claims for purposes of financial reporting; in particular the frequency, severity and development of insured claim events;
- changes in accounting standards;
- uncertainties in estimating reserves;
- the mortality and morbidity and longevity rates and assumptions;
- policy renewal and lapse rates;
- extraordinary events affecting clients and other counterparties, such as bankruptcies, liquidations and other credit-related events having impact on Helvetia Group's financial strength;
- the realisation of economies of scale as well as synergies;
- operational risks, including uncertainties on internal procedures;
- possible downgrade or negative change in the outlook for one of the insurance financial strength or other ratings of the Issuer, the Guarantor or one or more of the other Helvetia Group companies, and developments adversely affecting the Issuer, the Guarantor or Helvetia Group's ability to achieve improved ratings;
risk occurring from current, pending and future legislation and regulation including tax and regulatory laws affecting Helvetia Group;
potential acts of terrorism and acts of ware or (cyber) crime; and
other risks, uncertainties and factors inherent in Helvetia's business and factors that are not known to Helvetia at this time.

These risks and others described under "RISK FACTORS", beginning on page 5, are not exhaustive. Other sections of this Prospectus describe additional factors that may adversely affect the Issuer's, the Guarantor's and/or Helvetia's results of operations, financial condition, liquidity, dividend policy and the development of the markets in which the Issuer, the Guarantor and/or Helvetia operates. Prospective investors should read the section of this Prospectus entitled "RISK FACTORS" for a more complete discussion of the factors that could affect the Issuer's, the Guarantor's and/or Helvetia Group's future performance and the industry in which Helvetia operates. New risks may emerge from time to time, and it is not possible for Helvetia to predict all such risks, nor can the group assess the impact of all such risks on the business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, prospective investors should not rely on forward-looking statements as a prediction of actual performance or results.
DOCUMENTS INCORPORATED BY REFERENCE

Each document incorporated herein by reference is current only as at the date of such document, and the incorporation by reference of such documents shall not create any implication that there has been no change in the affairs of the Issuer, the Guarantor or the Helvetia Group as the case may be, since the date thereof or that the information contained therein is current as at any time subsequent to its date. Any statement contained in a document incorporated or deemed to be incorporated by reference in this Prospectus shall be deemed to be modified or superseded to the extent that a statement contained herein or any other subsequent statement modifies or supersedes that statement. Any such statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

The documents referenced below are incorporated by reference into this Prospectus and form part of this Prospectus:

- Helvetia Group’s interim report as of 30 June 2019;
- the audited consolidated financial statements of the Guarantor and its subsidiaries (including the notes thereto) as at, and for the years ended 31 December 2017 and 31 December 2018 and related statutory auditor’s reports;
- the audited financial statements of the Guarantor (including the notes thereto) as at, and for the years ended 31 December 2017 and 2018 and related statutory auditor’s reports;
- the consolidated annual report of Helvetia as of 31 December 2018;
- the articles of association of the Guarantor (the Articles);
- ad hoc media release as of 29 August 2019;
- ad hoc media release as of 17 December 2019; and
- ad hoc media release as of 24 January 2020.

Copies of documents incorporated by reference in this Prospectus as well as this Prospectus and any supplements thereto, if any, are available free of charge in Switzerland from UBS AG, Investment Bank, Swiss Prospectus Switzerland, P.O. Box, CH-8098 Zurich, Switzerland, or may be obtained by telephone (voicemail: +41 44 239 47 03), by fax (+41 44 239 69 14) or by e-mail to swiss-prospectus@ubs.com. Copies of documents incorporated by reference in this Prospectus can also be obtained, free of charge, from the registered office of the Issuer and on the website of Helvetia (https://www.helvetia.com/corporate/web/en/home/investors/overview/publications.html).

Prospective investors are advised to obtain and read the documents incorporated by reference herein before making their investment decision in relation to the Bonds.

No other information contained on Helvetia's website, or on any other website, is incorporated by reference in this Prospectus.
Prior to making an investment decision, prospective investors in the Bonds should consider carefully, among other things and in light of their financial circumstances and investment objectives, all the information of this Prospectus and, in particular, the risk factors set forth below. Each of the risks highlighted below could have a material adverse effect on the business, operations, financial conditions or prospects of the Issuer, the Guarantor and/or Helvetia Group, which in turn could have a material adverse effect on the amount of principal and interest which investors will receive in respect of the Bonds or, as the case may be, under the Guarantee. In addition, each of the risks highlighted below could adversely affect the trading price of the Bonds or the rights of investors under the Bonds or under the Guarantee and, as a result, investors could lose some or all of their investment. This section is not intended to be exhaustive and prospective investors should make their own independent evaluation of all risk factors, consult their respective financial and legal advisors and read the detailed information set out elsewhere in this Prospectus. While the Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in the Bonds, other risks and uncertainties unknown to the Issuer and/or to the Guarantor or considered insignificant at this time could equally have a material adverse effect on the business, operations, financial conditions or prospects of the Issuer, the Guarantor and/or Helvetia Group.

Words and expressions defined in the Terms of the Perpetual Bonds and/or the Terms of the Dated Bonds shall have the same meanings in this section.

In addition, references to "Helvetia" or the "Helvetia Group" shall mean references to the Guarantor together with its direct and indirect subsidiaries (including the Issuer).

The order in which the following risks factors are presented is not an indication of the likelihood of their occurrence or their importance.

Risks relating to the Issuer, the Guarantor and Helvetia Group

Set out below are risks associated with the Issuer, the Guarantor and Helvetia Group which may have a material impact on the Issuer's and/or Guarantor's business operations and/or the level and volatility of its profitability, and therefore its ability to perform its obligations under the Bonds or, as the case may be, the Guarantee, including:

Risks relating to the Guarantor as a holding company

Because the Guarantor is a holding company whose primary assets consist of common stock or other equity interests in or amounts due from subsidiaries, its income is primarily derived from those subsidiaries. Both direct and indirect subsidiaries of the Guarantor will have no obligation to pay any amount or perform in any respect under the Guarantee. The payment of dividends by many of the Guarantor's subsidiaries is subject to various local solvency requirements and other regulatory restrictions. Restrictions on the ability of the Guarantor's subsidiaries to pay dividends or to make other cash payments to the Guarantor may materially affect its ability to meet its obligations with respect to the Guarantee.

As an equity holder, the Guarantor's ability to participate in any distribution of assets of any subsidiary is subordinated to the claims of creditors of the subsidiary, except to the extent that any claims the Guarantor may have as a creditor of the subsidiary are judicially recognised. If these sources are not adequate, the Guarantor may be unable to meet its obligations with respect to the Guarantee.

Risks of rating downgrades and other negative rating actions

The financial strength and credit ratings assigned to Helvetia Group and its operating companies by a major rating agency may be changed, suspended or withdrawn at any time by the rating agency. A ratings downgrade (or any other negative rating actions such as a change in the outlook) can have adverse effects on relationships with customers and intermediaries, the ability to obtain new financing and/or the conditions of new and existing business or can impair competitiveness and increase the cost of financing and would thus ultimately impact Helvetia Group’s financial position, assets and/or net income. Standard & Poor's produces a solicited rating for Helvetia on a regular basis. On 30 October 2019, Standard & Poor's has confirmed the Issuer's financial strength and counterparty credit rating of ‘A’, and revised the outlook to positive. In addition, other rating agencies may assign credit ratings to the Issuer, the Guarantor or their subsidiaries with or without any solicitation from the Issuer or the Guarantor and without any provision of information from the Issuer or the Guarantor.
Risks relating to additional capital or funds needs
Helvetia Group’s capital requirements depend on many factors, including its operational results, capital market conditions, changes in mortality or longevity experiences, its ability to generate new business successfully, regulatory changes to capital requirements or other requirements such as reserving requirements and other regulatory developments. Helvetia Group may require additional capital or funds in the future, which may not be available or may only be available on unfavourable terms, in particular in case of negative rating actions (see the section “– Risks of rating downgrades and other negative rating actions”), thus negatively affecting its capital position, liquidity, financial results and its ability to carry out certain types of business or business in certain countries.

Risks relating to insurance business
The business conducted by Helvetia Group is based on deliberate assumption of risks through conclusion of insurance contracts and, to a lesser extent, reinsurance contracts. Helvetia Group constantly assesses and monitors these risks and reviews their probability of occurrence. This includes ongoing monitoring of legal, regulatory, demographic, macroeconomic, environmental and technological risks, including cyber risks, where developments are outside the sphere of influence of Helvetia Group. As a general principle, Helvetia Group concludes insurance contracts only if the premiums are expected to exceed the calculated risks and it establishes provisions, which are predominantly actuarially determined for the occurrence of claims and benefits. If the premiums calculated upon contract closing do not suffice to fund the resulting claims and benefits, if the premium calculations are based on inaccurate assumptions, if Helvetia Group fails to (fully) identify or correctly evaluate adverse developments, if unexpected adverse developments occur, which result in claims and benefits exceeding the value of the calculated risks or if reinsurers with which Helvetia Group has reinsured risks default on payment, this could detrimentally affect the assets, financial position, cash flow and/or net income of Helvetia Group. Similarly, Helvetia Group's financial condition, results and business could materially be impacted if provisions to cover its non-life and life business liabilities, in particular for future claims, turn out to be insufficient or if any change in provision levels is required as a result of changes in interest rates, general claims experiences, biometric assumptions or other factors, including regulatory changes.

Risks relating to reinsurance arrangements and other protection covers
Helvetia Group systematically uses reinsurance arrangements and other protection covers to protect its capital position and its expected net income, thereby transferring its exposure to certain risks in its insurance business to third parties. The availability, amount and cost of reinsurance arrangements and other protection covers depend on general market conditions and may vary significantly from time to time. Any decrease in the amount of Helvetia Group’s reinsurance arrangements and other protection covers will increase its risk of losses. When it obtains reinsurance services, Helvetia could still be liable for the transferred risks, in particular if the relevant reinsurer cannot meet its obligations under the respective contractual arrangement vis-a-vis Helvetia. In this context, Helvetia Group attaches considerable importance to the quality and credit status of its reinsurers. The assets, financial position, cash flow and/or net income of Helvetia Group could be adversely affected if the terms and conditions of reinsurance deteriorate in the future, if certain protection covers – especially catastrophe covers – are no longer available or if certain reinsurers should become unable or unwilling to pay. While Helvetia Group conducts periodic reviews of the financial statements, ratings and reputation of its reinsurers, and, when appropriate, requires letters of credit, deposits or other financial collateral to minimize its exposure to credit risk, reinsurers may become financially distressed by the time they are called upon to pay amounts due.

Risks relating to underwritten reinsurance portfolio
Helvetia Group also underwrites a reinsurance portfolio. Such portfolio, in comparison with the Helvetia Group's direct insurance business, is relatively small and limited to pursue a business strategy of a “follower”, underwriting usually smaller parts of reinsurance contracts. That said, Helvetia’s reinsurance portfolio is gaining importance and Helvetia is pursuing a growth strategy to strengthen such business. This strategy, combined with broad diversification (both geographical and by insurance segment), leads to a balanced reinsurance portfolio free of major risk concentration. In addition to controlling risk exposure, accumulation risks from natural hazards are monitored and quantified using actuarial methods, and protected with retrocession cover. That said, even after taking these precautionary measures,
losses could be experienced from, among others, catastrophic events or accumulations of claims, emergence of new or unknown risks (such as cyber risks) and changes in reinsurance market conditions and may negatively impact Helvetia Group’s business, financial condition and results of operations.

**Risks relating to catastrophic events**

Both natural catastrophes and man-made disasters are partially covered by insurance policies in the non-life and life insurance business written by Helvetia Group. Natural catastrophes include, but are not limited to, hurricanes, floods, windstorms, tidal waves, tsunami, blizzards, earthquakes, tornadoes, fires, vulcanic eruptions, severe hail and severe winter weather. Man-made disasters include, but are not limited to, acts of terrorism, cyber attacks and other disasters such as explosions, industrial accidents, fires and oil spills, as well as pandemics and germ warfare. Neither natural catastrophes and man-made disasters as such nor their frequency or scale of losses and damages caused by such events can be foreseen. Even though Helvetia Group monitors the aggregate risk with respect to catastrophic events in each geographical region, catastrophe-related damage and claims can lead to extraordinarily high losses. Should the frequency or scale of catastrophe losses increase in the coming years compared to the multi-year average, this could have a corresponding detrimental effect on the assets, financial position, cash flow and/or net income of Helvetia Group, both directly and/or indirectly (for example, large losses due to natural catastrophes could weaken the financial position of Helvetia Group or certain of its companies and trigger a downgrade of their respective ratings; see also "— Risks of rating downgrades and other negative rating actions").

**Risks relating to financial markets and general economy**

Helvetia Group’s results and capitalisation are subject to fluctuations in the financial markets and changes in general economic conditions. Risks can arise from, *inter alia*, adverse changes in interest rates, credit spreads, foreign exchange rates, equity prices, real estate prices and other relevant factors, such as market volatility. Parameters such as consumer spending, investments, government spending, central bank activities, political developments, the volatility and liquidity of the capital markets, inflation, deflation and others all may affect the business and economic environment and, ultimately, the profitability and solvency position of Helvetia Group.

In an economic downturn characterised by higher unemployment, lower family and private income, lower corporate earnings, lower levels of investments and consumer spending, the demand for Helvetia Group's products could be adversely affected. In addition, Helvetia Group may experience an elevated incidence of claims and lapses or surrenders of policies. Adverse changes in the financial markets and general economy could affect Helvetia Group's earnings negatively and could have a material adverse effect on its business and its financial condition, including shareholders' equity.

Helvetia Group’s current investment income and realised and unrealised capital gains and losses on financial investments and real estate play a significant role in its results and capitalisation and its ability to meet guarantees and pay bonuses to life insurance policyholders. In the event that current investment income is lower than expected because of events in the financial markets, as well as not achieving its expected net income for a prolonged period and potentially a related increase in regulatory requirements for provision levels, Helvetia Group may not be able to meet its obligations to pay guarantees to life insurance policyholders, for example on endowment and annuity products, or could be required to provide additional funds to meet those. The results and capitalisation of Helvetia Group may be volatile due to the level of realised and unrealised capital gains and losses arising from financial investments and real estate. If realised and unrealised gains on investments are lower than expected, Helvetia may not be able to credit life insurance policyholders with bonuses that meet customer expectations or are in line with current market practice. In such cases, Helvetia Group may not be able to attract new customers for its life insurance products and existing customers may cancel existing products leading to a greater than expected outflow of assets, which might have to be realised at a loss to meet these payments.

The main, but not sole, factors affecting investment income are interest rates, credit spreads, stock markets and real estate values. Interest rate volatility and persisting low interest rates may adversely affect Helvetia Group's results of operations, business targets, liquidity and solvency position. Changes in prevailing interest rates may adversely affect Helvetia Group's insurance, asset management and other results. Over the past several years, movements in interest rates have affected the level and the timing of recognition of gains and losses on securities held in Helvetia Group's various investment portfolios. An increase in interest rates could substantially decrease the value of Helvetia Group's fixed-income portfolio, affecting its financial position under International Financial Reporting Standards (IFRS) or other accounting measures. A reduction in interest rates, however, could result in a reduction in its future returns on fixed income investments as well as the market values of, and the corresponding levels of capital gains or losses on, the fixed income securities, negatively affecting its solvency position. Helvetia Group maintains provisions for its life insurance business to cover its estimated insurance liabilities. Changes in statutory interest rates (interest rates set by regulators to, *inter alia*, calculate the value of insurance liabilities and determine minimum guaranteed returns to
uncertainty and may lead to weaker macroeconomic conditions. Products manufacturing outside the United States, in particular in China, have generated considerable market interest and may result in an increasingly fragmented system of financial services regulation, all of which may have a material adverse effect on the results of operations and the financial condition of Helvetia Group. Ongoing negotiations between the United Kingdom and the European Union to determine the terms of Brexit and the future terms of the United Kingdom's relationship with the European Union and the imposition by the United States of tariffs and penalties on products manufacturing outside the United States may be indicative of a trend in favor of anti-globalisation. If such a trend continues to develop, it may adversely affect the global economy, its multilateral institutions and the markets in which Helvetia Group conducts business, and negatively affecting its business targets.

In an environment of low interest rates, Helvetia is likely to be subject to the potential effects of rising rates which may be significant. Moreover, the long time horizon for future liabilities in its life business means that changes in interest rates also have a direct economic impact on the value of its best estimate of future cash flows from such business. In general, low interest rates continue to pose significant challenges to the insurance industry, with earnings capacity under stress. Credit rating buffers are also adversely impacted by low interest rates. Economic weakness, fiscal tightening and monetary policies in response to moderate growth and low inflation are keeping government yields low, which impacts investment yields and affects the profitability of life savings products with interest rate guarantees. Interest rate movements have affected, and may in the future affect, dividends received from the Guarantor's subsidiaries, due to the corresponding impact on regulatory capital requirements in respect of reserves. While the trend of declining investment yields has bottomed, Helvetia does not currently foresee a substantial increase in long-term interest rates.

Fluctuations in stock markets could have an adverse impact on the valuation of Helvetia Group's holdings in equities, which could result in a deterioration of Helvetia Group's financial position and net income and its ability to pay bonuses to policyholders. Helvetia Group had an equity exposure on a hedged basis of 2.4 per cent. of its investment asset portfolio as at 30 June 2019.

Helvetia Group invests a significant proportion of its investments in government, sovereign and corporate bonds and similar instruments and is therefore exposed to the risk that credit spreads widen. This could happen, for example following a potential or effective downgrade of the respective creditor's rating or in the wake of general market uncertainty, caused for example by Brexit (as defined below) or the current United States measures imposing tariffs and penalties on products manufacturing outside the United States. Such credit spread movements, which decrease the market value of such assets, could have a negative impact on Helvetia Group's solvency position. Moreover, the market value of corporate bonds may become difficult to ascertain if markets are illiquid which may also affect Helvetia Group's ability to dispose of such investments on favourable terms or at all.

A decline in general valuation of the Swiss real estate market could negatively affect the value of Helvetia Group's real estate portfolio thus negatively affecting its assets, financial position and/or net income. A decline in yields from Helvetia Group's real estate portfolio may likewise negatively affect Helvetia Group's financial position and net income and its ability to pay bonuses to policyholders.

A re-ignition of the Eurozone sovereign debt crisis and general concerns over the viability of the European Union may increase uncertainties in the financial markets and in the general economic environment. Helvetia Group has a significant part of its business and investment exposures in countries that might be affected by a contagion of the sovereign debt crisis, especially in Italy and Spain. Helvetia Group has consistently reduced its exposure to certain European countries in areas that are not of relevance to its business. Furthermore, Helvetia Group continuously monitors the economic developments in the Eurozone in the context of its risk management process. Nevertheless, a re-ignition of the Eurozone sovereign debt crisis or general concerns over the viability of the European Union could result in unforeseeable dynamics and outcomes, such as significant increases in general spread levels, and could therefore have a negative impact on Helvetia Group's capital position, results and/or cash flows.

**Political, macro-economic and demographic risks**

Helvetia Group's future financial condition and results of operations, developments in its business, growth and profitability, and general industry and business conditions applicable to it may be adversely affected by unpredictable political, macro-economic and demographic influences.

In particular, the referendum decision made on 23 June 2016 by the United Kingdom to leave the European Union (Brexit), the rise of European nationalist parties and expressions of support for increased protectionism in the United States may be indicative of a trend in favour of anti-globalisation. If such a trend continues to develop, it may adversely affect the global economy, its multilateral institutions and the markets in which Helvetia Group conducts business, and may also result in an increasingly fragmented system of financial services regulation, all of which may have a material adverse effect on the results of operations and the financial condition of Helvetia Group. Ongoing negotiations between the United Kingdom and the European Union to determine the terms of Brexit and the future terms of the United Kingdom's relationship with the European Union and the imposition by the United States of tariffs and penalties on products manufacturing outside the United States, in particular in China, have generated considerable market uncertainty and may lead to weaker macroeconomic conditions.
Helvetia Group continuously monitors the negotiation process relating to Brexit and the protectionist measures taken by the Unites States and other global actors around the world in the context of its risk management process. Nevertheless, a failure of the negotiation process relating to Brexit or an escalation of protectionism measures could result in unforeseeable dynamics and outcomes and could therefore have a negative impact on Helvetia Group's capital position, results and/or cash flows. In particular, any of these events could lead to a recession with negative GDP growth, unemployment and volatility of currencies. In addition, other macro-economic disruptions can lead to a sudden increase in inflation, which may be followed by surrender rates higher than currently expected or result in a deflationary phase induced by a strong recession, which could harm Helvetia Group's ability to achieve the needed investment return and to generate profitable new business.

Foreign currency exchange risks

Helvetia Group prepares its consolidated financial statements in Swiss francs but generates a sizeable portion of its income and expenses in currencies other than Swiss francs, which primarily include Euro and U.S. dollar. The fluctuation of other currencies to the Swiss francs could cause fluctuations in earnings and therefore distortions in the comparability of Helvetia Group's consolidated results between actual and preceding financial periods. Similarly, if there is a currency mismatch between expenses and income or between the liabilities to policyholders and assets backing those, currency fluctuations may negatively impact Helvetia Group's results, business and financial condition. While Helvetia Group seeks to control such risks, related hedging activities may not prove sufficient or may increase other risks, such as liquidity, counterparty and operational risks.

The realisation of any of the aforementioned risks could have a negative impact on Helvetia Group's capital position, results and/or cash flows.

Liquidity and financing risks

Liquidity risks refer to, inter alia, the risk that the available liquidity is insufficient to meet, in a timely manner, payment obligations in relation to insurance contracts, in particular resulting from unexpected events or series of events, such as a high claim pattern in a short period of time, natural catastrophes or mass surrenders that trigger Helvetia Group's coverage obligations. In addition, investment activities, in particular derivative contracts made on a collateralised basis for hedging purposes (to mitigate in particular interest rate risk and foreign exchange risk) and forward contracts, may result in unexpected payment obligations, which Helvetia Group might not be able to sufficiently fund in a timely manner.

Unexpected liquidity needs could require Helvetia Group to liquidate investments or other assets or to increase its level of indebtedness. Helvetia Group's ability to meet liquidity needs may be constrained if access to bank funding or capital markets is limited and could consequently have a material adverse effect on Helvetia Group's liquidity situation, financial condition and/or results of operations.

Impairment risks

Helvetia Group could be faced with impairment losses on its subsidiaries, associates and its other intangible assets, such as acquired portfolios or software developments, if operational and strategic targets cannot be achieved over time. On an annual basis or whenever Helvetia Group deems necessary, Helvetia Group performs goodwill impairment tests that might lead to an impairment write-down of such assets. This could have material adverse effects on Helvetia Group's business, financial condition and/or results of operations.

Risks relating to competition and general distress in the insurance market

Helvetia Group operates predominantly in Switzerland and in selected European markets and is faced with a competitive environment in these markets. Technological development or changes in regulation could further increase competition in the future, potentially coupled with a reduction in reliance on traditional distribution channels such as agents. Helvetia Group's operations might not compete successfully in the future with existing and new competitors, which might have adverse effects on Helvetia Group's business, financial conditions and/or net income of its operations.

Similar consequences could occur if the insurance industry as a whole would experience a deterioration in underlying conditions or trust, or as a result of changes in the regulatory and legal environment.

Counterparty risks

Helvetia Group has monetary and securities claims under numerous transactions against customers, reinsurers,
brokers and other debtors. Such third-party debtors may not pay or perform under their obligations. Third-party debtors may include issuers whose securities are held by Helvetia, borrowers under loans granted, customers, trading counterparties, counterparties under swaps, credit default and other derivative contracts, clearing agents, exchanges, clearing houses and other financial intermediaries. In view of the general economic downturn, the uncertain development of capital markets and comparable influencing factors, increased default by the third-party debtors may occur (counterparty risk). This increased default would mean that value adjustments above and beyond the extent already covered by provisions would have to be made on assets of Helvetia Group; this could have a detrimental effect on the assets, financial position and/or net income of Helvetia Group.

Risks relating to the implementation of Helvetia Group's strategy

Helvetia Group has set itself strategic, financial and operational targets, which achievements remain subject to uncertainty and could incur higher costs, require more management resources than expected or may not be implemented successfully. Whilst the objectives for sustainable growth are subject to market demand fluctuations and competition, the ability to achieve a satisfactory performance in respect of the basic insurance result depends on pricing, the ability to control costs, claims figures, changes in reserves and the ability to generate insurance-related fee income. In addition to the basic insurance results, the investment results are an important factor in the profitability of Helvetia’s insurance operations. This is driven by the returns achieved on the investment portfolio, which partially depends on capital markets conditions, and on the guaranteed and non-guaranteed payments made to policyholders. Furthermore, mergers, acquisitions, reorganisations or disposals may result in Helvetia Group incurring costs and using considerable management resources. There is also a potential risk that, as a result of any past or future mergers, acquisitions, reorganisations or disposals, Helvetia Group may be subject to warranty, indemnity or other claims or to adverse tax or accounting charges.

Risks relating to the acquisition of Caja de Seguros Reunidos, Compania de Seguros y Reaseguros S.A.

The acquisition of a majority shareholding in Caja de Seguros Reunidos, Compania de Seguros y Reaseguros S.A. (Caser) (see the section of this Prospectus entitled “GENERAL INFORMATION – RECENT DEVELOPMENTS”) by Helvetia, which is subject to approvals of relevant anti-trust and regulatory authorities, could generate various risks. In terms of integration risk, Caser will continue to operate with its existing brand, as will Helvetia Spain (Helvetia Compania Suiza, S.A. de Seguros y Reaseguros), an already existing subsidiary of Helvetia. The management teams and locations of both companies will also remain unchanged. Helvetia intends to combine its own strengths and those of Caser. To this end, a joint management committee will be established following the completion of the transaction in which members of Helvetia Spain and Caser will be represented. This management committee will coordinate the joint activities in the Spanish market with the aim, among others, to exploit synergies. It will also ensure the exchanging of knowledge and experiences.

Helvetia has carried out due diligence on Caser to the extent permitted by the sellers. There can be no assurance that all material matters relating to the strategy, operations, risks, financial position and prospects have been adequately disclosed or identified by Helvetia.

The overall financial position of Helvetia is not expected to be significantly negatively impacted by the acquisition due to the strong financial position of Helvetia and subsequent capital raising activities Helvetia plans to execute. These capital raising activities could include raising equity and/or additional hybrid capital up to the amount equivalent to the transaction price (i.e., up to EUR 780 million). There can be no assurance that such financing be available or be available on expected terms. If Helvetia fails to raise the required capital amounts, it needs to seek other refinancing instruments. This could negatively affect Helvetia’s capital position, liquidity, financial results and its ability to carry out certain types of business or business in certain countries.

If the contemplated capital raising activities can be executed, the capital of Helvetia Group, measured on the basis of the Swiss Solvency Test and S&P, are expected to remain well within in the existing target ranges (SST 180-240 per cent., S&P in the A range).

Reputational risks

Reputational risks refer to, inter alia, the risk of failure to meet stakeholder expectations as a result of any event, behaviour, action or inaction, either by Helvetia Group, its employees or those with whom it is associated, that might cause stakeholders to form a negative view of Helvetia Group. Equally, public opinion of the Helvetia Group may be adversely affected by the actual, or perceived, manner in which Helvetia Group conducts its business activities, or financial performance, as well as actual or perceived practices in the insurance and financial services industry.
generally. Modern IT technologies, in particular, online social media channels and other broadcast tools which facilitate communication with large audiences in short time frames and with minimal costs, may significantly enhance and accelerate the impact of damaging information and allegations. Negative views of stakeholders or negative public opinion may have both financial and non-financial impacts, such as a decrease in the value of the 'Helvetia' brand (see "Risks relating to the failure to maintain the value of the "Helvetia" brand") and adverse effects on Helvetia Group's ability to keep and attract customers and retain motivated staff, and could have material adverse effects on Helvetia Group's business, financial condition and results of operations.

Risks relating to the failure to maintain the value of the "Helvetia" brand

One of the most valuable assets of Helvetia Group is the "Helvetia" brand. The continued strength and recognition of the "Helvetia" brand is a key factor in maintaining Helvetia Group’s competitive position. The "Helvetia" brand could be harmed if its public image or reputation were to be tarnished by negative publicity or negative sentiments expressed on social media channels, elsewhere on the Internet or other media, whether or not true, about Helvetia or the insurance or financial services industry in general, or by a negative perception of Helvetia’s short-term or long-term financial prospects. Failure to maintain the value of the "Helvetia" brand could have material adverse effects on Helvetia Group's business, financial condition and results of operations.

Risks relating to the failure to recruit, retain and develop appropriate senior management and skilled personnel

Helvetia's continued success depends on the retention of key members of its management team and wider employee base. The ability to continue to attract, train, motivate and retain highly qualified and capable professionals is a key element to successfully implement Helvetia’s strategy. If Helvetia Group fails to staff its operations appropriately or loses one or more of its key senior executives, or fails to replace them in a satisfactory and timely manner, this could place Helvetia at a significant competitive disadvantage which could have material adverse effects on Helvetia Group's business, financial condition and results of operations.

Risks relating to Helvetia Group's distribution partners

Helvetia Group uses various different distribution channels such as independent advisers, brokers and banks for the product offering in non-life and life insurance business to private and corporate clients. The business position as well as the financial condition and net income of Helvetia Group could be materially impacted if a significant number of these distribution partners were to terminate their distribution agreements or if the terms of such distribution agreements were to change to Helvetia Group's detriment.

Operational risks

Operational risk can be defined as the risk of loss resulting from inadequate or failed internal processes, people, and systems, or from external events, which adversely impact the operations of Helvetia Group (excluding financial risks such as, inter alia, financial market risks and counterparty risks). Because of the broad spectrum of operational risks, the realisation of one of these risks could have a negative effect on the assets, financial position and/or net income of Helvetia Group.

Cyber security risks

Helvetia's operations rely on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. Although Helvetia takes protective measures and endeavors to modify them as circumstances warrant, its computer systems, its data stored on third-party servers or applications by means of “cloud computing,” its software and networks may be vulnerable to unauthorized access (from within its organization or by third parties), computer viruses or other malicious code and other cyber threats that could have a security impact. Cyber-attacks, in particular, have become far more prevalent in the past few years, leading potentially to the theft or manipulation of confidential, personal or proprietary information or loss of access to, or destruction of, data on our systems.

Given the high volume of transactions Helvetia Group processes, the large number of clients, partners and counterparties with which Helvetia Group does business, and the increasing sophistication of cyber-attacks, a cyber-attack could occur without detection for an extended period of time. In addition, Helvetia Group expects that any investigation of a cyber-attack will be inherently unpredictable and it may take time before any investigation is complete. During such time, Helvetia Group may not know the extent of the harm or how best to remediate it and certain errors
or actions may be repeated or compounded before they are discovered and rectified, all or any of which would further increase the costs and consequences of a cyber-attack.

If any of Helvetia Group's systems do not operate properly or are compromised as a result of cyber-attacks, security breaches, unauthorised access, loss or destruction of data, unavailability of service, computer viruses or other events that could have an adverse security impact, Helvetia Group could be subject to litigation or suffer financial loss not covered by insurance, a disruption of its businesses, liability to its clients, regulatory intervention or reputational damage. Any such event could also require Helvetia Group to expend significant additional resources to modify its protective measures or to investigate and remediate vulnerabilities or other exposures.

Emerging risks and new types of risks

Helvetia Group allocates and will continue to allocate significant resources to developing risk related policies, assessing, measuring and mitigating risks an insurance group is exposed to. However, the Helvetia Group's risk management techniques and strategies might not be fully effective to identify, anticipate and mitigate risks Helvetia Group is exposed to, particular in changing market conditions and the emergence of new types of risks. As a result, Helvetia Group's business, reputation with customers, financial conditions and/or net income could be negatively impacted.

Risks relating to regulatory or legal changes

Helvetia is subject to applicable government regulation in each of the jurisdictions in which business is conducted. The business and solvency position of Helvetia Group as a whole and its Swiss subsidiaries are supervised by the Swiss Financial Market Supervisory Authority FINMA (FINMA). The different foreign insurance subsidiaries of Helvetia Group are supervised by their relevant local regulators.

Insurance laws, regulations and policies currently governing Helvetia and its subsidiaries may change at any time in ways that may adversely affect their business, solvency and economic position. Furthermore, regulators have and are expected to continue to impose greater regulatory scrutiny on financial institutions, including insurance groups such as Helvetia Group, thus broadening their administrative power to regulate many aspects of the business of financial services, which may include, but not limited to, capital and liquidity steering, permitted investments, anti-money laundering rules, record keeping, selling and marketing and business conduct practices or product governance requirements, which might have an adverse effect on Helvetia Group's business. The insurance industry is also affected by political, judicial and other legal developments (including, but not limited to, changes in consumer protection laws, sanctions, bribery or other anti-corruption measures) which have at times in the past resulted in new areas or expanded scope of liability. Given the scope and nature of these developments, the timing and enforcement initiatives of those as well as their impacts are inherently difficult to predict. While Helvetia Group endeavours to comply with applicable regulations, there is a risk that such regulations are unclear or that regulators revise their previous guidance or courts overturn previous rulings. Helvetia Group might face, amongst others, significant reputational harm, fines, penalties or other disciplinary actions or even suspension or revocations of licences if regulators or other authorities make use of their power to bring administrative or judicial proceedings against Helvetia Group.

In the European Union and Switzerland, reforms have been undertaken to modernise and strengthen the capital requirements of insurance companies and insurance groups. These reforms generally led to an increase in regulatory capital requirements compared to previous solvency regimes (such as the so-called "Solvency I" regime).

In Switzerland, risk based capital requirements are regulated in accordance with the Swiss Solvency Test (SST) of 2006, which entered into force on 1 January 2011. Swiss Insurers are required to build up sufficient risk bearing capital in order to cover their target capital under the SST, which may be more stringent than the corresponding requirements in the EU (Solvency II (as defined below)) and other jurisdictions. This may put Helvetia Group at a competitive disadvantage compared with companies based outside of Switzerland.

In the European Union, risk based capital requirements have also been introduced pursuant to the Solvency II Directive (Solvency II, including, but not limited to, the Omnibus II Directive of 16 April 2014, final Delegated Acts of 10 October 2014 and various technical standards and guidelines issued by the European Insurance and Occupational Pensions Authority (EIOPA)). Solvency II codifies and harmonises the EU insurance regulation. Primarily this concerns the amount of capital that EU insurance companies must hold to reduce the risk of insolvency. Solvency II is effective since 1 January 2016 and it establishes economic risk-based solvency requirements which supersede Solvency I in their sophistication and risk-sensitiveness. As part of the risk management system, all EU/EEA insurance and reinsurance entities are required to conduct their own risk and solvency assessment, including the assessment of the overall solvency needs reflecting their specific risk profiles. As part of the disclosure provisions, companies have to publicly report their solvency and financial condition. Under Solvency II, the European Commission may, after consultation with the EIOPA, adopt decisions on equivalence of third-country systems. On 5 June 2015, following advice from EIOPA,
the European Commission recognised the Swiss insurance supervision system as equivalent to Solvency II with regards to solvency requirements, group supervision and reinsurance.

The supervision based on SST and Solvency II is an ongoing development and may change over time in various aspects. Those may affect the related capital models, capital requirements as well as reporting requirements. Such changes may require additional regulatory capital of Helvetia and its subsidiaries, changes to the way in which Helvetia and its subsidiaries carry on their business, or might lead to additional expenses or otherwise adversely affect the financial or solvency position.

Following amendments to the Swiss Insurance Supervision Ordinance (ISO; Verordnung über die Beaufsichtigung von privaten Versicherungsunternehmen), which came into force on 1 July 2015, Swiss law no longer stipulates a Solvency I capital requirement, unless still required pursuant to a bilateral treaty. The revised ISO furthermore requires supervised entities to conduct their own risk and solvency assessment and public disclosure requirements. The main purpose of the revision was to enable the European Commission to acknowledge the equivalence of the Swiss solvency provisions with Solvency II, which, as explained supra, occurred on 5 June 2015. Moreover, following the revision of the ISO, the general SST, solvency models as well as related guidance and requirements, have been revised by FINMA, subject to certain minor changes yet to be made. As of January 1, 2019, Helvetia Group generally employs the new SST standard models prescribed by FINMA with some undertaking specific adjustments that have been approved by FINMA for use in the SST 2019 and 2020. In addition to the standard models, three internal SST models are used, two of which are permanently approved by FINMA, whereas the third one has been approved for use in the SST 2019 and 2020. Nevertheless, any future changes in regulatory requirements may impact SST risk and valuation models and the quantification of risks as well as the calibration, calculation and interpretation of the model. Changes in the applicable models to determine regulatory capital requirements may negatively affect the solvency position of the Issuer and more generally of Helvetia Group.

Helvetia Group's life insurance business in Switzerland based on the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG; Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge) is subject to guaranteed minimum interest and annuity conversion rates (this determines the amount of the annual retirement pension payable to an annuitant based on the contributions accumulated to the retirement date; for the mandatory part of Helvetia Group’s BVG business in Switzerland, the legally stipulated conversion rate is considered). These rates are set on an annual basis by the Swiss government and the process for setting these rates is out of the control of the insurance industry and is unpredictable as the setting does not follow a predictable formula. While Helvetia Group believes that the legal quota restrictions (which determine a mandatory sharing of profits with policyholders) reduce the sensitivity of its results (after policyholder participation) to changes in the minimum interest rate guaranteed by BVG or the mandatory conversion rate, the profitability of Helvetia Group's BVG business and Helvetia Group's ability to maintain and increase its premium volume and market share could both be adversely affected if the levels of, or changes in, either of these rates do not reflect the prevailing economic, market or other conditions relevant for such products or if Helvetia Group is not able to achieve equivalent rates on its assets backing such business.

Furthermore, the general regulation and structure of the BVG group life insurance business is currently subject to review by the Swiss government, which after the failure of the last pension reform in 2017, asked to national trade unions to elaborate a reform project as to the BVG. The national trade unions submitted their proposals in July 2019. To date, the timing in respect of this reform is unclear, with the consultation process that might still start before the end of 2019, coupled with a dispatch of the Swiss federal council to the Swiss parliament as early as 2020. Any reform may not enter into force before 2021 or 2022. Due to the lack of information at the date of this Prospectus, the potential impact of the amended BVG on insurance companies and their businesses cannot yet be determined.

In addition, while Helvetia Group has some flexibility to reprice or restructure its products in response to such conditions or changes, the ability to implement a revised product offering is subject to a number of uncertainties and may not have immediate effect. For example, the current Swiss regulatory regime requires that approval must be sought from the regulator prior to the introduction of new tariffs. Also, the ability to implement a revised product offering is subject to customers’ acceptance of the new terms.

Failure by Helvetia Group to achieve a rate of return on its investments in excess of the statutory guaranteed minimum interest rate could have material adverse effects on Helvetia’s financial condition and results of operations. The same adverse effects could result from changes in mortality, morbidity, longevity and other biometric assumptions, changes in technical interest rates not provided for in the statutory guaranteed annuity conversion rate, and from any adverse change in the statutory guaranteed interest or annuity conversion rates. At the extreme, in the event of market deterioration or of the setting of the statutory guaranteed interest rate or the statutory guaranteed annuity conversion rate at certain levels, Helvetia Group may be unable to write profitable group life insurance business in Switzerland.

On 7 September 2016, the Swiss Federal Council instructed the Swiss Federal Department of Finance to prepare a consultation draft for an amendment of the Swiss Federal Act on the Supervision of Insurance Companies (the ISA; Bundesgesetz betreffend die Aufsicht über Versicherungsunternehmen – Versicherungsaufsichtsgesetz). The
amended ISA shall, among other things, introduce rules regarding the reorganisation of insurance companies and shall contain rules regarding due diligence requirements applicable to insurance companies providing financial services, which were originally envisaged to be covered in the Swiss Federal Financial Services Act (FinSA; Bundesgesetz über die Finanzdienstleistungen). While the consultation procedure for the revision of the ISA came to its end on 28 February 2019, neither the final text of the amended ISA which will be submitted to the Swiss parliament nor the related Swiss Federal Council’s dispatch have yet been published. Consequently, as at the date of this Prospectus, the possible impact of the amended ISA on insurance companies and their businesses cannot be determined.

The Swiss financial regulatory landscape (including as to insurance companies) has been and will likely be significantly changed in the forthcoming years. By means of several new codified acts and legislative projects, such as the planned revision of the ISA, a draft of the revised Swiss Federal Insurance Contract Act (Bundesgesetz über den Versicherungsvertrag; draft under current discussions in the Swiss parliament), the new FinSA and the new Swiss Federal Financial Institutions Act (FinIA; Bundesgesetz über die Finanzinstitute) and with initiatives in the area of anti-money laundering, the Swiss lawmaker is responding to international developments and changes with a view to accommodate a compatible level playing field. The FinSA and FinIA entered into force on 1 January 2020. Helvetia expects that FinSA and FinIA and their application by FINMA will not have material adverse effects on Helvetia’s business, financial condition and results of operations, in particular noting that FinSA and FinIA do not apply to the insurance business of insurance companies. Conversely, as at the date of this Prospectus, the possible impact of the other outstanding legislative reforms cannot be determined.

**Risks relating to new or amended IFRS reporting standards**

Helvetia Group prepares its consolidated financial statements in accordance with IFRS. A key standard for insurers is the framework for reporting insurance contracts (IFRS 4) introduced in March 2004. In May 2017, IFRS 17 was published with the purpose to replace IFRS 4, which currently permits a wide variety of practices. IFRS 17 will fundamentally change the accounting by entities that issue insurance contracts, reinsurance contracts and investment contracts with discretionary participation features, and will affect the presentation and structure of financial statements. IFRS 17 is effective for annual periods beginning on or after 1 January 2022. Helvetia Group is currently assessing the impact on its financial statements which may be significant.

Furthermore, in 2014 the International Accounting Standards Board published the final version of IFRS 9, whose purpose is to replace IAS 39 regarding classification and measurement of financial instruments. Under the new model, it is no longer necessary for a credit event to have occurred before an impairment loss is recognized. The new model for hedge accounting aligns accounting treatment more closely with risk management activities. IFRS 9 was, in principle, effective for annual periods beginning on or after 1 January 2018. However, an amendment to IFRS 4 was published in September 2016, which provides companies being primarily active in the insurance business with the option to defer the introduction of IFRS 9 until 1 January 2022 at the latest. Helvetia is eligible to make use of this deferral option and will make use of such deferral option and continue to apply IAS 39, implementing IFRS 9 and IFRS 17 simultaneously. The changes in this context are expected to affect significantly the way the consolidated financial position and results of insurance companies are reported upon and measured. While the concrete effects cannot yet be predicted, changes to reporting standards could adversely affect Helvetia Group's business position, financial position and results.

**Litigation risks**

On the basis of their activities as insurers, the companies belonging to Helvetia Group are involved in legal and arbitration proceedings both as complainant and respondent. Legal disputes exist in the ordinary course of business. The outcome of such proceedings cannot be determined in advance. It is the assumption of Helvetia Group that the currently pending proceedings will not have any significant detrimental effect on the assets, financial position and/or net income of Helvetia Group. Nevertheless, a certain risk exists that this assessment is proved to be inaccurate and therefore could adversely affect Helvetia Group's business position, financial position and results.

**Risks relating to changes in tax laws and practice**

Helvetia Group's net income and cash-flows are determined to a certain extent by current and deferred taxation (according to IFRS), regulation and rulings. Should these tax regulations and rulings change to a material extent, this could have a negative effect on Helvetia Group's assets, financial position and/or net income.

Previously common and established practices and regulation regarding the taxation of companies and individuals are currently under scrutiny and change. The last financial crisis has incentivised states to seek new sources of revenue and to challenge and change previously established practices regarding where entities and individuals are taxed, how
Profits and revenues are taxed (tax base) and what is regarded as tax evasion, leading to new and proposed regulation and practices and interpretations by different tax authorities and international organisations like the Organisation for Economic Co-operation and Development (OECD). The US Foreign Account Tax Compliance Act (FATCA), as an example, has imposed significant new burdens on financial institutions regarding the documentation, reporting and potentially withholding of payments to US persons (for further information on FATCA, see the section of this Prospectus entitled "SWISS TAXATION"). On the level of the OECD, important changes like the automatic exchange of financial account information (AEOI) and the project base erosion and profit shifting (BEPS) have been elaborated in detail and already started in many jurisdictions around the globe. The impact of such legislation and changes in practice, which have led to increased costs and the threat of potential fines for non-compliance, are inherently difficult to predict and may lead to significant, unpredictable costs and additional tax burdens for financial institutions such as Helvetia Group.

Closing of the offer

The Bonds offering is subject to obtaining required regulatory approvals and to the satisfaction of other customary closing conditions in such type of transaction. Closing and settlement of the Bonds offering are expected to occur before the end February 2020. At the time of pricing of the Bonds, there is no final certainty that the offer will close in time or that a closing will happen at all.

RISKS RELATING TO THE BONDS

Complexity of the Bonds as a financial instrument

The Bonds are complex financial instruments and may not be suitable for all investors. Each potential investor should (1) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained or incorporated by reference in this Prospectus; (2) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of the investor's particular financial situation, an investment in the Bonds and the impact the Bonds will have on the investor's overall investment portfolio; (3) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds and (4) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect the investor's investment and the investor's ability to bear the applicable risks.

Before investing in the Bonds, each potential investor should have understood thoroughly the Terms of the Perpetual Bonds and/or the Terms of the Dated Bonds and be familiar with them and the content of this Prospectus.

The Bonds and the Guarantee are subordinated obligations and will be subordinated to all the present and future unsubordinated indebtedness of the Issuer and/or the Guarantor

The Bonds and the Guarantee are by their terms subordinated in right of payment to all current and future unsubordinated indebtedness of the Issuer and the Guarantor, respectively, and are subordinated against creditors, whose claims are, or are expressed to be, subordinated to the claims of policyholders and other unsubordinated creditors of the Issuer and the Guarantor, respectively, but have, in case of the Dated Bonds, a fixed maturity, except those whose claims rank, or are expressed to rank, equally with or junior to the claims of the Bondholders under the Bonds or the Guarantee, as the case may be.

If any judgment is rendered by any competent court declaring the judicial liquidation of the Issuer or the Guarantor, respectively, or if the Issuer or the Guarantor, respectively, is liquidated for any other reason, claims of the Bondholders rank in priority only senior to any claims of holders of shares of the Issuer or the Guarantor, respectively, or to any claims under any other securities issued by the Issuer or the Guarantor, respectively, expressed to rank junior to the claims of the Bondholders. In the event of incomplete satisfaction of unsubordinated creditors, the obligations of the Issuer and the Guarantor, respectively, in connection with the Bonds or the Guarantee will be terminated and Bondholders will not be entitled to any payment. The Bonds may pay a higher rate of interest than comparable instruments that are not subordinated, but there is a greater risk that an investor in the Bonds will lose all or some of its investment should the Issuer or the Guarantor become insolvent or bankrupt.

No events of default and limited acceleration rights

There are no events of default in respect of the Bonds. The Bonds will become immediately due and payable only in case of the Issuer’s bankruptcy, dissolution (other than pursuant to a merger, consolidation or amalgamation with another entity where the resulting or surviving entity assumes all the obligations of the Issuer in respect of the Bonds).
and/or liquidation. Bondholders have limited acceleration rights (as described in Condition 7). In particular, Bondholders are not entitled to file for the opening of bankruptcy proceedings (Konkursverfahren) or to make other filings or motions which, if approved, will lead to a redemption of the Bonds. Rights of the Bondholders in bankruptcy proceedings (Konkursverfahren) or any form of composition with creditors (Nachlassverfahren) in relation to the Issuer are limited. See also “The Bonds and the Guarantee are subordinated obligations and will be subordinated to all the present and future unsubordinated indebtedness of the Issuer and/or Guarantor” above.

The Perpetual Bonds are perpetual

The Perpetual Bonds are perpetual obligations in respect of which there is no fixed redemption or maturity date. The Issuer is under no obligation to redeem the Perpetual Bonds at any time. The Perpetual Bonds may be redeemed at the option of the Issuer on the First Call Date or on any Subsequent Fixed Interest Payment Date or, in certain circumstances specified in the Terms of the Perpetual Bonds, before that date. There is no assurance, however that the Issuer will opt to redeem the Perpetual Bonds. Prospective investors should be aware that they may be required to bear the financial risks of an investment in the Perpetual Bonds for an indefinite period of time.

The Issuer may redeem the Bonds under certain circumstances

Subject to the absence of a Solvency Event and the prior approval from FINMA or any Successor Authority, the Bonds may be early redeemed at the option of the Issuer in whole (but not in part) (1) at any time in the 3 (three) months prior to (and including) the First Call Date and on any Subsequent Fixed Interest Payment Date; (2) if the interest payments on the next interest payment date would no longer be tax-deductible; (3) if pursuant to an opinion of a recognised accounting firm, the obligations of the Issuer in respect of the Bonds must not or must no longer be recorded as equity under the initial accounting treatment methodology on the balance sheet of the Guarantor and no reasonable measures may be taken to avoid this; (4) if, pursuant to a confirmation of a recognised Rating Agency, the Bonds are no longer eligible for the same, or higher amount of, "equity credit" attributed to the Bonds at the Payment Date; (5) following the occurrence of a Regulatory Event; (6) at any time after the Payment Date and prior to the First Call Date if 80 per cent. or more of the Bonds have been redeemed or repurchased. See Conditions 3.2, 3.3, 3.4 and 3.5.

Such redemption options will be exercised at the principal amount of the Bonds together with interest accrued to the date of redemption and any Deferred Interest. During any period when the Issuer may elect to redeem the Bonds, the market value of the relevant Bonds is generally expected not to rise substantially above the price at which they can be redeemed. The Issuer may also be expected to exercise its call option to redeem the Bonds when its cost of borrowing is lower than the interest rate on the Bonds.

Following any early redemption of the Bonds, there can be no assurance that, at the relevant time, Bondholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same return as their investment in the Bonds. Potential investors should consider reinvestment risk in light of other investments available at that time.

In certain circumstances, the Issuer may elect to defer any interest on the Bonds

For so long as the compulsory interest provisions in Condition 2.3 do not apply, the Issuer may elect in its sole discretion to defer in full, but not in part, the payment of interest otherwise due and payable on any Optional Interest Payment Date in respect of the Interest Period ending on such date. Upon and subject to the Issuer giving a valid Deferral Notice, it does not have any obligation to pay any interest on such Optional Interest Payment Date and such non-payment does not constitute a default by the Issuer under the Bonds or for any other purpose and does not give Bondholders or the Agent any right to accelerate the Bonds or make a demand under the Guarantee. Any interest not paid on an Initial Interest Payment Date or any Subsequent Fixed Interest Payment Date or, in certain circumstances specified in the Terms of the Perpetual Bonds, before that date. There is no assurance, however that the Issuer will opt to redeem the Perpetual Bonds. Prospective investors should be aware that they may be required to bear the financial risks of an investment in the Perpetual Bonds for an indefinite period of time.

Deferred Interest Payments do not bear interest and may be paid in whole or in part at any time at the discretion of the Issuer, but become due in full without limitation (but subject to the absence of a Solvency Event and the prior written approval by FINMA or any Successor Authority. If required under then applicable laws) on (i) any Optional Interest Payment Date on which the Issuer makes any Interest Payment, (ii) the next Subsequent Fixed Interest Payment Date following the occurrence of a Compulsory Interest Payment Event, (iii) the date fixed for any redemption of the Bonds (provided that such redemption takes place on such date), (iv) the date on which a decree or order is made by a court or agency or supervisory authority in Switzerland having jurisdiction in respect of the same, or on which a resolution is passed, for the winding-up, dissolution or liquidation of the Issuer, or (v) the date on which the Issuer is dissolved pursuant to a merger, consolidation or amalgamation with another entity and the resulting or surviving entity fails to assume all the obligations of the Issuer in respect of the Bonds. Interest payment deferral, whether actual or anticipated, may have a material adverse effect on the market price of the Bonds.
While the deferral of interest payment continues, the Issuer is not prohibited from making payments on any instrument ranking senior to the Bonds. During such deferral of interest, the Bondholders are not entitled to claim immediate payment of the Deferred Interest.

**In certain circumstances, the Issuer is required to defer any interest on the Bonds**

For so long as the compulsory interest provisions in Condition 2.3 do not apply, the Issuer shall defer the payment of interest or, as the case may be, the relevant Solvency Shortfall, meaning that portion of a scheduled interest payment that would cause a Solvency Event to occur or be continuing, otherwise due and payable on an interest payment date in respect of the interest period ending on such date, provided in each case that a Solvency Event would as at the date of such payment occur if the Issuer were to make the relevant Interest Payment. A Solvency Event shall be deemed to have occurred and be continuing in respect of any applicable date if as at such date (i) the Issuer or the Guarantor does not have appropriate funds to cover the required minimum solvency margin or meet any other required level of own funds regulatory capital and a deferral or a cancelation of interest is required under the Applicable Regulation (as defined in Condition 2.4); (ii) the Issuer or the Guarantor has reasonable grounds for concern that it is unable to pay its debts owed to its creditors as they fall due; (iii) the Issuer or the Guarantor has reasonable grounds for concern that its Assets do not exceed its respective Liabilities (each as defined in Condition 2.4); or (iv) FINMA or a Successor Authority has given (and not withdrawn) notice to the Issuer or the Guarantor that as a result of the financial, solvency and/or capital position of the Issuer and/or the Guarantor, the payment of an interest or redemption amount or under the Guarantee in whole or in part must be deferred.

The Issuer shall not be required to defer such Interest Payment or, as the case may be, any Solvency Shortfall if FINMA or any Successor Authority has given its consent to such payment. The deferral of any Interest Payment, Solvency Shortfall or any part thereof in accordance with Condition 2.2(b) shall not constitute a default by the Issuer under the Bonds or for any other purpose and shall not give Bondholders or the Principal Paying Agent any right to accelerate the Bonds or make a demand under the Guarantee.

**No restriction from issuing further debt or guarantees which rank senior to or pari passu with the Bonds**

There is no restriction on the amount of debt that the Issuer or the Guarantor may issue or guarantee that ranks senior to or pari passu with the Bonds or the Guarantee. The issue or guarantee of any securities may reduce the amount recoverable by investors in a liquidation, dissolution, insolvency, composition or other proceeding for the avoidance of insolvency of, or against, the Issuer or the Guarantor, or may increase the likelihood that the Issuer may elect to defer payments of interest under the Bonds. Consequently, the Bondholders could suffer direct and materially adverse consequences, including the loss of all or part of interest and principal to the extent not covered by the Guarantee issued by the Guarantor.

**Bondholders have no remedies against asset disposals and dividend payments and other distributions by the Issuer or the Guarantor**

The Terms of the Perpetual Bonds and the Terms of the Dated Bonds do not prohibit the Issuer or the Guarantor to dispose of any of its assets nor do the Terms of the Perpetual Bonds or the Terms of the Dated Bonds provide for any restrictions in the payment by the Issuer or the Guarantor of dividends in cash or any other manner. The sole consequence of a payment of dividends by the Issuer or the Guarantor is that any interest payment in respect of the Bonds scheduled during the six months period following such dividend payment, together with Deferred Interest Payments, if any, become compulsory under the Terms of the Perpetual Bonds or the Terms of the Dated Bonds.

**No covenants concerning operations of the Issuer and the Guarantor and no transaction limitations**

The Bonds do not contain covenants governing the operations of the Issuer or the Guarantor and do not limit the ability of the Issuer or the Guarantor to enter into a merger, asset sale or other significant transaction that could materially alter their existence, jurisdiction of organisation or regulatory regime and/or the composition and business of the Helvetia Group. In the event the Issuer or the Guarantor would enter into such a transaction, Bondholders could be materially and adversely affected.

**No voting rights**

Notwithstanding the fact that the Issuer expects to treat the Bonds as equity in accordance with the applicable IFRS accounting standards, the Bonds do not carry any voting rights at shareholders meetings. Consequently, the
Bondholders cannot influence, *inter alia*, any decisions by the Issuer to defer any Interest Payments or any other decisions by the Issuer's shareholders concerning the capital structure of the Issuer.

The Bonds are a new issue of securities, and there is no assurance that a trading market will develop or that it will be liquid

The Bonds are a new issue of securities and have no established trading market and, notwithstanding the fact that the Bonds are listed on the SIX Swiss Exchange, one may never develop. Even if an active trading market does develop, no one, including the Joint Lead Managers, is required to maintain its liquidity and there can thus be no assurance that such liquidity remains available. The liquidity and the market prices for the Bonds can be expected to vary with changes in market and economic conditions, the Issuer's financial condition and prospects and other factors that generally influence the market prices of securities. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, or even to sell them at all.

Value of the Bonds

The market value of the Bonds will be affected by many factors, most of which are beyond the Issuer’s control, such as the perceived creditworthiness (as may be expressed or influenced by a rating assigned by a rating agency) of the Issuer, and/or that of the Guarantor, the rating of the Bonds, the solvency situation of the Guarantor or any of its affiliates, and a number of additional factors including market interest and yield rates. The price at which a Bondholder will be able to sell the Bonds may be at a discount, which could be substantial, from the issue price or the purchase price paid by such Bondholder.

Risks relating to the ratings on the Bonds

The ratings of the Bonds may not reflect the potential impact of all risks that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency. Rating agencies may also change their methodologies for rating securities with features similar to the Bonds in the future. If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Bonds were to be subsequently lowered or another negative rating action taken, this may have a negative impact on the market price of the Bonds.

At issuance, the Bonds have been assigned a rating of 'BBB+' by Standard and Poor's.

In addition, other rating agencies may assign credit ratings to the Bonds with or without any solicitation from the Issuer and without any provision of information from the Issuer.

A downgrade or potential downgrade in these ratings, the assignment of a new rating that is lower than existing ratings, or a downgrade or potential downgrade in the ratings, or the withdrawal of any rating assigned to the Issuer or the Guarantor could adversely affect the price and liquidity of the Bonds. The rating may not reflect the potential impact of all risks related to structure, market, or any other additional factors that may affect the value of the Bonds.

Investors are exposed to risks relating to fixed interest rate securities

A holder of securities with a fixed interest rate is exposed to the risk that the price of such securities falls as a result of increasing market interest rates. While the interest rate of the Bonds is fixed until (but excluding) the First Call Date and, thereafter, until (and including) the next Subsequent Fixed Interest Payment Date, the interest rates in the capital markets (market interest rates) typically change on a daily basis. As the market interest rate changes, the price of the Bonds changes typically in the opposite direction. If the market interest rate increases, the price of the Bonds would typically fall and if the market interest rate falls, the price of the Bonds would typically increase. Therefore, Bondholders should be aware that movements of the market interest rate can adversely affect the price of the Bonds and can lead to losses if Bondholders sell their Bonds during the period in which the compensation rate of the Bonds is fixed, e.g., prior to the First Call Date.

The interest rate on the Bonds will reset on the First Call Date, which can be expected to affect the market value of the Bonds

The Perpetual Bonds and the Dated Bonds will initially bear interest at the fixed rate of 1.500 and 1.450, respectively, per cent. per annum until (and including) the First Call Date. From (but excluding) the First Call Date, the interest rate,
however will be reset to the Subsequent Fixed Interest Rate in relation to the relevant Five-Year Period (as described under Condition 2.1(b) (Interest – Subsequent Fixed Interest Rate)). There can be no assurance that the Subsequent Fixed Interest Rate will be sufficient to ensure that the market value of the Bonds will not be adversely affected (see also “– Risks related to the method pursuant to which the Subsequent Fixed Interest Rate is determined may adversely affect the value of and return on the Bonds” below).

The interest on the Bonds will reset on each Subsequent Fixed Interest Payment Date

The interest rate on the Perpetual Bonds and the Dated Bonds will initially be 1.500 and 1.450, respectively, per cent. per annum. However, the interest rate will reset on each Subsequent Fixed Interest Payment Date such that from (but excluding) the First Call Date, the applicable per annum interest rate will be a rate equal to the Five-Year Mid Swap Rate plus the Initial Margin with respect to the Perpetual Bonds and the Margin with respect to the Dated Bonds on the relevant Coupon Determination Date. The interest rate following any Subsequent Fixed Interest Payment Date may be less than the initial interest rate and/or the interest rate that applies immediately prior such Subsequent Fixed Interest Payment Date, which could affect the amount of any interest payments under the Bonds and thus the market value of the Bonds.

Risks related to the method pursuant to which the Subsequent Fixed Interest Rate is determined may adversely affect the value of and return on the Bonds

The Five-Year Mid Swap Rate is based on the London Interbank Offered Rate (LIBOR), which is a “benchmark” that is the subject of ongoing national and international regulatory scrutiny and reforms. Some of these reforms are already effective, while others are still to be formulated or implemented. As a result, there can be no guarantee that the Five-Year Mid Swap Rate will be determined, in the future, on the same basis as at the Payment Date, if at all. More generally, any of the above changes or any other consequential changes to LIBOR as a result of international, national, or other proposals for reform or other initiatives or investigations, or any further uncertainty in relation to the timing and manner of implementation of such changes, could have a material adverse effect on the value of and return on the Bonds.

Pursuant to the Terms of the Perpetual Bonds or the Terms of the Dated Bonds, as the case may be, if in relation to a Relevant Five-Year Period, the Five-Year Mid Swap Rate cannot be determined because the annual-mid rate for Swiss franc swaps with a term of five years does not appear on the Relevant Page at the Relevant Time, a fallback mechanism provides that the Five-Year Mid Swap Rate applicable to such Relevant Five-Year Period will be determined by the Principal Paying Agent by averaging quotations obtained from leading swap dealers in the CHF swap market, if available, or, if no such quotations are available, by reference to the last Five-year Mid-Swap Rate available on the Relevant Page as determined by the Principal Paying Agent.

Additionally, if the Principal Paying Agent determines (in consultation with the Issuer) at any time prior to any Coupon Determination Date that the rate appearing on the Relevant Page for purposes of determining the Five-Year Mid Swap Rate (the Existing Rate) has been discontinued permanently or indefinitely, then it will (in consultation with the Issuer) determine whether to use an alternative rate to the Existing Rate (a Replacement Rate) for purposes of determining the Five-Year Mid Swap Rate on such Coupon Determination Date and each Coupon Determination Date thereafter. If the Principal Paying Agent determines to use a Replacement Rate pursuant to the immediately preceding sentence, the Replacement Rate will be (i) such rate as the Principal Paying Agent determines (in consultation with the Issuer) (acting in good faith and in a commercially reasonable manner) is the industry-accepted successor rate to the Existing Rate for purposes of determining the applicable rate of interest on fixed income securities with respect to which the Replacement Rate has replaced the Existing Rate as the reference rate for purposes of determining the applicable rate of interest thereon, or (ii) if the Principal Paying Agent determines (in consultation with the Issuer) that there is no such rate, such other rate as the Principal Paying Agent determines (in consultation with the Issuer) (acting in good faith and in a commercially reasonable manner) is most comparable to the Existing Rate.

The use of a Replacement Rate (including the determination to use (or not use) an adjustment spread, if applicable) may result in interest payments that are substantially lower than or that do not otherwise correlate over time with the payments that could have been made on the Bonds if the Existing Rate remained available in its current form.

Any such consequences could have an adverse effect on the value and marketability of, and return on, the Bonds.

Payments on or with respect to the Bonds may be subject to U.S. withholding under FATCA

The Issuer and other non-U.S. financial institutions through which payments on the Bonds are made may be required to withhold U.S. tax at a rate of 30 per cent. on certain payments made after 31 December 2018 in respect of the Bonds pursuant to the Foreign Account Tax Compliance Act (FATCA) (for further information on FACTA, please refer to the
Whether such withholding tax applies may depend on whether the financial institution through which payments on the Bonds are made has agreed to provide certain information on its account holders pursuant to a FATCA agreement with the U.S. Internal Revenue Service (IRS) and an investor’s consent, where necessary, to have its information provided to the IRS. Consequently, subject to certain conditions, a Bondholder may be subject to generally applicable information reporting, and may also be subject to backup withholding requirements with respect to payments made in respect of the Bonds unless the Bondholder complies with certain certification and identification requirements or an exception to the information reporting and backup withholding rules otherwise applies.

If an amount in respect of U.S. withholding tax were to be deducted or withheld from interest, principal or other payments on the Bonds as a result of FATCA, none of the Issuer, the Guarantor, the Principal Paying Agent, or any other paying agent or person would, pursuant to the Terms of the Perpetual Bonds or the Terms of the Dated Bonds, as the case may be, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected. Investors thus should consult their own tax advisors on how these rules may apply to payments they receive under the Bonds.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Bonds are lawful investments for it, (2) the Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Bonds. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

No legal and tax advice and change in law

Each prospective investor should consult its own advisers as to legal, tax and related aspects of an investment in the Bonds. A Bondholder's effective yield on the Bonds may be diminished by the tax impact on that Bondholder of its investment in the Bonds. A Bondholder's actual yield on the Bonds may be reduced from the stated yield by transaction costs.

The conditions of the Bonds are based on Swiss law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to Swiss laws or administrative practice after the date of this Prospectus.

Modification, waivers and substitution

The Swiss Code of Obligations contains provisions for calling meetings of bondholders to consider matters affecting their interests generally, which apply to the Bondholders. Subject to approval by the relevant composition authority (Nachlassbehörde), these provisions permit defined majorities to bind all Bondholders including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

The Issuer (or any previous substitute of the Issuer under Condition 15) may, without the consent of the Bondholders, be substituted in respect of all rights and obligations arising under or in connection with the Bonds by a company all of whose shares carrying voting rights are directly or indirectly held by the Guarantor. Whilst, among other conditions, the rights of the Bondholders, as provided in the Bonds and the Guarantee, must not be materially prejudiced, any substitution of the Issuer could have a significantly adverse impact on the price of, and/or market for, the Bonds or the circumstances of individual Bondholders.
GENERAL INFORMATION

Definitions
Capitalised terms used but not defined elsewhere in this Prospectus shall have the meanings given to them in the Conditions as set forth in "TERMS AND CONDITIONS OF THE PERPETUAL BONDS", beginning on page 24 or in "TERMS AND CONDITIONS OF THE DATED BONDS", beginning on page 40, as the case may be.

References to "Helvetia" or the "Helvetia Group" shall mean the Guarantor together with its direct and indirect subsidiaries (including the Issuer) as a whole.

Presentation of Financial and Other Information and Source of Information
This Prospectus contains by way of reference certain documents (see "DOCUMENTS INCORPORATED BY REFERENCE" on page 4). Certain data contained in this Prospectus, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the arithmetic total figure given for that column or row.

Except where market or market share data are otherwise attributed to another source, all market and market share data included in this Prospectus are Helvetia's own estimates. These estimates are based upon Helvetia's experience in the insurance industry.

Incorporation by Reference
The listing rules of the SIX Swiss Exchange allow the Issuer and the Guarantor to "incorporate by reference" into this Prospectus certain information contained in documents that Helvetia has published previously or simultaneously with the Prospectus, which means that the Issuer and the Guarantor can disclose important information to you by referring to those documents. The information that the Issuer and the Guarantor incorporate by reference (together, the Referenced Documents) is listed in "DOCUMENTS INCORPORATED BY REFERENCE" on page 4 of this Prospectus and is an important part of this Prospectus.

Any reference herein to this Prospectus shall be deemed to include the portions of the Referenced Documents referenced herein. Investors should obtain and review carefully copies of the Referenced Documents. Any statement contained in the Referenced Documents shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained in this Prospectus modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

You may consult the Referenced Documents on the website of Helvetia (www.helvetia.com) or request a copy of the Referenced Documents (see below, "Availability of Documents").

Availability of Documents
Copies of documents incorporated by reference in this Prospectus as well as this Prospectus and any supplements thereto, if any, are available free of charge in Switzerland from UBS AG, Investment Bank, Swiss Prospectus Switzerland, P.O. Box, CH-8098 Zurich, Switzerland, or may be obtained by telephone (voicemail: +41 44 239 47 03), by fax (+41 44 239 69 14) or by e-mail to swiss-prospectus@ubs.com. Copies of documents incorporated by reference in this Prospectus can also be obtained, free of charge, from the registered office of the Issuer and on the website of Helvetia (https://www.helvetia.com/corporate/web/en/home/investors/overview/publications.html).

Prospectus
This Prospectus is available in English only and provides information about the Issuer, the Guarantor and the Bonds. This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any Bonds. No person has been authorised to give any information or make any representation in connection with the offering of the Bonds other than as stated herein and any other information or representation if given or made should not be relied upon as having been authorised by the Issuer, the Guarantor or the Managers. Neither the delivery of this Prospectus, nor the issue of the Bonds nor any sale thereof shall, in any circumstances, create any implication that there has been no material adverse change in the affairs of the Issuer or the Guarantor since the date hereof.
Authorisation
The issuance of the Bonds has been duly authorised by resolutions of the board of directors of the Issuer dated 29 October 2019.

The issuance of the Guarantee has been duly authorised by resolutions of the board of directors of the Guarantor dated 29 October 2019.

Type of Issuance
Pursuant to a bond purchase and paying agency agreement dated 7 February 2020 and entered into among the Issuer and the Guarantor, on the one side, and the Managers, on the other side, the Managers have severally but not jointly agreed to purchase the Bonds at an issue price of 100 per cent. (minus commissions).

Litigation
Except as disclosed in this Prospectus (including the documents incorporated by reference herein), neither the Issuer nor the Guarantor is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer and/or the Guarantor is aware) which may have, or have had in the recent past, significant effects on the financial position or profitability of the Issuer or the Guarantor, respectively.

Material Change
Except as disclosed in this Prospectus (including the documents incorporated by reference herein), there has been no material change in the assets and liabilities, financial position or profits and losses of the Issuer and the Guarantor since 30 June 2019.

Recent Developments
On 24 January 2020, Helvetia announced the acquisition of a majority shareholding of up to 70 per cent. in the Spanish-based company Caja de Seguros Reunidos, Compania de Seguros y Reaseguros S.A. (Caser) for a price up to EUR 780 million. Caser provides non-life and life insurance as well as services around health and elderly care, including hospitals. Upon completion which is subject to the satisfaction of conditions precedent customary in such types of transactions (e.g., regulatory approvals), the acquisition will significantly strengthen Helvetia's presence in Spain by gaining the top seven position in the Spanish non-life insurance market. Similarly, the acquisition will enlarge Helvetia's position in Europe in line with its 2020 strategy. Subject to the satisfaction of the various conditions precedents, the completion of the acquisition is expected to occur towards the end of the first half-year 2020 at the earliest.

See “Risk Factors – Risks relating to the acquisition of Caja de Seguros Reunidos, Compania de Seguros y Reaseguros S.A.” above for a summary on the risks as well as the capital and financing risks related to the acquisition of Caser.

Use of Proceeds
The net proceeds from the issue of the Bonds, amounting to CHF 397,622,000 (the Net Proceeds), will be used by the Issuer for general corporate purposes, including the refinancing of outstanding debt instruments in accordance with applicable laws and regulations. This excludes any financing of the acquisition of Caser. None of the Managers shall have any responsibility for, nor be obliged to concern itself with, the use of such Net Proceeds.

Notices
All notices in relation to the Bonds will be published in electronic form on the website of the SIX Swiss Exchange (www.six-swiss-exchange.com, where notices are currently published under the address https://www.six-group.com/exchanges/news/official_notices/search_en.html).
Representative
In accordance with article 58a of the listing rules of the SIX Swiss Exchange, UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland has been appointed by the Issuer and the Guarantor as representative to lodge the listing application with the SIX Swiss Exchange.

Responsibility
Each of the Issuer and the Guarantor accepts responsibility for all information contained in this Prospectus and hereby confirms that to the best of its knowledge the information stated herein is correct and no material facts or circumstances have been omitted herefrom.

Helvetia Schweizerische Versicherungsgesellschaft AG

Helvetia Holding AG
TERMS OF THE PERPETUAL BONDS

MiFID II product governance / Retail investors, professional investors and ECPs target market – Solely for the purposes of the product approval process of any entity which is a manufacturer in relation to the Perpetual Bonds (pursuant to MiFID II product governance rules), the target market assessment in respect of the Perpetual Bonds has led to the conclusion that: (i) the target market for the Perpetual Bonds to eligible counterparties and professional clients, each as defined in Directive 2014/65/EU (as amended, MiFID II); (ii) all channels for distribution of the Perpetual Bonds to eligible counterparties and professional clients are appropriate, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable. Any person subsequently offering, selling or recommending the Perpetual Bonds (a Distributor) should take into consideration the manufacturers’ target market assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Perpetual Bonds (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

The terms and conditions (each a Condition, and together the Terms of the Perpetual Bonds) of the perpetual cumulative subordinated bonds (the Perpetual Bonds) in the initial aggregate principal amount of Swiss francs (CHF) 275,000,000, issued by Helvetia Schweizerische Versicherungsgesellschaft AG, Dufourstrasse 40, 9001 St.Gallen, Switzerland (the Issuer), and guaranteed on a subordinated basis by Helvetia Holding AG, Dufourstrasse 40, 9001 St.Gallen, Switzerland (the Guarantor), are established pursuant to a bond purchase and paying agency agreement dated as of 7 February 2020 among the Issuer and the Guarantor, on the first part, UBS AG, Credit Suisse AG and Deutsche Bank AG London Branch, acting through Deutsche Bank AG Zurich Branch (together referred to as the Joint Lead Managers) and the other banks mentioned therein, on the second part (the Bond Purchase and Paying Agency Agreement). The Terms of the Perpetual Bonds govern the rights and obligations of the Issuer and of each Bondholder (as defined below) in relation to the Perpetual Bonds and are as follows:

1. Denomination and Form of the Perpetual Bonds
   a. The Perpetual Bonds are issued in the initial aggregate principal amount of CHF 275,000,000 (two hundred and seventy five million Swiss francs) and are divided into Perpetual Bonds with denominations of CHF 5,000 (five thousand Swiss francs) per Perpetual Bond and multiples thereof (each, a Perpetual Bond).
   b. The Issuer reserves the right to reopen (reopening) and increase the aggregate principal amount of the Perpetual Bonds issued at any time and without prior consultation with or permission of the Bondholders through the issuance of further bonds which will be fungible with the Perpetual Bonds (i.e., having the same terms and conditions as the Perpetual Bonds in all respects (or in all respects except for the issue date and/or first date on which interest is paid).
   c. The Perpetual Bonds and all rights in connection therewith are issued in uncertificated form in accordance with Article 973c of the Swiss Code of Obligations as uncertificated securities (Wertrechte). The uncertificated securities (Wertrechte) will be created by the Issuer by means of a registration in its register of uncertificated securities (Wertrechtesbuch). Such uncertificated securities (Wertrechte) will then be entered into the main register (Hauptregister) of the SIX SIS Ltd or any other intermediary in Switzerland recognized for such purposes by the SIX (SIX SIS Ltd or any such other intermediary, the Intermediary). Once the uncertificated securities (Wertrechte) are registered in the main register (Hauptregister) of the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Perpetual Bonds will constitute intermediated securities (Bucheffekten) (the Intermediated Securities) in accordance with the provisions of the Swiss Federal Intermediated Securities Act (Bucheffektengesetz) (the FISA).
   d. Neither the Issuer nor the holders of the Perpetual Bonds (the Bondholders) shall at any time have the right to effect or demand the conversion of the uncertificated securities (Wertrechte) into, or the delivery of, a permanent global certificate (Globalurkunde) or definitive Perpetual Bonds (Wertpapiere).
   e. So long as the Perpetual Bonds are in the form of Intermediated Securities, the Perpetual Bonds may only be transferred or otherwise disposed of in accordance with the provisions of the FISA, i.e., by the entry of the transferred Perpetual Bonds in a securities account of the transferee.
   f. The records of the Intermediary will determine the number of Perpetual Bonds held through each participant of that Intermediary. In respect of the Perpetual Bonds held in the form of Intermediated Securities,
the Bondholders will be the persons holding the Perpetual Bonds in a securities account in their own name
and for their own account.

2. Interest

2.1. Interest Rate

a. Initial Fixed Interest Rate

Subject to Condition 2.2, the Perpetual Bonds will bear interest on their principal amount from (but excluding) the Payment Date up to (and including) the First Call Date at a rate of 1.500 per cent. per annum (the Initial Fixed Interest Rate), payable in arrear for the first time on 12 August 2020 and thereafter annually in arrear on 12 August in each year (each an Initial Interest Payment Date), for the last time on the First Call Date. The first interest period is a short interest period of 181 days from (but excluding) the Payment Date to (and including) 12 August 2020 for which interest of CHF 37.71 per Bond will be payable on 12 August 2020.

b. Subsequent Fixed Interest Rate

As from (but excluding) the First Call Date, in respect of each successive five-year period (the Relevant Five-Year Period), the first such period commencing on (but excluding) the First Call Date and ending on (and including) the fifth anniversary of that date, the Perpetual Bonds will, subject to Condition 2.2, bear interest on their principal amount at a rate of interest being determined on each Coupon Determination Date and equal to the Five-Year Mid Swap Rate plus the Initial Margin (the Subsequent Fixed Interest Rate), payable annually in arrear on 12 August in each year (each a Subsequent Fixed Interest Payment Date).

c. Determination of Subsequent Fixed Interest Rate and Subsequent Fixed Interest Rate Amount

The Principal Paying Agent will, as soon as practicable after the determination of the Subsequent Fixed Interest Rate in relation to each Relevant Five-Year Period, calculate the amount of interest (the Subsequent Fixed Interest Rate Amount) payable in respect of each Bond on each Subsequent Fixed Interest Payment Date for such Relevant Five-Year Period on the basis of a year of 360 days with twelve 30-day months (30/360 basis).

d. Publication of Subsequent Fixed Interest Rate and Subsequent Fixed Interest Rate Amount

The Principal Paying Agent shall cause the Subsequent Fixed Interest Rate and the Subsequent Fixed Interest Rate Amount to be notified to the Issuer, the Guarantor and to the SIX or other relevant authority on which the Perpetual Bonds are at the relevant time listed and to be published in accordance with Condition 9 as soon as practicable after their determination, and in no event later than the fourth Business Day thereafter. The Subsequent Fixed Interest Rate Amount and Subsequent Fixed Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Relevant Five-Year Period.

e. Notifications etc. to be final and binding

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 2 by the Principal Paying Agent will (in the absence of default, bad faith or manifest error) be final and binding on the Issuer, the Guarantor and all Bondholders and (in the absence of default, bad faith or manifest error) no liability to the Issuer, the Guarantor or Bondholders shall attach to the Principal Paying Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition 2.

f. General

If any Initial Interest Payment Date or Subsequent Fixed Interest Payment Date falls on a day that is not a Business Day, the relevant payment will be made on the immediately following Business Day. Bondholders shall not be entitled to demand additional interest or any other payment in respect of such delay.

Interest will cease to accrue on the Perpetual Bonds from (but excluding) the date of their redemption unless, upon due presentation thereof (if applicable), payment of principal is improperly withheld or refused. In such event, interest will continue to accrue at the Interest Rate to (and including) the day on which all sums due in respect of the Perpetual Bonds up to (but excluding) that day are received by or on behalf of the relevant Bondholder.

Interest on the Perpetual Bonds is computed on the basis of a 360-day year of twelve 30-day months.
2.2. Deferral of Interest Payments

a. No Default

Notwithstanding any other provision in these Conditions, the deferral of any payment of interest, Solvency Shortfall or any part thereof in accordance with this Condition 2.2 shall not constitute a default by the Issuer under the Perpetual Bonds or for any other purpose and shall not give Bondholders or the Principal Paying Agent any right to accelerate repayment of the Perpetual Bonds, make a demand under the Subordinated Guarantee or take any other action under the Perpetual Bonds.

b. Optional Deferral of Interest Payments

Subject to Condition 2.2(c), 2.2(f) and Condition 2.3, the Issuer may elect in its sole discretion to defer in full, but not in part, the payment of interest otherwise due and payable on any Optional Interest Payment Date in respect of the interest period ending on such date.

c. Mandatory Deferral of Interest

The Issuer shall defer the payment of interest or, as the case may be, the relevant Solvency Shortfall otherwise due and payable on an Initial Interest Payment Date or any Subsequent Fixed Interest Payment Date if in respect of the date on which such payment would be made, either a Solvency Event (i) has occurred and is continuing or (ii) would occur as a result of such Interest Payment (each a Solvency Interest Deferral Date).

d. Deferred Interest

Any interest in respect of the Perpetual Bonds not paid on an Initial Interest Payment Date or any Subsequent Fixed Interest Payment Date (including any Solvency Shortfall), together with any other interest in respect thereof not paid on any earlier Initial Interest Payment Date or Subsequent Fixed Interest Payment Date, in each case by virtue of this Condition 2, shall, so long as the same remains unpaid, constitute Deferred Interest and shall only be payable in the manner described in Condition 2.2(e).

Deferred Interest shall not themselves bear interest.

e. Settlement of Deferred Interest

Any Deferred Interest and any other amount payment of which is deferred in accordance with this Condition 2 may be satisfied at the sole discretion of the Issuer in whole or in part, at any time upon the expiry of not less than 10 (ten) nor more than 20 (twenty) calendar days' prior notice to such effect given by the Issuer to the Principal Paying Agent and the Bondholders in accordance with Condition 9, provided that (A) in respect of the date on which such Interest Payment would be made, no Solvency Event either (i) has occurred and is continuing or (ii) would occur as a result of such Interest Payment and (B) in either case, the Issuer has obtained the prior written approval of FINMA or any Successor Authority (if such approval is required under Applicable Regulations at the relevant time).

Subject to the Solvency Event provision set forth in the foregoing paragraph, such Deferred Interest and any other amount payment of which is deferred in accordance with this Condition 2 shall automatically become immediately due and payable in full upon the earliest of the following dates:

(i) the next following Interest Payment Date on which the relevant Interest Payment is not deferred in accordance with either Condition 2.2(b) or 2.2(c);

(ii) the date on which the Perpetual Bonds become immediately due and payable in accordance with Condition 7; and

(iii) the date set for any redemption of the Perpetual Bonds.

The Issuer shall give notice to the Principal Paying Agent and the Bondholders in accordance with Condition 9 immediately upon the occurrence of any of the events in paragraphs (i) through (iii) above.

If notice is given by the Issuer of its intention to pay the whole or any part of Deferred Interest, the Issuer shall be obliged to do so upon the expiry of such notice. Where Deferred Interest is paid in part, each partial payment shall be made pro rata to the Bondholders and shall be in respect of the full amount of the Deferred Interest accrued due to the relevant Initial Interest Payment Date or Subsequent Fixed Interest Payment Date or consecutive interest payment dates furthest from the date of payment.

f. Notice of Deferral

The Issuer, failing whom the Guarantor, shall notify the Principal Paying Agent and the Bondholders in accordance with Condition 9:
(i) not less than 10 (ten) calendar days’ prior to an Initial Interest Payment Date or Subsequent Fixed Interest Payment Date if that interest payment date is an Optional Interest Payment Date in respect of which the Issuer elects to defer interest as provided in Condition 2.2(b); and

(ii) as soon as reasonably practicable if (i) a Solvency Event has occurred in respect of such Initial Interest Payment Date or Subsequent Fixed Interest Payment Date or (ii) a Solvency Event would as at the date of such payment occur if the Issuer were to make the relevant Interest Payment, provided that, for the avoidance of doubt, any delay in giving such notice shall not result in such interest becoming due and payable on the relevant Solvency Interest Deferral Date.

On or prior to the delivery of any notice pursuant to Condition 2.2(f)(ii), the Issuer shall also procure the delivery of a certificate as to the occurrence of a Solvency Event signed by authorized representatives of the Issuer or the Guarantor, which shall, in the absence of manifest error, be treated and accepted by the Issuer, the Bondholders, the Principal Paying Agent and all other interested parties as correct and sufficient evidence thereof. The Principal Paying Agent shall be entitled to rely upon such certification absolutely without liability to any person.

2.3. Compulsory Interest Payments

Subject to Condition 2.2(c), the Issuer shall, on each Compulsory Interest Payment Date, for so long as the compulsory interest provisions apply (as set out in the definition of Compulsory Interest Payment Date in Condition 2.4), pay interest in respect of the Perpetual Bonds accrued to that date in respect of the interest period ending on such Compulsory Interest Payment Date, together with all Deferred Interest at such time.

2.4. Definitions

For purposes of this Condition 2 the following definitions shall apply:

**Applicable Regulations** means the regulatory capital requirements applicable to the Issuer and/or the Guarantor at such time including, but not limited to, such insurance regulatory law (for group solvency or single solvency purposes, as applicable) and/or applicable generally recognised administrative practice, if any, of FINMA or any Successor Authority.

**Assets** means the Issuer’s or the Guarantor’s total assets as per Swiss statutory accounting principles (Obligationenrecht), as shown in its respective latest annual audited balance sheet, but adjusted for all subsequent events, as reasonably determined by the Issuer or, as the case may be, the Guarantor, or if the Issuer or the Guarantor is being liquidated, its respective liquidator.

**Compulsory Interest Payment Date** means each Initial Interest Payment Date or Subsequent Fixed Interest Payment Date in respect of which, at any time during a period of 6 (six) months prior to such Initial Interest Payment Date or Subsequent Fixed Interest Payment Date, a Compulsory Interest Payment Event occurred; provided, however, that in respect of the date on which such Interest Payment would be made, no Solvency Event either (i) has occurred and is continuing or (ii) would occur as a result of such Interest Payment.

**Compulsory Interest Payment Event** means any of the following events:

a. the Issuer, the Guarantor or any of the Subsidiaries, wholly owned, directly or indirectly, by the Guarantor, declared or paid a dividend (whether in cash, shares or any other form, but not including a dividend consisting solely of newly issued Shares), or made a payment of any nature on any Shares (a Dividend Payment), unless the recipient of such Dividend Payment was the Issuer, the Guarantor or a Subsidiary; or

b. the Issuer or the Guarantor pays interest on any securities of the Issuer or the Guarantor which rank, or are expressed to rank, junior to or pari passu with the Perpetual Bonds (unless such payment was compulsory on such securities or required due to the repayment of such securities), unless the recipient of such payment was the Issuer, the Guarantor or a Subsidiary; or

c. the Issuer, the Guarantor or any of the Subsidiaries has, in its sole discretion, decided to repurchase, repay or called for redemption any securities of the Issuer or the Guarantor which rank, or are expressed to rank, junior to or pari passu with the Perpetual Bonds.

**Initial Margin** means 2.08 per cent. per annum.

**Interest Payment** means, with respect to an Initial Interest Payment Date or a Subsequent Fixed Interest Payment Date, the interest scheduled to be paid on such Initial Interest Payment Date or Subsequent Fixed Interest Payment Date.
Liabilities means the Issuer’s or the Guarantor's total liabilities as per Swiss statutory accounting principles (Obligationenrecht), as shown in its respective latest annual audited balance sheet, but adjusted for all subsequent events, as reasonably determined by the Issuer or, as the case may be, the Guarantor, or if the Issuer or the Guarantor is being liquidated, its respective liquidator.

Required Solvency Margin means for group, or if applicable, solo solvency purposes, the required solvency margin (or a comparable term in case of a change in Applicable Regulations) in accordance with Applicable Regulations relating to the regulatory capital of insurers and reinsurers in Switzerland.

Shares means any class of shares issued by the Issuer and/or the Guarantor.

A Solvency Event shall be deemed to have occurred and be continuing in respect of any applicable date if as at such date:

a. the Issuer or the Guarantor (the latter on a group level) does not have appropriate funds to cover the Required Solvency Margin or the amount of such funds would, as a result of a full or partial interest payment or redemption payment, as applicable, that would otherwise be due, be or become less than the Required Solvency Margin, and a deferral or, as applicable, cancellation of interest is required under the Applicable Regulations; or

b. the Issuer or the Guarantor has reasonable grounds for concern that it is unable to pay its debts owed to its creditors as they fall due; or

c. the Issuer or the Guarantor has reasonable grounds for concern that its Assets do not exceed its respective Liabilities; or

d. FINMA or a Successor Authority has given (and not withdrawn) notice to the Issuer or the Guarantor that as a result of the financial, solvency and/or capital position of the Issuer and/or the Guarantor, the payment of an interest or redemption amount or under the Subordinated Guarantee in whole or in part must be deferred.

Solvency Shortfall means that portion of a scheduled interest payment that would cause a Solvency Event to occur or be continuing.

Successor Authority means any domestic or foreign successor to FINMA or otherwise that has primary supervisory authority over Issuer and/or the Guarantor’s group.

3. Redemption

3.1. No Fixed Maturity

The Perpetual Bonds are undated perpetual obligations in respect of which there is no fixed maturity date. The Perpetual Bonds are not redeemable at the option of the Bondholders and shall not otherwise be redeemed except at the option of the Issuer in accordance with this Condition 3 and subject to Condition 3.8.

3.2. Optional Redemption

The Issuer, subject to having given not less than 30 (thirty), and not more than 60 (sixty), calendar days’ prior notice to the Principal Paying Agent and the Bondholders (which notice shall be irrevocable and shall specify the date fixed for redemption) in accordance with Condition 9, and subject to Condition 3.8, may, at its option, redeem all, but not some only, of the Perpetual Bonds at any time in the 3 (three) months prior to (and including) the First Call Date (i.e., from 12 May 2026) and on any Subsequent Fixed Interest Payment Date at their principal amount, together, if applicable, with interest accrued to (and including) the date fixed for redemption and any Deferred Interest.

3.3. Redemption for Tax Reasons

The Issuer, subject to having given not less than 30 (thirty), and not more than 60 (sixty), calendar days’ prior notice to the Principal Paying Agent and the Bondholders (which notice shall be irrevocable and shall specify the date fixed for redemption) in accordance with Condition 9, and subject to Condition 3.8, may, at its option, redeem all, but not some only, of the Perpetual Bonds at their principal amount, together, if applicable, with interest accrued to (and including) the date fixed for redemption and any Deferred Interest, if the Issuer satisfies the Principal Paying Agent immediately before the giving of such notice that on the next Initial Interest Payment Date or Subsequent Fixed Interest Payment Date the payment of interest would (whether or not as a result of a change in or amendment of law or regulation) not be deductible as an expense for tax purposes of the Issuer for reasons outside the control of, and which cannot be avoided by, the Issuer taking reasonable measures available to it.
The Principal Paying Agent is under no obligation to ascertain whether any of the events described in this Condition 3.3 has occurred and, until it shall have actual knowledge or notice to the contrary, the Principal Paying Agent may assume that no such event has occurred.

Prior to the publication of any notice of redemption pursuant to this Condition 3.3, the Issuer shall deliver to the Principal Paying Agent a certificate signed by two authorised representatives of the Issuer, stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred. The Principal Paying Agent shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Bondholders.

3.4. Redemption for Special Events

Prior to the First Call Date, the Issuer, subject to having given not less than 30 (thirty), and not more than 60 (sixty), calendar days' prior notice to the Principal Paying Agent and the Bondholders (which notice shall be irrevocable and shall specify the date fixed for redemption) in accordance with Condition 9, and subject to Condition 3.8, may, at its option, redeem all, but not some only, of the Perpetual Bonds at any time, provided that if at any time a Regulatory Event is triggered by virtue of the Terms of the Perpetual Bonds permitting the Issuer to redeem the Perpetual Bonds at any time or upon the occurrence of an Accounting Event or a Capital Event, the relevant date for redemption may only fall on or after the fifth anniversary of the Payment Date) at their principal amount, together, if applicable, with interest accrued to (and including) the date fixed for redemption and any Deferred Interest, if the Issuer satisfies the Principal Paying Agent immediately before the giving of such notice that:

(i) an Accounting Event has occurred and is continuing; or
(ii) a Capital Event has occurred and is continuing; or
(iii) a Regulatory Event has occurred and is continuing.

As used herein:

**Accounting Event** means that an opinion of a recognized accounting firm has been delivered to the Issuer and/or to the Guarantor, stating that obligations of the Issuer in respect of the Perpetual Bonds must not or must no longer be recorded as equity under the initial accounting treatment methodology (being the presentation of the Perpetual Bonds under IFRS as at the Payment Date) on the balance sheet of the Guarantor published in its annual consolidated financial statements pursuant to IFRS and this cannot be avoided by the Issuer or, as the case may be, the Guarantor taking such reasonable measures as the Issuer or Guarantor (acting in good faith) deems appropriate. The Issuer will deliver the applicable opinion to the Principal Paying Agent.

**A Capital Event** means the Issuer and/or the Guarantor has received, and confirmed in writing to the Principal Paying Agent that it has so received, confirmation from any Rating Agency that the Perpetual Bonds will no longer be eligible for the same, or higher amount of, "equity credit" (or such other nomenclature that the Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) attributed to the Perpetual Bonds at the Payment Date.

**Future Regulations** means the solvency margin, regulatory capital or capital regulations (if any) which may be introduced in Switzerland (or if the Issuer becomes domiciled for regulatory purposes in a jurisdiction other than Switzerland, such other jurisdiction) and which are applicable to the Issuer and/or to the Guarantor and set out the requirements to be fulfilled by financial instruments in order to be eligible to be included in Tier 2 Capital (or equivalent).

**Rating Agency** means Standard & Poor's Rating Services, any successor thereof, or another internationally recognized rating agency.

**Regulatory Event** means the occurrence of any of the following events which occurrence cannot be avoided by the Issuer and/or the Guarantor taking such reasonable measures as the Issuer and/or the Guarantor (acting in good faith) deems appropriate:

(A) prior to the implementation of the Future Regulations, the FINMA or any Successor Authority states that the Perpetual Bonds are no longer eligible to qualify as at least upper additional capital ("oberes ergänzendes Kapital") pursuant to article 49 in connection with article 22a, 22b and 47 of the ISO, and no longer, in whole or in part, fulfil the requirements for such category, or equivalent thereof, for group or solo solvency purposes; or

(B) with effect from the implementation of the Future Regulations, all or part of the Perpetual Bonds do not qualify as at least Tier 2 Capital (or equivalent) under such Future Regulations (or an official application or interpretation of those regulations including a decision of a court or tribunal); or
(C) the FINMA or any Successor Authority issues guidance after the Payment Date in relation to Tier 1 Capital ("Kernkapital") qualifying instruments for group or solo solvency purposes (by way of law, ordinance, regulation or interpretation thereof), and the FINMA or any Successor Authority affords the Perpetual Bonds recognition as Tier 1 Capital ("Kernkapital") for group or solo solvency purposes, and at a subsequent time the FINMA or any Successor Authority states that all or part of the Perpetual Bonds no longer fulfil the requirements of Tier 1 Capital ("Kernkapital"), save, in each case above, where such non-qualification thereof applicable to the Perpetual Bonds is only a result of any applicable limitation on the amount of such capital.

ISO means the Ordinance on the Supervision of Private Insurance Companies (Verordnung über die Beaufsichtigung von privaten Versicherungsunternehmen — AVO) of 9 November 2005, as amended.

Special Event means any of an Accounting Event, a Capital Event or a Regulatory Event or any combination of the foregoing.

Tier 1 Capital means core capital ("Kernkapital") pursuant to article 48 ISO.

Tier 2 Capital means all items that, at the Payment Date, are classified as tier two capital (ergänzendes Kapital) of the Issuer or the Guarantor as defined in the rules and regulations of FINMA or any Successor Authority, comprising upper additional capital (oberes ergänzendes Kapital) and lower additional capital (unteres ergänzendes Kapital).

The Principal Paying Agent is under no obligation to ascertain whether any Special Event has occurred and, until it shall have actual knowledge or notice to the contrary, the Principal Paying Agent may assume that no such Special Event has occurred.

Prior to the publication of any notice of redemption pursuant to this Condition 3.4, the Issuer shall deliver to the Principal Paying Agent a certificate signed by two authorized representatives of the Issuer, stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and that, where such Special Event requires reasonable measures as the Issuer or, as the case may be, the Guarantor may deem appropriate to be taken, the relevant Special Event cannot be avoided by the Issuer or, as the case may be, the Guarantor taking such measures. The Principal Paying Agent shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Bondholders.

3.5. Clean-up Redemption

Subject to 30 (thirty) calendar days' prior notice to the Principal Paying Agent and the Bondholders (which notice shall be irrevocable and shall specify the date fixed for redemption) in accordance with Condition 9, the Issuer may redeem, subject to Condition 3.8, all, but not some only, of the Perpetual Bonds at any time after the Payment Date and prior to the First Call Date at the principal amount together, if applicable, with interest accrued to (and including) the date fixed for redemption and any Deferred Interest if 80 per cent. or more in the initial aggregate principal amount of the Perpetual Bonds has been redeemed or purchased and cancelled at the time of such notice.

3.6. Purchases

The Issuer or the Guarantor may, subject to Condition 3.8, at any time purchase Perpetual Bonds in the open market or otherwise and at any price. Perpetual Bonds purchased by the Issuer or the Guarantor may, at the option of the Issuer, be held, resold or surrendered to the Principal Paying Agent for cancellation. If purchases of any Perpetual Bonds are made by public tender, tenders for such Perpetual Bonds must be made available to all Bondholders alike to the extent possible under applicable securities laws and regulations.

3.7. Cancellation

All Perpetual Bonds redeemed in full shall be cancelled forthwith and may not be reissued or resold.

3.8. Condition to Redemption or Purchase

Any redemption or purchase of the Perpetual Bonds pursuant to this Condition 3 is subject to

(i) the Issuer obtaining the prior written consent of FINMA or any Successor Authority with such notice period as required under the Applicable Regulations at that time;

(ii) no Solvency Event having occurred and being continuing and no Solvency Event would occur immediately after giving effect to such redemption or purchase; and

(iii) in the case of any such redemption or purchase that occurs within five years after the Payment Date, such redemption or purchase being funded out of the proceeds of a new issuance of capital of at least the
same quality as the Perpetual Bonds (i.e., at least Tier 2 Capital) and being otherwise permitted under the Applicable Regulations at that time.

4. Payments

The amounts required for the payment of interest (after deduction of the then applicable Swiss withholding tax) and the principal amount and any other payments to be made under these Terms of the Perpetual Bonds will be made available in good time in freely disposable CHF, which will be placed at the free disposal of the Principal Paying Agent in Switzerland.

Upon receipt of the funds in Switzerland and under the same conditions as received, the Principal Paying Agent will arrange for payment to the Bondholders.

The Issuer undertakes that payments shall be made in freely disposable CHF without collection cost to the Bondholders, and, unless otherwise provided for by applicable law, without any restrictions and whatever the circumstances may be, irrespective of nationality, residence or domicile of the Bondholders and without requiring any affidavit or the fulfilment of any other formality, at the counters of any of the following banks (the Paying Agents):

- UBS AG;
- Credit Suisse AG;
- Zürcher Kantonalbank; and
- Raiffeisen Switzerland Cooperative.

The receipt by the Principal Paying Agent of funds in CHF in Switzerland from the Issuer shall release the Issuer from its obligations under the Perpetual Bonds to the extent of amounts received by the Principal Paying Agent.

5. Taxation

All payments of interest on the Perpetual Bonds (as well as a potential issue discount or repayment premium) are subject to the deduction of the Swiss Federal Withholding Tax (Verrechnungssteuer), which as at the Payment Date is levied at a rate of 35 per cent.

6. Status of the Perpetual Bonds

The Issuer’s obligations in respect of or arising under (including, without limitation, any damages awarded for breach of any obligation under) the Perpetual Bonds constitute direct, subordinated and unsecured obligations of the Issuer and rank pari passu, without any preference, among themselves. Claims of Bondholders under the Perpetual Bonds rank in a voluntary or involuntary insolvency, winding-up, liquidation, dissolution (other than pursuant to a merger, consolidation or amalgamation with another entity where the resulting or surviving entity assumes all the obligations of the Issuer in respect of the Perpetual Bonds), bankruptcy (Konkurs), composition (Nachlassverfahren) or other similar proceedings of or against the Issuer:

(i) after the claims of any Senior Creditors (as defined below);

(ii) pari passu with any other existing or future direct, subordinated and unsecured obligations of the Issuer which whether now or in the future rank or are expressed to rank pari passu with the claims of the Bondholders (the Parity Obligations, and Parity Obligation shall be construed accordingly); and

(iii) prior to the claims of the holders of all classes of issued shares in the share capital of the Issuer or any other securities issued by the Issuer expressed to rank junior to the claims of the Bondholders.

In the event of a voluntary or involuntary insolvency, winding-up, liquidation, dissolution (other than pursuant to a merger, consolidation or amalgamation with another entity where the resulting or surviving entity assumes all the obligations of the Issuer in respect of the Perpetual Bonds), bankruptcy (Konkurs), composition (Nachlassverfahren) or other similar proceedings of or against the Issuer, there shall be payable in such voluntary or involuntary insolvency, winding-up, liquidation, dissolution, bankruptcy (Konkurs), composition (Nachlassverfahren) or other similar proceedings on each Bond, subject to the subordination provisions set out in this Condition 6, an amount equal to the principal amount of such Bond together with unpaid Deferred Interest (if applicable) and interest which has accrued up to, but excluding, the date of repayment.

As used herein, Senior Creditors means creditors of the Issuer (i) who are policyholders or other unsubordinated creditors of the Issuer or (ii) whose claims are, or are expressed to be, subordinated (whether
only in the event of the liquidation, dissolution or winding-up of the Issuer or otherwise) to the claims of policyholders and other unsubordinated creditors of the Issuer but have a fixed maturity, except those whose claims rank, or are expressed to rank, equally with or junior to the claims of the Bondholders.

Neither the Principal Paying Agent nor any Bondholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Perpetual Bonds against any claim that the Issuer may have against the Bondholder and each such Bondholder shall, by virtue of being the Bondholder of any of the Perpetual Bonds, be deemed to have irrevocably waived all such rights of set-off.

No security of whatever kind is, or will at any time be, provided by the Issuer or any other person securing the rights of the Bondholders under the Perpetual Bonds. No agreement may defeat the subordination pursuant to the provisions set out in this Condition 6 or shorten any applicable notice period in respect of the Perpetual Bonds as provided in these Conditions.

The subordination provisions of this Condition 6 are irrevocable.

7. Events of Default / Acceleration

There will be no events of default in respect of the Perpetual Bonds. In case of the Issuer’s failure to discharge its payment obligations relating to interest under these Terms of the Perpetual Bonds, Bondholders shall have no right to claim or enforce a redemption of the Perpetual Bonds. In particular, Bondholders shall not be entitled, and hereby waive any statutory right conferred to them, to file for the opening of bankruptcy proceedings (Konkursbegehren) with respect to the Issuer or other winding-up proceedings or to make other filings or motions which, if approved, will lead to a redemption of the Perpetual Bonds. However, the Perpetual Bonds shall become immediately due and payable, together with accrued interest thereon, if any, and Deferred Interest, if any, to (and including) the date of payment, following a decree or order being made by FINMA, a Successor Authority or a court or agency in Switzerland having jurisdiction in respect of the same, or a resolution being passed, for the opening of bankruptcy proceedings, the dissolution (other than pursuant to a merger, consolidation or amalgamation with another entity where the resulting or surviving entity assumes all the obligations of the Issuer in respect of the Perpetual Bonds), liquidation or winding-up of the Issuer.

8. Subordinated Guarantee

a. As security for the Perpetual Bonds, the Guarantor has issued the following irrevocable and, subject to sub-section (iii) below, unconditional Subordinated Guarantee:

Quote

GUARANTEE

(in the meaning of article 111 of the Swiss Federal Code of Obligations, the Guarantee)

(i) Being informed that Helvetia Schweizerische Versicherungsgesellschaft AG, Dufourstrasse 40, 9001 St.Gallen, Switzerland (the Issuer), issued and sold guaranteed perpetual cumulative subordinated bonds (the Perpetual Bonds) in the aggregate principal amount of CHF 275,000,000, Helvetia Holding AG, Dufourstrasse 40, 9001 St. Gallen, Switzerland (the Guarantor), herewith irrevocably and, subject to sub-section (iii) below, unconditionally, but on a subordinated basis in accordance with sub-section (ii) below, guarantees to the holders of the Perpetual Bonds (the Holders) in accordance with article 111 of the Swiss Federal Code of Obligations, irrespective of the validity of the Perpetual Bonds and the bond purchase and paying agency agreement dated as of 7 February 2020 among the Issuer and the Guarantor, on the first part, UBS AG, Credit Suisse AG and Deutsche Bank AG London Branch, acting through Deutsche Bank AG Zurich Branch (together referred to as the Joint Lead Managers) and the other banks mentioned therein, on the second part (the Bond Purchase and Paying Agency Agreement) and waiving all rights of objection and defence arising from the Perpetual Bonds and the Bond Purchase and Paying Agency Agreement, the due payment of the amounts payable by the Issuer under and pursuant to the terms and conditions of the Perpetual Bonds. Accordingly, the Guarantor agrees to pay or deliver to UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, in its capacity as principal paying agent in respect of the Perpetual Bonds (the Principal Paying Agent), on behalf of the Holders, within 7 (seven) calendar days after the receipt by the Guarantor of the Principal Paying Agent's first written demand for payment and the Principal Paying Agent's confirmation in writing that an amount has become due and payable under the Perpetual Bonds which is equivalent to the amount claimed under this Guarantee and has remained unpaid on the due date.
This Guarantee will constitute direct, subordinated and unsecured obligations of the Guarantor and rank pari passu, without any preference, among such obligations. The claims of the Holders under this Guarantee rank on a voluntary or involuntary insolvency, winding-up, liquidation, dissolution (other than pursuant to a merger, consolidation or amalgamation with another entity where the resulting or surviving entity assumes all the obligations of the Guarantor in respect of the Guarantee), bankruptcy (Konkurs), composition (Nachlassverfahren) or other similar proceedings of or against the Guarantor:

(A) after the claims of any Senior Creditors of the Guarantor (as defined below);

(B) pari passu with any other existing or future direct, subordinated and unsecured obligations of the Guarantor which whether now or in the future rank or are expressed to rank pari passu with the claims of the Holders under this Guarantee (the Parity Obligations); and

(C) prior to the claims of the holders of all classes of issued shares in the share capital of the Guarantor and any other securities issued by the Guarantor expressed to rank junior to the claims of the Holders under this Guarantee.

Senior Creditors of the Guarantor means creditors of the Guarantor (i) who are unsubordinated creditors of the Guarantor or (ii) whose claims are, or are expressed to be, subordinated (whether only in the event of the liquidation, dissolution, winding-up, bankruptcy (Konkurs) or composition (Nachlassverfahren) of the Guarantor or otherwise) to the claims of policyholders or other unsubordinated creditors of the Guarantor (including all existing and future unsecured, subordinated obligations of the Guarantor (whether actual or contingent)), except those whose claims rank, or are expressed to rank, equally with or junior to the claims of the Holders under this Guarantee.

The subordination provisions set out above are irrevocable. The Guarantor may not create or permit to exist any charge or other interest over its assets to secure the obligations of the Guarantor in respect of this Guarantee.

(iii) The Guarantor shall defer any payment under this Guarantee if in respect of the date on which such payment would be made, either a Solvency Event (A) has occurred and is continuing or (B) would occur as a result of such payment, a Deferred Guarantee Payment.

Any Deferred Guarantee Payment shall only become due and payable following the date on which no Solvency Event is continuing (or no Solvency Event would occur on such date as a result of such payment) or, subject to sub-section (v) below, if a resolution is passed or an order of a court or authority of competent jurisdiction is made that the Guarantor be wound up or dissolved (any such resolution or order, a Liquidation Ruling).

The deferral of any Deferred Guarantee Payment in accordance with these provisions will not constitute a default by the Guarantor and, without prejudice to condition 7 (Events of Default / Acceleration) of the terms of the Perpetual Bonds and sub-section (v) below, will not give the Holders any right to accelerate the repayment of the Perpetual Bonds or take any action under this Guarantee. The Guarantor shall give notice of any such deferral to the Principal Paying Agent (together with the certificate of the occurrence of a Solvency Event referred to below), and to the Holders in accordance with condition 9 (Notices) of the terms of the Perpetual Bonds, no more than 7 (seven) calendar days following the relevant claim under this Guarantee. A certificate stating that a Solvency Event has occurred or would occur if the relevant payment were made, signed by two authorized representatives of the Guarantor, shall, in the absence of manifest error, be treated and accepted by the Guarantor, the Issuer, the Holders, the Principal Paying Agent and all other interested parties as correct and sufficient evidence thereof. The Principal Paying Agent shall be entitled to rely upon such certification absolutely without liability to any person.

As used above, Solvency Event shall have the meaning ascribed to it in condition 17 (Definitions) of the terms of the Perpetual Bonds.

(iv) Payments under this Guarantee shall be made in Swiss francs.

The receipt by the Principal Paying Agent of funds in Swiss francs in Switzerland from the Guarantor shall release the Guarantor from its obligations under this Guarantee to the extent of amounts received by the Principal Paying Agent.

(v) This Guarantee shall give rise to a separate and independent cause of action against the Guarantor and shall apply irrespective of any indulgence granted to the Issuer by the Principal Paying Agent or any Holders from time to time and shall continue in full force and effect notwithstanding any
judgement or order against the Issuer and/or the Guarantor. However, when enforcing this Guarantees, Holders shall not be entitled, and they hereby waive any statutory right conferred on them, to file for the opening of bankruptcy proceedings (Konkursbegehren) with respect to the Guarantor or other winding-up proceedings or to make other similar filings or motions which, if approved, would have similar effect on the Guarantor.

(vi) Neither the Principal Paying Agent nor any Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Guarantor arising under or in connection with this Guarantee against any claim that the Guarantor may have against the Holder and each such Holder shall, by virtue of being the Holder of any of the Perpetual Bonds, be deemed to have waived all such rights of set-off.

(vii) All payments of interest on the Perpetual Bonds (as well as a potential issue discount or repayment premium) under the Guarantee are subject to all applicable taxes, including the deduction of the Swiss Federal Withholding Tax (Verrechnungssteuer), which as at the date of this Guarantee is levied at a rate of 35 per cent.

(vi) This Guarantee is governed by Swiss law.

(vii) Any dispute arising out of this Guarantee which may arise between the Principal Paying Agent, the Guarantor and/or the Holders shall be governed by Swiss law and shall fall within the exclusive jurisdiction of the Commercial Court of the Canton of Zurich, Switzerland, the place of jurisdiction being Zurich 1.

Unquote

b. The Principal Paying Agent undertakes to call on the Subordinated Guarantee and to claim from the Guarantor pursuant to the Subordinated Guarantee any due but unpaid amount under the Terms of the Perpetual Bonds in accordance with the terms of the Subordinated Guarantee. Upon receipt of any payments made by the Guarantor under the Subordinated Guarantee, the Principal Paying Agent undertakes to forward such amount to the Bondholders, waiving all rights of set off with respect to such Bondholders. The Principal Paying Agent is, however, entitled to deduct from the received amount all costs and expenses related to the collection of said amount, including court fees and legal fees.

9. Notices

All notices to Bondholders regarding the Perpetual Bonds shall be published by the Principal Paying Agent in accordance with the applicable regulations of the SIX Exchange Regulation AG and shall be valid as soon as published on the SIX’s website (which as at the Payment Date is: https://www.six-group.com/exchanges/news/official_notices/search_en.html).

10. Listing

The Issuer will use its reasonable efforts to have the Perpetual Bonds listed on the SIX and to maintain such listing during the whole life of the Perpetual Bonds.

11. Prescription

Claims against the Issuer in respect of Perpetual Bonds will become void unless presented for payment within a period of ten years (in the case of the principal) and within five years (in the case of interest) from the relevant due date, by virtue of the statute of limitations of Swiss law.

12. Governing Law and Jurisdiction

The form, construction and interpretation of the Perpetual Bonds shall be subject to and governed by Swiss law. Any dispute which might arise between Bondholders on the one hand and the Issuer on the other hand regarding the Perpetual Bonds shall be submitted to the exclusive jurisdiction of the courts of the city of Zurich, Switzerland, and, if permitted, the Commercial Court of the Canton of Zurich, Switzerland, venue being Zurich 1.
13. Amendments

The Issuer may, without the consent of the Bondholders, make such amendments to these Terms of the Perpetual Bonds which (i) in the opinion of the Principal Paying Agent, are of a formal, minor or technical nature or made to correct a manifest error, or (ii) in the opinion of the Principal Paying Agent are necessary or desirable to give effect to any Replacement Rate determined by the Principal Paying Agent in accordance with the definition of "Five-Year Mid Swap Rate".

14. Role of Joint Lead Managers

UBS AG, Credit Suisse AG and Deutsche Bank AG London Branch, acting through Deutsche Bank AG Zurich Branch will act as Joint Lead Managers. UBS AG will also act as Principal Paying Agent of this Bond issue and will or may also act on behalf or for the benefit of the Bondholders, but only in the cases stated explicitly in these Terms of the Perpetual Bonds. In any other cases, UBS AG is not obliged to take or to consider any actions on behalf or for the benefit of the Bondholders.

15. Substitution

a. The Issuer (or any previous substitute of the Issuer under this Condition 15) may, without the consent of the Bondholders, and provided that no Special Event and no event described in Condition 3.3 would be triggered by such substitution, be substituted in respect of all rights and obligations arising under or in connection with the Perpetual Bonds by a company all of whose shares carrying voting rights are directly or indirectly held by the Guarantor (the New Issuer), provided that:

   (i) the Guarantor has issued a subordinated guarantee as per article 111 of the Swiss Federal Code of Obligations (Obligationenrecht) in respect of the obligations of the New Issuer under the Perpetual Bonds which guarantee shall, on a winding up of the Guarantor, have a pari passu ranking with the obligations of the Guarantor under the Subordinated Guarantee prior to the substitution of the Issuer; and

   (ii) if the New Issuer is a company resident for tax purposes in a jurisdiction other than Switzerland (such jurisdiction, the New Residence), the conditions set forth in section (c) below are also met.

b. In addition, any substitution is subject to:

   (i) the New Issuer having obtained all consents and approvals necessary for its assumption of the duties and liabilities of the Issuer under the Perpetual Bonds, and, if required, the Issuer or any previous New Issuer giving its prior written notice to, and receiving no objection from, FINMA or any Successor Authority;

   (ii) the Issuer or any previous New Issuer having confirmed that the Perpetual Bonds continue to be rated by each Rating Agency immediately after such substitution, and the ratings assigned to the Perpetual Bonds by such Rating Agency immediately following such substitution are to be no less than those assigned to the Perpetual Bonds immediately prior thereto; and

   (iii) certification being provided by two duly authorised officers of the Issuer stating that the conditions precedent in this Condition 15 have been complied with.

c. If the New Issuer is a company resident for tax purposes in a New Residence, the following conditions shall also be met:

   (i) the Perpetual Bonds then outstanding, after a substitution, would constitute legal, valid and binding obligations in the New Residence of such New Issuer;

   (ii) under the applicable laws and regulations in effect at the date of the substitution, the New Issuer would not be obligated to make any withholding or deduction on any payments in respect of the Perpetual Bonds beyond any withholding or deduction already applicable to payments made by the Issuer in respect of the Perpetual Bonds prior to the substitution (in case such withholding or deduction is introduced after a substitution, section (d) of this Condition 15 will apply); and

   (iii) the guarantee to be provided by the Guarantor according to Condition 15(a)(i) explicitly also guarantees the payment to the Bondholders of any amounts required to be withheld or deducted by the New Issuer at any time after substitution.
d. If the New Issuer is resident for tax purposes in a New Residence, the provisions of Condition 5 shall apply, with the substitution of references to Switzerland with references to the New Residence.

e. In the event of a substitution pursuant to this Condition 15, any reference in these Terms of the Perpetual Bonds to the Issuer shall be a reference to the New Issuer and if the New Issuer is resident for tax purposes in a New Residence, any reference to Switzerland shall also be a reference to the New Residence.

f. Notice of any substitution shall be irrevocably given by the Issuer causing the Principal Paying Agent to deliver a notice to the Bondholders in accordance with Condition 9. Upon such delivery of notice to the Bondholders, the substitution shall become effective, and the Issuer (and in the event of a repeated application of this Condition 15 any previous New Issuer) shall be discharged from any and all obligations under the Perpetual Bonds.

16. Severability

If at any time any one or more of the provisions of the Terms of the Perpetual Bonds is or becomes unlawful, invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not be in any way affected or impaired thereby.

17. Definitions

1. **Accounting Event** has the meaning given to it in Condition 3.4;
2. **Applicable Regulations** has the meaning given to it in Condition 2.4;
3. **Assets** has the meaning given to it in Condition 2.4;
4. **Bond Purchase and Paying Agency Agreement** has the meaning given to it in the preamble;
5. **Bondholder** has the meaning given to it in Condition 1(d);
6. **Business Day** means any day (other than Saturday or Sunday) on which banks are open for the whole day for business in Zurich and St. Gallen;
7. **Capital Event** has the meaning given to it in Condition 3.4;
8. **CHF** has the meaning given to it in the preamble;
9. **Compulsory Interest Payment Date** has the meaning given to it in Condition 2.4;
10. **Compulsory Interest Payment Event** has the meaning given to it in Condition 2.4;
11. **Condition** has the meaning given to it in the preamble;
12. **Coupon Determination Date** means, in respect of a Relevant Five-Year Period, the 5th (fifth) Business Day prior to the first day of such Relevant Five-Year Period.
13. **Deferred Interest** has the meaning given to it in Condition 2.2(d);
14. **Dividend Payment** has the meaning given to it in Condition 2.4(a);
15. **Existing Rate** has the meaning given to it in this Condition 17;
16. **FINMA** means the Swiss Financial Market Supervisory Authority FINMA;
17. **First Call Date** means 12 August 2026;
18. **FISA** has the meaning given to it in Condition 1(c);
19. **Five-Year Mid Swap Rate** means, in relation to any Relevant Five-Year Period and the Coupon Determination Date in relation to such Relevant Five-Year Period,

a. the CHF mid-swap rate for a term of five years as displayed on GOTTEX page "CHF Interest Rate Swaps vs LIBOR" (or such other page as may replace that page on GOTTEX, including, but not limited to, referring to a successor rate of LIBOR, or such other service as may be nominated by the person providing or sponsoring the information appearing there for the purposes of displaying comparable rates) (the **Relevant Page**) at 11:00 a.m. (London time) (the **Relevant Time**) on such Coupon Determination
b. if such rate does not appear at the Relevant Time on the Relevant Page on such Coupon Determination Date, the Five-Year Reference Bank Rate on such Coupon Determination Date.

Notwithstanding the foregoing, if the Principal Paying Agent determines (in consultation with the Issuer) at any time prior to any Coupon Determination Date that the rate appearing on the Relevant Page for purposes of determining the Five-Year Mid Swap Rate (the Existing Rate) has been discontinued, permanently or indefinitely, then it will (in consultation with the Issuer) determine whether to use an alternative rate to the Existing Rate (a Replacement Rate) for purposes of determining the Five-Year Mid Swap Rate on such Coupon Determination Date and each Coupon Determination Date thereafter. If the Principal Paying Agent determines to use a Replacement Rate pursuant to the immediately preceding sentence, the Replacement Rate will be (i) such rate as the Principal Paying Agent determines (in consultation with the Issuer) (acting in good faith and in a commercially reasonable manner) is the industry-accepted successor rate to the Existing Rate for purposes of determining the applicable rate of interest on fixed income securities with respect to which the Replacement Rate has replaced the Existing Rate as the reference rate for purposes of determining the applicable rate of interest thereon; or (ii) if the Principal Paying Agent determines (in consultation with the Issuer) that there is no such rate, such other rate as the Principal Paying Agent determines (in consultation with the Issuer) (acting in good faith and in a commercially reasonable manner) is most comparable to the Existing Rate.

If the Principal Paying Agent has determined a Replacement Rate in accordance with the immediately precedent paragraph, (i) the Principal Paying Agent will determine (in consultation with the Issuer) (acting in good faith and in a commercially reasonable manner) (A) the method for obtaining the Replacement Rate (including any alternative method for determining the Replacement Rate if it is unavailable on the relevant Coupon Determination Date), which method shall be consistent with industry-accepted practices, if any, for the Replacement Rate, and (B) any spread (which may be positive, negative or zero), or any formula or methodology for calculating such a spread, to be applied to the Replacement Rate in order to reduce or eliminate, to the extent reasonably practicable, any economic prejudice or benefit (as applicable) to the Bondholders as a result of the replacement of the Existing Rate with the Replacement Rate, which spread, formula or methodology shall be consistent with industry-accepted practices, if any, for fixed income securities with respect to which the Replacement Rate has replaced the Existing Rate as the reference rate for purposes of determining the applicable rate of interest thereon; (ii) for purposes of determining the Subsequent Fixed Interest Rate on the next succeeding Coupon Determination Date and each Coupon Interest Determination Date thereafter, references to the Five-Year Mid Swap Rate in these Terms of the Perpetual Bonds shall be deemed to be references to the Replacement Rate, including any alternative method for determining such rate and any adjustment factor as described in sub-clause (i) above; (iii) if the Principal Paying Agent (acting in good faith and in a commercially reasonable manner) determines (in consultation with the Issuer) that changes to the definitions of Business Day, the actual/360 day count fraction, Coupon Determination Date, Relevant Page or Relevant Time are necessary in order to implement the Replacement Rate as the Five-Year Mid Swap Rate, such definitions shall be amended as contemplated in clause (ii) of Condition 13 to reflect such changes; and (iv) the Issuer shall give notice as soon as practicable to the Bondholders in accordance with Condition 9 and each of the Paying Agents as contemplated in clause (ii) of Condition 13 to reflect such changes; and (v) the Issuer shall give notice as soon as practicable to the Bondholders in accordance with Condition 9 and each of the Paying Agents specifying the Replacement Rate, as well as the details described in sub-clause (i) above and the amendments implemented pursuant to clause (ii) of Condition 13.

20 Five-Year Reference Bank Rate means, in relation to any Relevant Five-Year Period and the Coupon Determination Date in relation to such Relevant Five-Year Period, the percentage rate determined by the Principal Paying Agent on the basis of the Five-year Mid-Swap Rate Quotations provided by at least five leading swap dealers in the CHF swap market that have been selected by the Principal Paying Agent at the Relevant Time on such Coupon Determination Date. If one quotation is provided, the Five-Year Reference Bank Rate will be such quotation. If two or more quotations are provided, the Five-Year Reference Bank Rate will be the arithmetic mean of the quotations, eliminating, if at least three quotations are provided, the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If the Five-Year Reference Bank Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the applicable Five-Year Reference Bank Rate shall be equal to the last Five-Year Mid-Swap Rate available on the Relevant Page as determined by the Principal Paying Agent.

21 Five-year Mid-Swap Rate Quotations means the arithmetic mean of the bid and offered rates for the annual fixed rate leg (calculated on an actual/360 day count basis) of a fixed-for-floating CHF interest rate swap transaction which (i) has a term of five years commencing on the first day of the applicable Relevant Five-Year Period, (ii) is in an amount that is representative of a single transaction in the relevant market
at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating rate leg based on 3-month CHF LIBOR (calculated on an actual/360 day count basis);

22 **Future Regulations** has the meaning given to it in Condition 3.4;
23 **Guarantor** has the meaning given to it in the preamble;
24 **IFRS** means the International Financial Reporting Standards promulgated from time to time by the International Accounting Standards Board;
25 **Initial Fixed Interest Rate** has the meaning given to it in Condition 2.1(a);
26 **Initial Interest Payment Date** has the meaning given to it in Condition 2.1(a);
27 **Initial Margin** has the meaning given to it in Condition 2.4;
28 **Interest Rate** means the Initial Fixed Interest Rate or a Subsequent Fixed Interest Rate;
29 **Interest Payment** has the meaning given to it in Condition 2.4;
30 **Interest Payment Date** means the Initial Interest Payment Date or, as the case may be, the Subsequent Fixed Interest Payment Date;
31 **Intermediary** has the meaning given to it in Condition 1(c);
32 **Intermediated Securities** has the meaning given to it in Condition 1(c);
33 **ISO** has the meaning given to it in Condition 3.4;
34 **Issuer** has the meaning given to it in the preamble;
35 **Joint Lead Managers** has the meaning given to it in the preamble;
36 **Liabilities** has the meaning given to it in Condition 2.4;
37 **New Issuer** has the meaning given to it in Condition 15(a);
38 **New Residence** has the meaning given to it in Condition 15(a)(ii);
39 **Optional Interest Payment Date** means any Interest Payment Date other than a Compulsory Interest Payment Date;
40 **Parity Obligations** has the meaning given to it in Condition 6;
41 **Paying Agents** means the Principal Paying Agent, UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland and the other banks referred to in Condition 4 in their function as paying agents for the Perpetual Bonds;
42 **Payment Date** means 11 February 2020;
43 **Perpetual Bond(s)** has the meaning given to it in the preamble and in Condition 1(a), respectively;
44 **Principal Amount** has the meaning given to it in Condition 1(a) in relation to the total outstanding amount of all Perpetual Bonds as well as in relation to one Bond;
45 **Principal Paying Agent** means UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, in its function as principal paying agent for the Perpetual Bonds;
46 **Rating Agency** has the meaning given to it in Condition 3.4;
47 **Regulatory Event** has the meaning given to it in Condition 3.4;
48 **Relevant Five-Year Period** has the meaning given to it in Condition 2.1(b);
49 **Relevant Page** has the meaning given to it in this Condition 17;
50 **Relevant Time** has the meaning given to it in this Condition 17;
51 **Replacement Rate** has the meaning given to it in this Condition 17;
52 **Senior Creditors** has the meaning given to it in Condition 6;
53 **Shares** has the meaning given to it in Condition 2.4;
54 **SIX** means the SIX Swiss Exchange or any successor to the SIX Swiss Exchange;
55 **Solvency Interest Deferral Date** has the meaning given to it in Condition 2.2(c);
56 **Solvency Event** has the meaning given to it in Condition 2.4;
Solvency Shortfall has the meaning given to it in Condition 2.4;
Special Event has the meaning given to it in Condition 3.4;
Subsequent Fixed Interest Payment Date has the meaning given to it in Condition 2.1(b);
Subsequent Fixed Interest Rate has the meaning given to it in Condition 2.1(b);
Subsequent Fixed Interest Rate Amount has the meaning given to it in Condition 2.1(c);
Subsidiary a company the financial statements of which are, in accordance with applicable law or generally accepted accounting principles, consolidated with those of the Issuer or, as the case may be, the Guarantor;
Subordinated Guarantee means the guarantee on a subordinated basis issued by the Guarantor for the benefit of the Bondholders described in Condition 8;
Successor Authority has the meaning given to it in Condition 2.4;
Terms of the Perpetual Bonds has the meaning given to it in the preamble;
Tier 1 Capital has the meaning given to it in Condition 3.4; and
Tier 2 Capital has the meaning given to it in Condition 3.4.
TERMS OF THE DATED BONDS

MiFID II product governance / Retail investors, professional investors and ECPs target market – Solely for the purposes of the product approval process of any entity which is a manufacturer in relation to the Dated Bonds (pursuant to MiFID II product governance rules), the target market assessment in respect of the Dated Bonds has led to the conclusion that: (i) the target market for the Dated Bonds to eligible counterparties and professional clients, each as defined in Directive 2014/65/EU (as amended, MiFID II); (ii) all channels for distribution of the Dated Bonds to eligible counterparties and professional clients are appropriate, subject to the distributor’s suitability and appropriateness obligations under MiFID II, as applicable. Any person subsequently offering, selling or recommending the Dated Bonds (a Distributor) should take into consideration the manufacturers’ target market assessment; however, a Distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Dated Bonds (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

The terms and conditions (each a Condition, and together the Terms of the Dated Bonds) of the dated cumulative subordinated bonds (the Dated Bonds) due 2040 in the initial aggregate principal amount of Swiss francs (CHF) 125,000,000, issued by Helvetia Schweizerische Versicherungsgesellschaft AG, Dufourstrasse 40, 9001 St.Gallen, Switzerland (the Issuer), and guaranteed on a subordinated basis by Helvetia Holding AG, Dufourstrasse 40, 9001 St.Gallen, Switzerland (the Guarantor), are established pursuant to a bond purchase and paying agency agreement dated as of 7 February 2020 among the Issuer and the Guarantor, the Issuer and the Guarantor, on the first part, UBS AG, Credit Suisse AG and St.Gallen, Switzerland (the other banks mentioned therein, on the second part (the Bond Purchase and Paying Agency Agreement). The Terms of the Dated Bonds govern the rights and obligations of the Issuer and of each Bondholder (as defined below) in relation to the Dated Bonds and are as follows:

1. Denomination and Form of the Dated Bonds
   a. The Dated Bonds are issued in the initial aggregate principal amount of CHF 125,000,000 (one hundred and twenty five million Swiss francs) and are divided into Dated Bonds with denominations of CHF 5,000 (five thousand Swiss francs) per Dated Bond and multiples thereof (each, a Dated Bond).
   b. The Issuer reserves the right to reopen (reopening) and increase the aggregate principal amount of the Dated Bonds issued at any time and without prior consultation with or permission of the Bondholders through the issuance of further bonds which will be fungible with the Dated Bonds (i.e., having the same terms and conditions as the Dated Bonds in all respects (or in all respects except for the issue date and/or first date on which interest is paid).
   c. The Dated Bonds and all rights in connection therewith are issued in uncertificated form in accordance with Article 973c of the Swiss Code of Obligations as uncertificated securities (Wertrechte). The uncertificated securities (Wertrechte) will be created by the Issuer by means of a registration in its register of uncertificated securities (Wertrechtebuch). Such uncertificated securities (Wertrechte) will then be entered into the main register (Hauptregister) of the SIX SIS Ltd or any other intermediary in Switzerland recognized for such purposes by the SIX (SIX SIS Ltd or any such other intermediary, the Intermediary). Once the uncertificated securities (Wertrechte) are registered in the main register (Hauptregister) of the Intermediary and entered into the accounts of one or more participants of the Intermediary, the Dated Bonds will constitute intermediated securities (Bucheffekte) (the Intermediated Securities) in accordance with the provisions of the Swiss Federal Intermediated Securities Act (Bucheffektengesetz) (the FISA).
   d. Neither the Issuer nor the holders of the Dated Bonds (the Bondholders) shall at any time have the right to effect or demand the conversion of the uncertificated securities (Wertrechte) into, or the delivery of, a permanent global certificate (Globalurkunde) or definitive Dated Bonds (Wertpapiere).
   e. So long as the Dated Bonds are in the form of Intermediated Securities, the Dated Bonds may only be transferred or otherwise disposed of in accordance with the provisions of the FISA, i.e., by the entry of the transferred Dated Bonds in a securities account of the transferee.
   f. The records of the Intermediary will determine the number of Dated Bonds held through each participant of that Intermediary. In respect of the Dated Bonds held in the form of Intermediated Securities, the Bondholders will be the persons holding the Dated Bonds in a securities account in their own name and for their own account.
2. Interest

2.1 Interest Rate

a. Initial Fixed Interest Rate

Subject to Condition 2.2, the Dated Bonds will bear interest on their principal amount from (but excluding) the Payment Date up to (and including) the First Call Date at a rate of 1.450 per cent. per annum (the Initial Fixed Interest Rate), payable in arrear for the first time on 12 August 2020 and thereafter annually in arrear on 12 August in each year (each an Initial Interest Payment Date), for the last time on the First Call Date. The first interest period is a short interest period of 181 days from (but excluding) the Payment Date to (and including) 12 August 2020 for which interest of CHF 36.45 per Bond will be payable on 12 August 2020.

b. Subsequent Fixed Interest Rate

As from (but excluding) the First Call Date, in respect of each successive five-year period (the Relevant Five-Year Period), the first such period commencing on (but excluding) the First Call Date and ending on (and including) the fifth anniversary of that date, the Dated Bonds will, subject to Condition 2.2, bear interest on their principal amount at a rate of interest being determined on each Coupon Determination Date and equal to the Five-Year Mid Swap Rate plus the Margin (the Subsequent Fixed Interest Rate), payable annually in arrear on 12 August in each year (each an Subsequent Fixed Interest Payment Date). The last Subsequent Fixed Interest Payment Date shall be the Final Maturity Date.

c. Determination of Subsequent Fixed Interest Rate and Subsequent Fixed Interest Rate Amount

The Principal Paying Agent will, as soon as practicable after the determination of the Subsequent Fixed Interest Rate in relation to each Relevant Five-Year Period, calculate the amount of interest (the Subsequent Fixed Interest Rate Amount) payable in respect of each Bond on each Subsequent Fixed Interest Payment Date for such Relevant Five-Year Period on the basis of a year of 360 days with twelve 30-day months (30/360 basis).

d. Publication of Subsequent Fixed Interest Rate and Subsequent Fixed Interest Rate Amount

The Principal Paying Agent shall cause the Subsequent Fixed Interest Rate and the Subsequent Fixed Interest Rate Amount to be notified to the Issuer, the Guarantor and to the SIX or other relevant authority on which the Dated Bonds are at the relevant time listed and to be published in accordance with Condition 9 as soon as practicable after their determination, and in no event later than the fourth Business Day thereafter. The Subsequent Fixed Interest Rate Amount and Subsequent Fixed Interest Payment Date may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Relevant Five-Year Period.

e. Notifications etc. to be final and binding

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 2 by the Principal Paying Agent will (in the absence of default, bad faith or manifest error) be final and binding on the Issuer, the Guarantor and all Bondholders and (in the absence of default, bad faith or manifest error) no liability to the Issuer, the Guarantor or Bondholders shall attach to the Principal Paying Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition 2.

f. General

If any Initial Interest Payment Date or Subsequent Fixed Interest Payment Date falls on a day that is not a Business Day, the relevant payment will be made on the immediately following Business Day. Bondholders shall not be entitled to demand additional interest or any other payment in respect of such delay. Interest will cease to accrue on the Dated Bonds from (but excluding) the date of their redemption unless, upon due presentation thereof (if applicable), payment of principal is improperly withheld or refused. In such event, interest will continue to accrue at the Interest Rate to (and including) the day on which all sums due in respect of the Dated Bonds up to (but excluding) that day are received by or on behalf of the relevant Bondholder.

Interest on the Dated Bonds is computed on the basis of a 360-day year of twelve 30-day months.

2.2. Deferral of Interest Payments

a. No Default
Notwithstanding any other provision in these Conditions, the deferral of any payment of interest, Solvency Shortfall or any part thereof in accordance with this Condition 2.2 shall not constitute a default by the Issuer under the Dated Bonds or for any other purpose and shall not give Bondholders or the Principal Paying Agent any right to accelerate repayment of the Dated Bonds, make a demand under the Subordinated Guarantee or take any other action under the Dated Bonds.

b. Optional Deferral of Interest Payments

Subject to Condition 2.2(c), 2.2(f) and Condition 2.3, the Issuer may elect in its sole discretion to defer in full, but not in part, the payment of interest otherwise due and payable on any Optional Interest Payment Date in respect of the interest period ending on such date.

c. Mandatory Deferral of Interest

The Issuer shall defer the payment of interest or, as the case may be, the relevant Solvency Shortfall otherwise due and payable on an Initial Interest Payment Date or any Subsequent Fixed Interest Payment Date if in respect of the date on which such payment would be made, either a Solvency Event (i) has occurred and is continuing or (ii) would occur as a result of such Interest Payment (each a Solvency Interest Deferral Date).

d. Deferred Interest

Any interest in respect of the Dated Bonds not paid on an Initial Interest Payment Date or any Subsequent Fixed Interest Payment Date (including any Solvency Shortfall), together with any other interest in respect thereof not paid on any earlier Initial Interest Payment Date or Subsequent Fixed Interest Payment Date, in each case by virtue of this Condition 2, shall, so long as the same remains unpaid, constitute Deferred Interest and shall only be payable in the manner described in Condition 2.2(e).

Deferred Interest shall not themselves bear interest.

e. Settlement of Deferred Interest

Any Deferred Interest and any other amount payment of which is deferred in accordance with this Condition 2 may be satisfied at the sole discretion of the Issuer in whole or in part, at any time upon the expiry of not less than 10 (ten) nor more than 20 (twenty) calendar days’ prior notice to such effect given by the Issuer to the Principal Paying Agent and the Bondholders in accordance with Condition 9, provided that (A) in respect of the date on which such Interest Payment would be made, no Solvency Event either (i) has occurred and is continuing or (ii) would occur as a result of such Interest Payment and (B) in either case, the Issuer has obtained the prior written approval of FINMA or any Successor Authority (if such approval is required under Applicable Regulations at the relevant time).

Subject to the Solvency Event provision set forth in the foregoing paragraph, such Deferred Interest and any other amount payment of which is deferred in accordance with this Condition 2 shall automatically become immediately due and payable in full upon the earliest of the following dates:

(i) the next following Interest Payment Date on which the relevant Interest Payment is not deferred in accordance with either Condition 2.2(b) or 2.2(c);

(ii) the date on which the Dated Bonds become immediately due and payable in accordance with Condition 7; and

(iii) the date set for any redemption of the Dated Bonds.

The Issuer shall give notice to the Principal Paying Agent and the Bondholders in accordance with Condition 9 immediately upon the occurrence of any of the events in paragraphs (i) through (iii) above.

If notice is given by the Issuer of its intention to pay the whole or any part of Deferred Interest, the Issuer shall be obliged to do so upon the expiry of such notice. Where Deferred Interest is paid in part, each partial payment shall be made pro rata to the Bondholders and shall be in respect of the full amount of the Deferred Interest accrued due to the relevant Initial Interest Payment Date or Subsequent Fixed Interest Payment Date or consecutive interest payment dates furthest from the date of payment.

f. Notice of Deferral

The Issuer, failing whom the Guarantor, shall notify the Principal Paying Agent and the Bondholders in accordance with Condition 9:

(i) not less than 10 (ten) calendar days’ prior to an Initial Interest Payment Date or Subsequent Fixed Interest Payment Date if that interest payment date is an Optional Interest Payment Date in respect of which the Issuer elects to defer interest as provided in Condition 2.2(b); and
(ii) as soon as reasonably practicable if (i) a Solvency Event has occurred in respect of such Initial Interest Payment Date or Subsequent Fixed Interest Payment Date or (ii) a Solvency Event would as at the date of such payment occur if the Issuer were to make the relevant Interest Payment, provided that, for the avoidance of doubt, any delay in giving such notice shall not result in such interest becoming due and payable on the relevant Solvency Interest Deferral Date.

On or prior to the delivery of any notice pursuant to Condition 2.2(f)(ii), the Issuer shall also procure the delivery of a certificate as to the occurrence of a Solvency Event signed by authorized representatives of the Issuer or the Guarantor, which shall, in the absence of manifest error, be treated and accepted by the Issuer, the Bondholders, the Principal Paying Agent and all other interested parties as correct and sufficient evidence thereof. The Principal Paying Agent shall be entitled to rely upon such certification absolutely without liability to any person.

2.3. Compulsory Interest Payments

Subject to Condition 2.2(c), the Issuer shall, on each Compulsory Interest Payment Date, for so long as the compulsory interest provisions apply (as set out in the definition of Compulsory Interest Payment Date in Condition 2.4), pay interest in respect of the Dated Bonds accrued to that date in respect of the interest period ending on such Compulsory Interest Payment Date, together with all Deferred Interest at such time.

2.4. Definitions

For purposes of this Condition 2 the following definitions shall apply:

**Applicable Regulations** means the regulatory capital requirements applicable to the Issuer and/or the Guarantor at such time including, but not limited to, such insurance regulatory law (for group solvency or single solvency purposes, as applicable) and/or applicable generally recognised administrative practice, if any, of FINMA or any Successor Authority.

**Assets** means the Issuer’s or the Guarantor’s total assets as per Swiss statutory accounting principles (*Obligationenrecht*), as shown in its respective latest annual audited balance sheet, but adjusted for all subsequent events, as reasonably determined by the Issuer or, as the case may be, the Guarantor, or if the Issuer or the Guarantor is being liquidated, its respective liquidator.

**Compulsory Interest Payment Date** means each Initial Interest Payment Date or Subsequent Fixed Interest Payment Date in respect of which, at any time during a period of 6 (six) months prior to such Initial Interest Payment Date or Subsequent Fixed Interest Payment Date, a Compulsory Interest Payment Event occurred; provided, however, that in respect of the date on which such Interest Payment would be made, no Solvency Event either (i) has occurred and is continuing or (ii) would occur as a result of such Interest Payment.

**Compulsory Interest Payment Event** means any of the following events:

a. the Issuer, the Guarantor or any of the Subsidiaries, wholly owned, directly or indirectly, by the Guarantor, declared or paid a dividend (whether in cash, shares or any other form, but not including a dividend consisting solely of newly issued Shares), or made a payment of any nature on any Shares (a Dividend Payment), unless the recipient of such Dividend Payment was the Issuer, the Guarantor or a Subsidiary; or

b. the Issuer or the Guarantor pays interest on any securities of the Issuer or the Guarantor which rank, or are expressed to rank, junior to or pari passu with the Dated Bonds (unless such payment was compulsory on such securities or required due to the repayment of such securities), unless the recipient of such payment was the Issuer, the Guarantor or a Subsidiary; or

c. the Issuer, the Guarantor or any of the Subsidiaries has, in its sole discretion, decided to repurchase, repay or called for redemption any securities of the Issuer or the Guarantor which rank, or are expressed to rank, junior to or pari passu with the Dated Bonds.

**Interest Payment** means, with respect to an Initial Interest Payment Date or a Subsequent Fixed Interest Payment Date, the interest scheduled to be paid on such Initial Interest Payment Date or Subsequent Fixed Interest Payment Date.

**Liabilities** means the Issuer’s or the Guarantor’s total liabilities as per Swiss statutory accounting principles (*Obligationenrecht*), as shown in its respective latest annual audited balance sheet, but adjusted for all subsequent events, as reasonably determined by the Issuer or, as the case may be, the Guarantor, or if the Issuer or the Guarantor is being liquidated, its respective liquidator.

**Margin** means 1.8375 per cent. per annum (plus a 100 basis point step-up).
**Required Solvency Margin** means for group, or if applicable, solo solvency purposes, the required solvency margin (or a comparable term in case of a change in Applicable Regulations) in accordance with Applicable Regulations relating to the regulatory capital of insurers and reinsurers in Switzerland.

**Shares** means any class of shares issued by the Issuer and/or the Guarantor.

A **Solvency Event** shall be deemed to have occurred and be continuing in respect of any applicable date if as at such date:

a. the Issuer or the Guarantor (the latter on a group level) does not have appropriate funds to cover the Required Solvency Margin or the amount of such funds would, as a result of a full or partial interest payment or redemption payment, as applicable, that would otherwise be due, be or become less than the Required Solvency Margin, and a deferral or, as applicable, cancellation of interest is required under the Applicable Regulations; or

b. the Issuer or the Guarantor has reasonable grounds for concern that it is unable to pay its debts owed to its creditors as they fall due; or

c. the Issuer or the Guarantor has reasonable grounds for concern that its Assets do not exceed its respective Liabilities; or

d. FINMA or a Successor Authority has given (and not withdrawn) notice to the Issuer or the Guarantor that as a result of the financial, solvency and/or capital position of the Issuer and/or the Guarantor, the payment of an interest or redemption amount or under the Subordinated Guarantee in whole or in part must be deferred.

**Solvency Shortfall** means that portion of a scheduled interest payment that would cause a Solvency Event to occur or be continuing.

**Successor Authority** means any domestic or foreign successor to FINMA or otherwise that has primary supervisory authority over Issuer and/or the Guarantor’s group.

### 3. Redemption

#### 3.1. Redemption at Maturity

Unless previously redeemed or purchased and cancelled in accordance with these Conditions, the Issuer shall redeem the Dated Bonds on the Final Maturity Date at their principal amount, together, if applicable, with interest accrued up to (but excluding) the Final Maturity Date and any Deferred Interest.

#### 3.2. Optional Redemption

The Issuer, subject to having given not less than 30 (thirty), and not more than 60 (sixty), calendar days' prior notice to the Principal Paying Agent and the Bondholders (which notice shall be irrevocable and shall specify the date fixed for redemption) in accordance with Condition 9, and subject to Condition 3.8, may, at its option, redeem all, but not some only, of the Dated Bonds at any time in the 3 (three) months prior to (and including) the First Call Date (i.e., from 12 May 2030) and on any Subsequent Fixed Interest Payment Date at their principal amount, together, if applicable, with interest accrued to (and including) the date fixed for redemption and any Deferred Interest.

#### 3.3. Redemption for Tax Reasons

The Issuer, subject to having given not less than 30 (thirty), and not more than 60 (sixty), calendar days' prior notice to the Principal Paying Agent and the Bondholders (which notice shall be irrevocable and shall specify the date fixed for redemption) in accordance with Condition 9, and subject to Condition 3.8, may, at its option, redeem all, but not some only, of the Dated Bonds at their principal amount, together, if applicable, with interest accrued to (and including) the date fixed for redemption and any Deferred Interest, if the Issuer satisfies the Principal Paying Agent immediately before the giving of such notice that on the next Initial Interest Payment Date or Subsequent Fixed Interest Payment Date the payment of interest would (whether or not as a result of a change in or amendment of law or regulation) not be deductible as an expense for tax purposes of the Issuer for reasons outside the control of, and which cannot be avoided by, the Issuer taking reasonable measures available to it.

The Principal Paying Agent is under no obligation to ascertain whether any of the events described in this Condition 3.3 has occurred and, until it shall have actual knowledge or notice to the contrary, the Principal Paying Agent may assume that no such event has occurred.
Prior to the publication of any notice of redemption pursuant to this Condition 3.3, the Issuer shall deliver to the
Principal Paying Agent a certificate signed by two authorised representatives of the Issuer, stating that the Issuer
is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent
to the right of the Issuer so to redeem have occurred. The Principal Paying Agent shall be entitled to accept the
certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it
shall be conclusive and binding on the Bondholders.

3.4. Redemption for Special Events

Prior to the First Call Date, the Issuer, subject to having given not less than 30 (thirty), and not more than 60
(sixty), calendar days' prior notice to the Principal Paying Agent and the Bondholders (which notice shall be
irrevocable and shall specify the date fixed for redemption) in accordance with Condition 9, and subject to Con-
dition 3.8, may, at its option, redeem all, but not some only, of the Dated Bonds at any time, provided that if at
any time a Regulatory Event is triggered by virtue of the Terms of the Dated Bonds permitting the Issuer to
redeem the Dated Bonds at any time or upon the occurrence of a Capital Event, the relevant date for redemption
may only fall on or after the fifth anniversary of the Payment Date) at their principal amount, together, if applica-
table, with interest accrued to (and including) the date fixed for redemption and any Deferred Interest, if the Issuer
satisfies the Principal Paying Agent immediately before the giving of such notice that:

(i) a Capital Event has occurred and is continuing; or

(ii) a Regulatory Event has occurred and is continuing.

As used herein:

A Capital Event means the Issuer and/or the Guarantor has received, and confirmed in writing to the Principal
Paying Agent that it has so received, confirmation from any Rating Agency that the Dated Bonds will no longer
be eligible for the same, or higher amount of, “equity credit” (or such other nomenclature that the Rating Agency
may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) attributed to the Dated Bonds at the Payment Date.

Future Regulations means the solvency margin, regulatory capital or capital regulations (if any) which may be
introduced in Switzerland (or if the Issuer becomes domiciled for regulatory purposes in a jurisdiction other than
Switzerland, such other jurisdiction) and which are applicable to the Issuer and/or to the Guarantor and set out
the requirements to be fulfilled by financial instruments in order to be eligible to be included in Tier 2 Capital (or
equivalent).

Rating Agency means Standard & Poor’s Rating Services, any successor thereof, or another internationally
recognized rating agency.

Regulatory Event means the occurrence of any of the following events which occurrence cannot be avoided by
the Issuer and/or the Guarantor taking such reasonable measures as the Issuer and/or the Guarantor (acting in
good faith) deems appropriate:

(A) prior to the implementation of the Future Regulations, the FINMA or any Successor Authority states that
the Dated Bonds are no longer eligible to qualify as at least lower additional capital (“unteres ergänzendes
Kapital”) pursuant to article 49 in connection with article 22a, 22b and 47 of the ISO, and no longer, in
whole or in part, fulfill the requirements for such category, or equivalent thereof, for group or solo solvency
purposes; or

(B) with effect from the implementation of the Future Regulations, all or part of the Dated Bonds do not qualify
as at least Tier 2 Capital (or equivalent) under such Future Regulations (or an official application or
interpretation of those regulations including a decision of a court or tribunal),

save, in each case above, where such non-qualification thereof applicable to the Dated Bonds is only a result of
any applicable limitation on the amount of such capital.

ISO means the Ordinance on the Supervision of Private Insurance Companies (Verordnung über die

Special Event means any of a Capital Event or a Regulatory Event or any combination of the foregoing.

Tier 2 Capital means all items that, at the Payment Date, are classified as tier two capital (ergänzendes Kapital)
of the Issuer or the Guarantor as defined in the rules and regulations of FINMA or any Successor Authority,
comprising upper additional capital (oberes ergänzendes Kapital) and lower additional capital (unteres
ergänzendes Kapital).
The Principal Paying Agent is under no obligation to ascertain whether any Special Event has occurred and, until it shall have actual knowledge or notice to the contrary, the Principal Paying Agent may assume that no such Special Event has occurred.

Prior to the publication of any notice of redemption pursuant to this Condition 3.4, the Issuer shall deliver to the Principal Paying Agent a certificate signed by two authorized representatives of the Issuer, stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and that, where such Special Event requires reasonable measures as the Issuer or, as the case may be, the Guarantor may deem appropriate to be taken, the relevant Special Event cannot be avoided by the Issuer or, as the case may be, the Guarantor taking such measures. The Principal Paying Agent shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Bondholders.

3.5. Clean-up Redemption

Subject to 30 (thirty) calendar days' prior notice to the Principal Paying Agent and the Bondholders (which notice shall be irrevocable and shall specify the date fixed for redemption) in accordance with Condition 9, the Issuer may redeem, subject to Condition 3.8, all, but not some only, of the Dated Bonds at any time after the Payment Date and prior to the First Call Date at the principal amount together, if applicable, with interest accrued to (and including) the date fixed for redemption and any Deferred Interest if 80 per cent. or more in the initial aggregate principal amount of the Dated Bonds has been redeemed or purchased and cancelled at the time of such notice.

3.6. Purchases

The Issuer or the Guarantor may, subject to Condition 3.8, at any time purchase Dated Bonds in the open market or otherwise and at any price. Dated Bonds purchased by the Issuer or the Guarantor may, at the option of the Issuer, be held, resold or surrendered to the Principal Paying Agent for cancellation. If purchases of any Dated Bonds are made by public tender, tenders for such Dated Bonds must be made available to all Bondholders alike to the extent possible under applicable securities laws and regulations.

3.7. Cancellation

All Dated Bonds redeemed in full shall be cancelled forthwith and may not be reissued or resold.

3.8. Condition to Redemption or Purchase

Any redemption or purchase of the Dated Bonds pursuant to this Condition 3 is subject to

(i) the Issuer obtaining the prior written consent of FINMA or any Successor Authority with such notice period as required under the Applicable Regulations at that time;

(ii) no Solvency Event having occurred and being continuing and no Solvency Event would occur immediately after giving effect to such redemption or purchase; and

(iii) in the case of any such redemption or purchase that occurs within five years after the Payment Date, such redemption or purchase being funded out of the proceeds of a new issuance of capital of at least the same quality as the Dated Bonds (i.e., at least Tier 2 Capital) and being otherwise permitted under the Applicable Regulations at that time.

4. Payments

The amounts required for the payment of interest (after deduction of the then applicable Swiss withholding tax) and the principal amount and any other payments to be made under these Terms of the Dated Bonds will be made available in good time in freely disposable CHF, which will be placed at the free disposal of the Principal Paying Agent in Switzerland.

Upon receipt of the funds in Switzerland and under the same conditions as received, the Principal Paying Agent will arrange for payment to the Bondholders.

The Issuer undertakes that payments shall be made in freely disposable CHF without collection cost to the Bondholders, and, unless otherwise provided for by applicable law, without any restrictions and whatever the circumstances may be, irrespective of nationality, residence or domicile of the Bondholders and without requiring any affidavit or the fulfilment of any other formality, at the counters of any of the following banks (the Paying Agents):

UBS AG;
Credit Suisse AG;
Zürcher Kantonalbank; and
Raiffeisen Switzerland Cooperative.

The receipt by the Principal Paying Agent of funds in CHF in Switzerland from the Issuer shall release the Issuer from its obligations under the Dated Bonds to the extent of amounts received by the Principal Paying Agent.

5. Taxation

All payments of interest on the Dated Bonds (as well as a potential issue discount or repayment premium) are subject to the deduction of the Swiss Federal Withholding Tax (Verrechnungssteuer), which as at the Payment Date is levied at a rate of 35 per cent.

6. Status of the Dated Bonds

The Issuer's obligations in respect of or arising under (including, without limitation, any damages awarded for breach of any obligation under) the Dated Bonds constitute direct, subordinated and unsecured obligations of the Issuer and rank pari passu, without any preference, among themselves. Claims of Bondholders under the Dated Bonds rank in a voluntary or involuntary insolvency, winding-up, liquidation, dissolution (other than pursuant to a merger, consolidation or amalgamation with another entity where the resulting or surviving entity assumes all the obligations of the Issuer in respect of the Dated Bonds), bankruptcy (Konkurs), composition (Nachlassverfahren) or other similar proceedings of or against the Issuer:

(i) after the claims of any Senior Creditors (as defined below);
(ii) pari passu with any other existing or future direct, subordinated and unsecured obligations of the Issuer which whether now or in the future rank or are expressed to rank pari passu with the claims of the Bondholders (the Parity Obligations, and Parity Obligation shall be construed accordingly); and
(iii) prior to the claims of the holders of all classes of issued shares in the share capital of the Issuer or any other securities issued by the Issuer expressed to rank junior to the claims of the Bondholders.

In the event of a voluntary or involuntary insolvency, winding-up, liquidation, dissolution (other than pursuant to a merger, consolidation or amalgamation with another entity where the resulting or surviving entity assumes all the obligations of the Issuer in respect of the Dated Bonds), bankruptcy (Konkurs), composition (Nachlassverfahren) or other similar proceedings of or against the Issuer, there shall be payable in such voluntary or involuntary insolvency, winding-up, liquidation, dissolution, bankruptcy (Konkurs), composition (Nachlassverfahren) or other similar proceedings on each Bond, subject to the subordination provisions set out in this Condition 6, an amount equal to the principal amount of such Bond together with unpaid Deferred Interest (if applicable) and interest which has accrued up to, but excluding, the date of repayment.

As used herein, Senior Creditors means creditors of the Issuer (i) who are policyholders or other unsubordinated creditors of the Issuer or (ii) whose claims are, or are expressed to be, subordinated (whether only in the event of the liquidation, dissolution or winding-up of the Issuer or otherwise) to the claims of policyholders and other unsubordinated creditors of the Issuer but have a fixed maturity, except those whose claims rank, or are expressed to rank, equally with or junior to the claims of the Bondholders.

Neither the Principal Paying Agent nor any Bondholder may exercise or claim any right of set-off in respect of any amount owed to it by the Issuer arising under or in connection with the Dated Bonds against any claim that the Issuer may have against the Bondholder and each such Bondholder shall, by virtue of being the Bondholder of any of the Dated Bonds, be deemed to have irrevocably waived all such rights of set-off.

No security of whatever kind is, or will at any time be, provided by the Issuer or any other person securing the rights of the Bondholders under the Dated Bonds. No agreement may defeat the subordination pursuant to the provisions set out in this Condition 6 or shorten any applicable notice period in respect of the Dated Bonds as provided in these Conditions.

The subordination provisions of this Condition 6 are irrevocable.

7. Events of Default / Acceleration

There will be no events of default in respect of the Dated Bonds. In case of the Issuer’s failure to discharge its payment obligations relating to interest under these Terms of the Dated Bonds, Bondholders shall have no right to claim or enforce a redemption of the Dated Bonds. In particular, Bondholders shall not be entitled, and hereby
waive any statutory right conferred to them, to file for the opening of bankruptcy proceedings (Konkursbegehren) with respect to the Issuer or other winding-up proceedings or to make other filings or motions which, if approved, will lead to a redemption of the Dated Bonds. However, the Dated Bonds shall become immediately due and payable, together with accrued interest thereon, if any, and Deferred Interest, if any, to (and including) the date of payment, following a decree or order being made by FINMA, a Successor Authority or a court or agency in Switzerland having jurisdiction in respect of the same, or a resolution being passed, for the opening of bankruptcy proceedings, the dissolution (other than pursuant to a merger, consolidation or amalgamation with another entity where the resulting or surviving entity assumes all the obligations of the Issuer in respect of the Dated Bonds), liquidation or winding-up of the Issuer.

8. Subordinated Guarantee

a. As security for the Dated Bonds, the Guarantor has issued the following irrevocable and, subject to subsection (iii) below, unconditional Subordinated Guarantee:

**Quote**

GUARANTEE

(i) Being informed that Helvetia Schweizerische Versicherungs-gesellschaft AG, Dufourstrasse 40, 9001 St.Gallen, Switzerland (the Issuer), issued and sold guaranteed dated cumulative subordinated bonds due 2040 (the Dated Bonds) in the aggregate principal amount of CHF 125,000,000, Helvetia Holding AG, Dufourstrasse 40, 9001 St. Gallen, Switzerland (the Guarantor), herewith irrevocably and, subject to sub-section (iii) below, unconditionally, but on a subordinated basis in accordance with sub-section (ii) below, guarantees to the holders of the Dated Bonds (the Holders) in accordance with article 111 of the Swiss Federal Code of Obligations, irrespective of the validity of the Dated Bonds and the bond purchase and paying agency agreement dated as of 7 February 2020 among the Issuer and the Guarantor, on the first part, UBS AG, Credit Suisse AG and Deutsche Bank AG London Branch, acting through Deutsche Bank AG Zurich Branch (together referred to as the Joint Lead Managers) and the other banks mentioned therein, on the second part (the Bond Purchase and Paying Agency Agreement) and waiving all rights of objection and defence arising from the Dated Bonds and the Bond Purchase and Paying Agency Agreement, the due payment of the amounts payable by the Issuer under and pursuant to the terms and conditions of the Dated Bonds. Accordingly, the Guarantor agrees to pay or deliver to UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland, in its capacity as principal paying agent in respect of the Dated Bonds (the Principal Paying Agent), on behalf of the Holders, within 7 (seven) calendar days after the receipt by the Guarantor of the Principal Paying Agent's first written demand for payment and the Principal Paying Agent's confirmation in writing that an amount has become due and payable under the Dated Bonds which is equivalent to the amount claimed under this Guarantee and has remained unpaid on the due date.

(ii) This Guarantee will constitute direct, subordinated and unsecured obligations of the Guarantor and rank pari passu, without any preference, among such obligations. The claims of the Holders under this Guarantee rank on a voluntary or involuntary insolvency, winding-up, liquidation, dissolution (other than pursuant to a merger, consolidation or amalgamation with another entity where the resulting or surviving entity assumes all the obligations of the Guarantor in respect of the Guarantee), bankruptcy (Konkurs), composition (Nachlassverfahren) or other similar proceedings of or against the Guarantor:

(A) after the claims of any Senior Creditors of the Guarantor (as defined below);

(B) pari passu with any other existing or future direct, subordinated and unsecured obligations of the Guarantor which whether now or in the future rank or are expressed to rank pari passu with the claims of the Holders under this Guarantee (the Parity Obligations); and

(C) prior to the claims of the holders of all classes of issued shares in the share capital of the Guarantor and any other securities issued by the Guarantor expressed to rank junior to the claims of the Holders under this Guarantee.

**Senior Creditors of the Guarantor** means creditors of the Guarantor (i) who are unsubordinated creditors of the Guarantor or (ii) whose claims are, or are expressed to be, subordinated (whether only in the event of the liquidation, dissolution, winding-up, bankruptcy (Konkurs) or composition...
Nachlassverfahren) of the Guarantor or otherwise) to the claims of policyholders or other unsubordinated creditors of the Guarantor (including all existing and future unsecured, subordinated obligations of the Guarantor (whether actual or contingent)), except those whose claims rank, or are expressed to rank, equally with or junior to the claims of the Holders under this Guarantee.

The subordination provisions set out above are irrevocable. The Guarantor may not create or permit to exist any charge or other interest over its assets to secure the obligations of the Guarantor in respect of this Guarantee.

(iii) The Guarantor shall defer any payment under this Guarantee if in respect of the date on which such payment would be made, either a Solvency Event (A) has occurred and is continuing or (B) would occur as a result of such payment (such deferred payment, a Deferred Guarantee Payment).

Any Deferred Guarantee Payment shall only become due and payable following the date on which no Solvency Event is continuing (or no Solvency Event would occur on such date as a result of such payment) or, subject to sub-section (v) below, if a resolution is passed or an order of a court or authority of competent jurisdiction is made that the Guarantor be wound up or dissolved (any such resolution or order, a Liquidation Ruling).

The deferral of any Deferred Guarantee Payment in accordance with these provisions will not constitute a default by the Guarantor and, without prejudice to condition 7 (Events of Default / Acceleration) of the terms of the Dated Bonds and sub-section (v) below, will not give the Holders any right to accelerate the repayment of the Dated Bonds or take any action under this Guarantee. The Guarantor shall give notice of any such deferral to the Principal Paying Agent (together with the certificate of the occurrence of a Solvency Event referred to below), and to the Holders in accordance with condition 9 (Notices) of the terms of the Dated Bonds, no more than 7 (seven) calendar days following the relevant claim under this Guarantee. A certificate stating that a Solvency Event has occurred or would occur if the relevant payment were made, signed by two authorized representatives of the Guarantor, shall, in the absence of manifest error, be treated and accepted by the Guarantor, the Issuer, the Holders, the Principal Paying Agent and all other interested parties as correct and sufficient evidence thereof. The Principal Paying Agent shall be entitled to rely upon such certification absolutely without liability to any person.

As used above, Solvency Event shall have the meaning ascribed to it in condition 17 (Definitions) of the terms of the Dated Bonds.

(iv) Payments under this Guarantee shall be made in Swiss francs.

The receipt by the Principal Paying Agent of funds in Swiss francs in Switzerland from the Guarantor shall release the Guarantor from its obligations under this Guarantee to the extent of amounts received by the Principal Paying Agent.

(v) This Guarantee shall give rise to a separate and independent cause of action against the Guarantor and shall apply irrespective of any indulgence granted to the Issuer by the Principal Paying Agent or any Holders from time to time and shall continue in full force and effect notwithstanding any judgement or order against the Issuer and/or the Guarantor. However, when enforcing this Guarantee, Holders shall not be entitled, and they hereby waive any statutory right conferred on them, to file for the opening of bankruptcy proceedings (Konkursbegehren) with respect to the Guarantor or other winding-up proceedings or to make other similar filings or motions which, if approved, would have similar effect on the Guarantor.

(vi) Neither the Principal Paying Agent nor any Holder may exercise or claim any right of set-off in respect of any amount owed to it by the Guarantor arising under or in connection with this Guarantee against any claim that the Guarantor may have against the Holder and each such Holder shall, by virtue of being the Holder of any of the Dated Bonds, be deemed to have waived all such rights of set-off.

(vii) All payments of interest on the Dated Bonds (as well as a potential issue discount or repayment premium) under the Guarantee are subject to all applicable taxes, including the deduction of the Swiss Federal Withholding Tax (Verrechnungssteuer), which as at the date of this Guarantee is levied at a rate of 35 per cent.

(vi) This Guarantee is governed by Swiss law.

(vii) Any dispute arising out of this Guarantee which may arise between the Principal Paying Agent, the Guarantor and/or the Holders shall be governed by Swiss law and shall fall within the exclusive
jurisdiction of the Commercial Court of the Canton of Zurich, Switzerland, the place of jurisdiction being Zurich 1.

b. The Principal Paying Agent undertakes to call on the Subordinated Guarantee and to claim from the Guarantor pursuant to the Subordinated Guarantee any due but unpaid amount under the Terms of the Dated Bonds in accordance with the terms of the Subordinated Guarantee. Upon receipt of any payments made by the Guarantor under the Subordinated Guarantee, the Principal Paying Agent undertakes to forward such amount to the Bondholders, waiving all rights of set off with respect to such Bondholders. The Principal Paying Agent is, however, entitled to deduct from the received amount all costs and expenses related to the collection of said amount, including court fees and legal fees.

9 Notices
All notices to Bondholders regarding the Dated Bonds shall be published by the Principal Paying Agent in accordance with the applicable regulations of the SIX Exchange Regulation AG and shall be valid as soon as published on the SIX's website (which as at the Payment Date is: https://www.six-group.com/exchanges/news/official_notices/search_en.html).

10 Listing
The Issuer will use its reasonable efforts to have the Dated Bonds listed on the SIX and to maintain such listing during the whole life of the Dated Bonds.

11 Prescription
Claims against the Issuer in respect of Dated Bonds will become void unless presented for payment within a period of ten years (in the case of the principal) and within five years (in the case of interest) from the relevant due date, by virtue of the statute of limitations of Swiss law.

12 Governing Law and Jurisdiction
The form, construction and interpretation of the Dated Bonds shall be subject to and governed by Swiss law. Any dispute which might arise between Bondholders on the one hand and the Issuer on the other hand regarding the Dated Bonds shall be submitted to the exclusive jurisdiction of the courts of the city of Zurich, Switzerland, and, if permitted, the Commercial Court of the Canton of Zurich, Switzerland, venue being Zurich 1.

13 Amendments
The Issuer may, without the consent of the Bondholders, make such amendments to these Terms of the Dated Bonds which (i) in the opinion of the Principal Paying Agent, are of a formal, minor or technical nature or made to correct a manifest error, or (ii) in the opinion of the Principal Paying Agent are necessary or desirable to give effect to any Replacement Rate determined by the Principal Paying Agent in accordance with the definition of "Five-Year Mid Swap Rate".

14 Role of Joint Lead Managers
UBS AG, Credit Suisse AG and Deutsche Bank AG London Branch, acting through Deutsche Bank AG Zurich Branch will act as Joint Lead Managers. UBS AG will also act as Principal Paying Agent of this Bond issue and will or may also act on behalf or for the benefit of the Bondholders, but only in the cases stated explicitly in these Terms of the Dated Bonds. In any other cases, UBS AG is not obliged to take or to consider any actions on behalf or for the benefit of the Bondholders.

15 Substitution
a. The Issuer (or any previous substitute of the Issuer under this Condition 15) may, without the consent of the Bondholders, and provided that no Special Event and no event described in Condition 3.3 would be triggered by such substitution, be substituted in respect of all rights and obligations arising under or in
connection with the Dated Bonds by a company all of whose shares carrying voting rights are directly or indirectly held by the Guarantor (the New Issuer), provided that:

(i) the Guarantor has issued a subordinated guarantee as per article 111 of the Swiss Federal Code of Obligations (Obligationenrecht) in respect of the obligations of the New Issuer under the Dated Bonds which guarantee shall, on a winding up of the Guarantor, have a pari passu ranking with the obligations of the Guarantor under the Subordinated Guarantee prior to the substitution of the Issuer; and

(ii) if the New Issuer is a company resident for tax purposes in a jurisdiction other than Switzerland (such jurisdiction, the New Residence), the conditions set forth in section (c) below are also met.

b. In addition, any substitution is subject to:

(i) the New Issuer having obtained all consents and approvals necessary for its assumption of the duties and liabilities of the Issuer under the Dated Bonds, and, if required, the Issuer or any previous New Issuer giving its prior written notice to, and receiving no objection from, FINMA or any Successor Authority;

(ii) the Issuer or any previous New Issuer having confirmed that the Dated Bonds continue to be rated by each Rating Agency immediately after such substitution, and the ratings assigned to the Dated Bonds by such Rating Agency immediately following such substitution are to be no less than those assigned to the Dated Bonds immediately prior thereto; and

(iii) certification being provided by two duly authorised officers of the Issuer stating that the conditions precedent in this Condition 15 have been complied with.

c. If the New Issuer is a company resident for tax purposes in a New Residence, the following conditions shall also be met:

(i) the Dated Bonds then outstanding, after a substitution, would constitute legal, valid and binding obligations in the New Residence of such New Issuer;

(ii) under the applicable laws and regulations in effect at the date of the substitution, the New Issuer would not be obligated to make any withholding or deduction on any payments in respect of the Dated Bonds beyond any withholding or deduction already applicable to payments made by the Issuer in respect of the Dated Bonds prior to the substitution (in case such withholding or deduction is introduced after a substitution, section (d) of this Condition 15 will apply); and

(iii) the guarantee to be provided by the Guarantor according to Condition 15(a)(i) explicitly also guarantees the payment to the Bondholders of any amounts required to be withheld or deducted by the New Issuer at any time after substitution.

d. If the New Issuer is resident for tax purposes in a New Residence, the provisions of Condition 5 shall apply, with the substitution of references to Switzerland with references to the New Residence.

e. In the event of a substitution pursuant to this Condition 15, any reference in these Terms of the Dated Bonds to the Issuer shall be a reference to the New Issuer and if the New Issuer is resident for tax purposes in a New Residence, any reference to Switzerland shall also be a reference to the New Residence.

f. Notice of any substitution shall be irrevocably given by the Issuer causing the Principal Paying Agent to deliver a notice to the Bondholders in accordance with Condition 9. Upon such delivery of notice to the Bondholders, the substitution shall become effective, and the Issuer (and in the event of a repeated application of this Condition 15 any previous New Issuer) shall be discharged from any and all obligations under the Dated Bonds.

16 Severability

If at any time any one or more of the provisions of the Terms of the Dated Bonds is or becomes unlawful, invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions shall not be in any way affected or impaired thereby.
17 Definitions

1. **Applicable Regulations** has the meaning given to it in Condition 2.4;
2. **Assets** has the meaning given to it in Condition 2.4;
3. **Bond Purchase and Paying Agency Agreement** has the meaning given to it in the preamble;
4. **Bondholder** has the meaning given to it in Condition 1(d);
5. **Business Day** means any day (other than Saturday or Sunday) on which banks are open for the whole day for business in Zurich and St. Gallen;
6. **Capital Event** has the meaning given to it in Condition 3.4;
7. **CHF** has the meaning given to it in the preamble;
8. **Compulsory Interest Payment Date** has the meaning given to it in Condition 2.4;
9. **Compulsory Interest Payment Event** has the meaning given to it in Condition 2.4;
10. **Condition** has the meaning given to it in the preamble;
11. **Coupon Determination Date** means, in respect of a Relevant Five-Year Period, the 5th (fifth) Business Day prior to the first day of such Relevant Five-Year Period;
12. **Dated Bond(s)** has the meaning given to it in the preamble and in Condition 1(a), respectively;
13. **Deferred Interest** has the meaning given to it in Condition 2.2(d);
14. **Dividend Payment** has the meaning given to it in Condition 2.4(a);
15. **Existing Rate** has the meaning given to it in this Condition 17;
16. **Final Maturity Date** means (i) the Scheduled Maturity Date if none of the circumstances described in paragraph (ii) below has occurred or (ii) if in respect of the date on which such redemption would be made, either a Solvency Event (A) has occurred and is continuing or (B) would occur as a result of such redemption (as evidenced by the absence of any public statement by the Issuer that the Solvency Event has been cured), the Interest Payment Date which is immediately following the day on which the Solvency Event has lapsed, provided, however, that (a) in respect of the date on which such redemption would be made, no Solvency Event either (1) has occurred and is continuing or (2) would occur as a result of such redemption and (b) in either case, the Issuer has obtained the prior written approval of FINMA or any Successor Authority;
17. **FINMA** means the Swiss Financial Market Supervisory Authority FINMA;
18. **First Call Date** means 12 August 2030;
19. **FISA** has the meaning given to it in Condition 1(c);
20. **Five-Year Mid Swap Rate** means, in relation to any Relevant Five-Year Period and the Coupon Determination Date in relation to such Relevant Five-Year Period,
   a. the CHF mid-swap rate for a term of five years as displayed on GOTTEX page "CHF Interest Rate Swaps vs LIBOR" (or such other page as may replace that page on GOTTEX, including, but not limited to, referring to a successor rate of LIBOR, or such other service as may be nominated by the person providing or sponsoring the information appearing there for the purposes of displaying comparable rates) (the Relevant Page) at 11:00 a.m. (London time) (the Relevant Time) on such Coupon Determination Date; or
   b. if such rate does not appear at the Relevant Time on the Relevant Page on such Coupon Determination Date, the Five-Year Reference Bank Rate on such Coupon Determination Date.

Notwithstanding the foregoing, if the Principal Paying Agent determines (in consultation with the Issuer) at any time prior to any Coupon Determination Date that the rate appearing on the Relevant Page for purposes of determining the Five-Year Mid Swap Rate (the Existing Rate) has been discontinued, permanently or indefinitely, then it will (in consultation with the Issuer) determine whether to use an alternative rate to the Existing Rate (a Replacement Rate) for purposes of determining the Five-Year Mid Swap Rate on such Coupon Determination Date and each Coupon Determination Date thereafter. If the Principal Paying Agent determines to use a Replacement Rate pursuant to the immediately preceding sentence, the Replacement Rate will be (i) such rate as the Principal Paying Agent determines (in
consultation with the Issuer) (acting in good faith and in a commercially reasonable manner) is the industry-accepted successor rate to the Existing Rate for purposes of determining the applicable rate of interest on fixed income securities with respect to which the Replacement Rate has replaced the Existing Rate as the reference rate for purposes of determining the applicable rate of interest thereon, or (ii) if the Principal Paying Agent determines (in consultation with the Issuer) that there is no such rate, such other rate as the Principal Paying Agent determines (in consultation with the Issuer) (acting in good faith and in a commercially reasonable manner) is most comparable to the Existing Rate.

If the Principal Paying Agent has determined a Replacement Rate in accordance with the immediately preceding paragraph, (i) the Principal Paying Agent will determine (in consultation with the Issuer) (acting in good faith and in a commercially reasonable manner) (A) the method for obtaining the Replacement Rate (including any alternative method for determining the Replacement Rate if it is unavailable on the relevant Coupon Determination Date), which method shall be consistent with industry-accepted practices, if any, for the Replacement Rate, and (B) any spread (which may be positive, negative or zero), or any formula or methodology for calculating such a spread, to be applied to the Replacement Rate in order to reduce or eliminate, to the extent reasonably practicable, any economic prejudice or benefit (as applicable) to the Bondholders as a result of the replacement of the Existing Rate with the Replacement Rate, which spread, formula or methodology shall be consistent with industry-accepted practices, if any, for fixed income securities with respect to which the Replacement Rate has replaced the Existing Rate as the reference rate for purposes of determining the applicable rate of interest thereon; (ii) for purposes of determining the Subsequent Fixed Interest Rate on the next succeeding Coupon Determination Date and each Coupon Interest Determination Date thereafter, references to the Five-Year Mid Swap Rate in these Terms of the Dated Bonds shall be deemed to be references to the Replacement Rate, including any alternative method for determining such rate and any adjustment factor as described in sub-clause (i) above; (iii) if the Principal Paying Agent (acting in good faith and in a commercially reasonable manner) determines (in consultation with the Issuer) that changes to the definitions of Business Day, the actual/360 day count fraction, Coupon Determination Date, Relevant Page or Relevant Time are necessary in order to implement the Replacement Rate as the Five-Year Mid Swap Rate, such definitions shall be amended as contemplated in clause (ii) of Condition 13 to reflect such changes; and (iv) the Issuer shall give notice as soon as practicable to the Bondholders in accordance with Condition 9 and each of the Paying Agents specifying the Replacement Rate, as well as the details described in sub-clause (i) above and the amendments implemented pursuant to clause (ii) of Condition 13.

21 **Five-Year Reference Bank Rate** means, in relation to any Relevant Five-Year Period and the Coupon Determination Date in relation to such Relevant Five-Year Period, the percentage rate determined by the Principal Paying Agent on the basis of the Five-year Mid-Swap Rate Quotations provided by at least five leading swap dealers in the CHF swap market that have been selected by the Principal Paying Agent at the Relevant Time on such Coupon Determination Date. If one quotation is provided, the Five-Year Reference Bank Rate will be such quotation. If two or more quotations are provided, the Five-Year Reference Bank Rate will be the arithmetic mean of the quotations, eliminating, if at least three quotations are provided, the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If the Five-Year Reference Bank Rate cannot be determined in accordance with the foregoing provisions of this paragraph, the applicable Five-Year Reference Bank Rate shall be equal to the last Five-Year Mid-Swap Rate available on the Relevant Page as determined by the Principal Paying Agent.

22 **Five-year Mid-Swap Rate Quotations** means the arithmetic mean of the bid and offered rates for the annual fixed rate leg (calculated on an actual/360 day count basis) of a fixed-for-floating CHF interest rate swap transaction which (i) has a term of five years commencing on the first day of the applicable Relevant Five-Year Period, (ii) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market and (iii) has a floating rate leg based on 3-month CHF LIBOR (calculated on an actual/360 day count basis);

23 **Future Regulations** has the meaning given to it in Condition 3.4;

24 **Guarantor** has the meaning given to it in the preamble;

25 **IFRS** means the International Financial Reporting Standards promulgated from time to time by the International Accounting Standards Board;

26 **Initial Fixed Interest Rate** has the meaning given to it in Condition 2.1(a);

27 **Initial Interest Payment Date** has the meaning given to it in Condition 2.1(a);

28 **Interest Rate** means the Initial Fixed Interest Rate or a Subsequent Fixed Interest Rate;
Interest Payment has the meaning given to it in Condition 2.4;

Interest Payment Date means the Initial Interest Payment Date or, as the case may be, the Subsequent Fixed Interest Payment Date;

Intermediary has the meaning given to it in Condition 1(c);

Intermediated Securities has the meaning given to it in Condition 1(c);

ISO has the meaning given to it in Condition 3.4;

Issuer has the meaning given to it in the preamble;

Joint Lead Managers has the meaning given to it in the preamble;

Liabilities has the meaning given to it in Condition 2.4;

Margin has the meaning given to it in Condition 2.4;

New Issuer has the meaning given to it in Condition 15(a);

New Residence has the meaning given to it in Condition 15(a)(ii);

Optional Interest Payment Date means any Interest Payment Date other than a Compulsory Interest Payment Date;

Parity Obligations has the meaning given to it in Condition 6;

Paying Agents means the Principal Paying Agent, UBS AG, Bahnhofstrasse 45, 8001 Zurich, Switzerland and the other banks referred to in Condition 4 in their function as paying agents for the Dated Bonds;

Payment Date means 11 February 2020;

Principal Paying Agent has the meaning given to it in Condition 14;

Rating Agency has the meaning given to it in Condition 3.4;

Regulatory Event has the meaning given to it in Condition 3.4;

Relevant Five-Year Period has the meaning given to it in Condition 2.1(b);

Relevant Page has the meaning given to it in this Condition 17;

Relevant Time has the meaning given to it in this Condition 17;

Replacement Rate has the meaning given to it in this Condition 17;

Scheduled Maturity Date means 12 August 2040;

Senior Creditors has the meaning given to it in Condition 6;

Shares has the meaning given to it in Condition 2.4;

SIX means the SIX Swiss Exchange or any successor to the SIX Swiss Exchange;

Solvency Interest Deferral Date has the meaning given to it in Condition 2.2(c);

Solvency Event has the meaning given to it in Condition 2.4;

Solvency Shortfall has the meaning given to it in Condition 2.4;

Special Event has the meaning given to it in Condition 3.4;

Subsequent Fixed Interest Payment Date has the meaning given to it in Condition 2.1(b);

Subsequent Fixed Interest Rate has the meaning given to it in Condition 2.1(b);

Subsequent Fixed Interest Rate Amount has the meaning given to it in Condition 2.1(c);

Subsidiary a company the financial statements of which are, in accordance with applicable law or generally accepted accounting principles, consolidated with those of the Issuer or, as the case may be, the Guarantor;

Subordinated Guarantee means the guarantee on a subordinated basis issued by the Guarantor for the benefit of the Bondholders described in Condition 8;

Successor Authority has the meaning given to it in Condition 2.4;

Terms of the Dated Bonds has the meaning given to it in the preamble; and
Tier 2 Capital has the meaning given to it in Condition 3.4.
INFORMATION ON THE ISSUER

Name, Registered Office
Helvetia Schweizerische Versicherungsgesellschaft AG, Dufourstrasse 40, 9001 St. Gallen, Switzerland.

Date of Incorporation and Legal Form
The Issuer was incorporated on 20 February 1883 (date of registration) as a stock corporation with limited liability (Aktiengesellschaft) in accordance with article 620 et seq. of the Swiss Code of Obligations.

Purpose
The articles of association of the Issuer are dated 31 August 2017. According to article 3 of the articles of association of the Issuer, the purpose of the Issuer is the offering of any kind of insurance and reinsurance services, excluding life insurance. The Issuer can acquire participations in other companies.

Register
The Issuer is registered with the commercial register of the Canton of St. Gallen under the registration number CHE-101.400.176.

Group
The Issuer is a Swiss company based in St. Gallen with operations in Switzerland. It forms an integral part of Helvetia Group.

The following chart provides an overview of the main companies of Helvetia Group as at 30 June 2019:

Business Activities
The information on the insurance activities reflects the Issuer’s stand-alone insurance activities in Switzerland and does not take into account any premium volume from the Issuer's subsidiaries or its branch offices.

The Issuer generated in 2018 a gross written premium volume of CHF 1,472 million in Switzerland, representing around 33% of Helvetia Group's non-life gross written premiums for the year ended on 31 December 2018. The principal activities of the Issuer are to carry out business in all lines of non-life business in Switzerland. On the basis of the 2018 gross written premiums, the portfolio is split into the main lines of business as follows: Motor 41%, Property 36%, Accident and Health 12% and Liability 11%.
The Swiss-based non-life premium volume, to which the Issuer contributes the majority, is estimated to be the fifth largest market position in the Swiss non-life insurance market.

In addition to the Issuer's insurance activities in Switzerland, it holds also the majority of Helvetia Groups' subsidiaries. Furthermore, the Issuer has various branches in European countries, the reinsurance branch which is based in Switzerland as well as branches in Singapore and Malaysia.

Management

Board of Directors:

Doris Russi Schurter  President
Hans Künzle  Vice President
Jean-René Fournier  Member
Gabriela Maria Payer  Member
Andreas von Planta  Member
Christophe Lechner  Member
Regula Wallimann  Member
Beat Fellmann  Member
Thomas Schmuckli  Member
Ivo Furrer  Member

Executive Management:

Philipp Gmür  Chief Executive Officer
Paul Norton  Chief Financial Officer
André Keller  Chief Investment Officer
Markus Gemperle  CEO Europe
David Ribeaud  CEO Specialty Markets
Donald Desax  Head of Group Life Switzerland*
Reto Keller  Head of Individual Life Switzerland*
Beat Müller  Head of Actuarial Services
Ralph A. Jeitziner  Head of Distribution Switzerland*
Adrian Kollegger  Head of Non-Life Switzerland*
Achim Baumstark  Chief Technology Officer

As per 1 May 2020 there will be a change in the Executive Management of the Helvetia Group. Martin Jara will join the Helvetia Group as CEO Switzerland, reporting directly to the Group CEO, Philipp Gmür, and will become a member of the Executive Management. He will be responsible for the Swiss Group Life, Individual Life, Non-Life and Distribution Switzerland divisions. These divisions will then no longer be represented in the Executive Management. In addition, Donald Desax, Head of Group Life Switzerland, will retire during the first half-year of 2020; his successor will be announced at a later date.

The business address of the Issuer and all members of the board of directors and executive management of the Issuer is Helvetia Schweizerische Versicherungsgesellschaft AG, Dufourstrasse 40, 9001 St. Gallen, Switzerland.

Auditors

KPMG AG, Räffelstrasse 28, 8045 Zurich, Switzerland, were elected as independent auditors for the Issuer and have audited the Issuer's financial statements.
Financial Statements

The Issuer discloses its own financial statements, based on Swiss accounting standards, as part of the annual solvency and financial condition report (Swiss equivalent: Bericht über die Finanzlage).

Capital Structure

As of 31 December 2018 and as of the date of this Prospectus, the Issuer’s share capital amounted to CHF 77,480,000, divided into 1,549,600 registered shares with a nominal value of CHF 50.00.

Dividend History

In the past five financial years, the Issuer has paid the following dividend per share for the corresponding financial year:

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018:</td>
<td>CHF 229.3 Mio.</td>
</tr>
<tr>
<td>2016:</td>
<td>CHF 150.0 Mio.</td>
</tr>
<tr>
<td>2015:</td>
<td>CHF 467.7 Mio.</td>
</tr>
<tr>
<td>2014:</td>
<td>CHF 292.8 Mio.</td>
</tr>
</tbody>
</table>

In 2015, the dividend increase reflects an acquisition related upstream of shareholdings in form of dividend payments. In 2017, Helvetia performed a group-internal restructuring, which leads to higher dividend payments by the Issuer.

Notices

According to the articles of association of the Issuer, notices to shareholders are validly made by publication in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt). Written communications by the company to its shareholders may be sent by ordinary mail to the last address of the shareholder entered in the share register of the company.
INFORMATION ON THE GUARANTOR

Name, Registered Office
Helvetia Holding AG, Dufourstrasse 40, 9000 St. Gallen, Switzerland.

Date of Incorporation and Legal Form
The Guarantor was incorporated on 17 April 1996 (date of registration) as stock corporation with limited liability (Aktiengesellschaft), in accordance with article 620 et seq. of the Swiss Code of Obligations.

Purpose
The Articles are dated 3 May 2019. According to article 2 of the Articles, the Guarantor's purpose is to hold shareholding interests in domestic and foreign insurance, finance, service and other companies. It may form other companies, hold shareholding interests in, acquire or finance such companies, and enter into cooperation arrangements. The Guarantor may engage in any business that is connected with this purpose or that appears to be in the Guarantor's interests. With respect hereto, it may acquire, manage, sell or encumber real estate domestically and abroad.

Register
Helvetia is registered with the commercial register of the Canton of St. Gallen under the registration number CHE-103.479.504.

Business Activities
Overview
Helvetia is a listed Swiss insurer formed in 1996 from the combination of two Swiss insurance companies, namely Helvetia Versicherungen and Patria, Schweizerische Lebensversicherungs-Gesellschaft auf Gegenseitigkeit (Patria Genossenschaft). Over 160 years, Helvetia has been synonymous with reliable insurance services. During this time, the group has evolved from different Swiss and foreign companies, including the two largest companies Helvetia Versicherungen (1858) and Patria Genossenschaft (1878), to become a successful, pan-European insurance group. Since the establishment of Helvetia Holding AG in 1996, Patria Genossenschaft as the largest shareholder has continued to promote the interests of Helvetia Group and its customers. With some exceptions, all group companies are operating under the uniform brand name “Helvetia” since 2006. Helvetia Group ranks among the top 3 insurance groups in Switzerland based on premium volume. Outside Switzerland, Helvetia Group is a respected insurance service provider in specific European markets leveraging its recognized Swiss identity, the "Swissness". Helvetia’s business activities focus on private customers as well as small and medium-sized enterprises. The Central European economic region as well as Italy and Spain offer intact markets to run a profitable insurance business, even in economically challenging times. Demand is likely to grow in the long term in the life insurance business in particular, as the ageing of the population and foreseeable further reductions in the statutory pension systems can be expected to boost demand for private pension solutions. Similarly, the non-life insurance segment is expected to maintain its important function within an economy. Helvetia focuses its growth efforts on the existing European country markets being Switzerland, Italy, Germany, Spain, Austria and France. As per 31 December 2018, Helvetia Group employed 6'624 employees.

Helvetia Group’s competitive advantages include:

- a business strategy focused on customer and business line segments in dedicated geographic regions;
- a reputation for quality and client oriented service;
- a valued reputation as a reliable and conservative insurance partner;
- the capability to quickly adjust to changing customer needs due to its presence in, and knowledge of, local markets;
- multi-channelling approach through established distribution channels, including independent and tied agents as well as branches, and the expansion of distribution reach and customer access through strategic alliances; and banks (e.g. Raiffeisen, Swiss cantonal banks or Banco di Desio in Italy);
- a diversified investment and conservative financial policy combined with a disciplined process for capital allocation, risk management and performance measurement that is centrally controlled and monitored; and
a strong capital base with a Swiss Solvency Test ratio of 222 per cent. as per 1 January 2019. Helvetia is currently rated ‘A’ with a positive outlook by Standard & Poor’s. Such solid capital base and the subsequent strong public rating provide a solid basis towards clients.

**Life Insurance**

This includes a comprehensive range of risk protection and long-term, predominantly capital light, savings products. Outside Switzerland, Helvetia sells life insurance through its subsidiaries in Italy, Germany, Spain and Austria. While those life insurance portfolios are relatively small in size these markets and Helvetia’s operations offer a good potential for growth. These portfolios will be developed to ensure organic growth as well as through co-operations.

**Non-life Insurance**

This includes property, marine and transport, motor vehicles, liability as well as accident/health and active reinsurance products. In non-life, Helvetia focuses on maintaining the high quality of its portfolio predominantly based on a disciplined underwriting strategy supported by a prudent reinsurance structure to limit exposure to major loss events. The earnings power of this segment also depends on the composition of the portfolio, premium and cost developments and claims experience. The profitability of the non-life business is measured by the net combined ratio (costs and claims over premiums, all after reinsurance), which for Helvetia has been strong, with an average over the last years of around 92% (financial year 2018: 91.0%).

**Other activities**

This comprises mainly cross-border activities related to managing and supporting the business of Helvetia Group. In addition to the Corporate segment (financing companies, Corporate Centre, centrally managed investments (funds) and Group reinsurance), other activities also include the intermediary and advisory business as well as various smaller foreign service companies that cannot be allocated to the life or non-life business.

Helvetia concentrates on the needs of private individuals and small and medium-sized enterprises with customer centricity being key to product development and sales efforts. Thanks to the decentralised organisational structure Helvetia is equipped to react quickly to shifting demand across the group.

Helvetia benefits from country-specific distribution structures as well as a number of strong distribution partnerships that have been continuously expanded in the past years. The multi-channelling approach will be further developed into a customer-centered omni-channel network in all country markets. The focus on the needs of customers and partners ensures stability of the agent and broker network. The expansion of the customer base is further supported by the addition of new distribution channels and partners.

Helvetia distinguishes itself as a quality provider through its high commitment to service, focusing on the personality of each individual client founding on a trust based partnership. In addition, with its fast, personal and competent support Helvetia strives for a high level of customer loyalty. Moreover, Helvetia has been able to rely on the expertise of its renowned cooperation partners for many years, which include Raiffeisen Switzerland, the Swiss cantonal banks, ARAG, Banco di Desio and the ENI Group. These cooperation arrangements improve the sales reach of Helvetia and enables Helvetia to focus on its core skills.

Measured by gross written premiums in 2018, Helvetia is the third largest life and fifth largest non-life insurer in Switzerland.

Helvetia Group is represented in six European countries. In Switzerland, Germany, Austria, Italy and Spain, Helvetia Group is active in life and non-life business. In France, Helvetia Group is focused on transport insurance and increasingly on specialist insurance lines for SME customers. In 2018, 56% of the business volume was generated in Switzerland and 44% abroad. The share of the non-life activities of the total amounted to 48% in 2018 while the life part contributed 52% to the business volume. The foreign business is mainly non-life insurance while in Switzerland the life sector contributed 71% to the domestic business volume.

The following table features the key financial figures of Helvetia Group:
<table>
<thead>
<tr>
<th>CHF in million</th>
<th>Year ended December 31,</th>
<th>Six months ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(audited)</td>
<td>(audited)</td>
</tr>
<tr>
<td>Business volume</td>
<td>8'513</td>
<td>8'641</td>
</tr>
<tr>
<td>Net current investment income from Group financial assets and investment property</td>
<td>999.6</td>
<td>1'001.4</td>
</tr>
<tr>
<td>Result non-life business</td>
<td>251</td>
<td>290</td>
</tr>
<tr>
<td>Result life business</td>
<td>151</td>
<td>173</td>
</tr>
<tr>
<td>Result other activities</td>
<td>-25</td>
<td>-61</td>
</tr>
</tbody>
</table>

Amortization of goodwill

| Group profit for the period before taxes | 427.8 | 513.4 | 547.9 | 274.0 | 278.3 |
| Group profit for the period after taxes | 276.6 | 402.9 | 431.0 | 223.9 | 289.7 |
| Group financial assets and investment property | 48'629.2 | 48'583.5 | 48'509.4 | 49'964.6 |
| Provisions for insurance and investment contracts (gross) | 43'864.1 | 46'073.8 | 46'033.2 | 47'171.5 | 48'347.3 |
| Total consolidated equity | 5'512.6 | 5'929.4 | 5'797.1 | 5'694.4 | 6'265.6 |

In 2018, Helvetia Group's business volume amounted to CHF 9.1 billion of which CHF 4.7 billion were attributable to the life sector and CHF 4.4 billion to the non-life sector. The non-life business contributed CHF 332 million, the life business CHF 148 million to the Group's net profit in 2018. Overall, the net profit after taxes in 2018 reached CHF 431 million. Assets under management amounted to CHF 52.0 billion per year-end 2018 and to CHF 53.9 billion as per 30 June 2019.

**Capitalisation and indebtedness of the Group**

<table>
<thead>
<tr>
<th>CHF in million</th>
<th>Helvetia Group 30.06.2019</th>
<th>(unaudited)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>1'025.5</td>
<td></td>
</tr>
<tr>
<td>Financial debt (hybrid bond)</td>
<td>1'480.2</td>
<td></td>
</tr>
<tr>
<td>Financial debt (senior bond)</td>
<td>375</td>
<td></td>
</tr>
<tr>
<td>Debt: subordinated and senior debt</td>
<td>1'855.2</td>
<td></td>
</tr>
<tr>
<td>Shareholder Capital</td>
<td>1.0</td>
<td></td>
</tr>
<tr>
<td>Capital reserve</td>
<td>659.7</td>
<td></td>
</tr>
<tr>
<td>Treasury shares</td>
<td>-9.8</td>
<td></td>
</tr>
<tr>
<td>Unrealised gains and losses (net)</td>
<td>383.9</td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation differences</td>
<td>-434.3</td>
<td></td>
</tr>
<tr>
<td>Retained earnings</td>
<td>3'344.5</td>
<td></td>
</tr>
<tr>
<td>Valuation reserves for contracts with participation features</td>
<td>1'612.3</td>
<td></td>
</tr>
<tr>
<td>Non-controlling interest</td>
<td>8.3</td>
<td></td>
</tr>
</tbody>
</table>

**Shareholders' Equity** (without preferred securities) | 5'565.6 | |
**helvetia 20.20 strategy**

Helvetia is well aware that insurance is based on trust and reliability. Helvetia offers reliable insurance and pension products and thanks to its straightforwardness and individuality reaches and convinces increasingly private and corporate customers in Switzerland and selected European markets.

Helvetia Group aims to dynamically develop its attractive business portfolio based on a stable foundation. The group aims to belong to the leading insurance providers in the home market Switzerland, to significantly strengthen positions in Germany and Spain and to gradually further develop the business in Italy, Austria, France and its worldwide operating operations under its Specialty Markets umbrella. A meaningful geographical diversification as well as a sound balance between the highly profitable non-life business, the growth-potential offering life and pension business and the more cyclical specialty and reinsurance business is of high importance. Helvetia's ambition will be implemented on the basis of organic growth through innovative products and constantly further developing the sales reach and productivity. Further, Helvetia actively and systematically seeks targeted acquisitions and strategic partnerships in its markets. Helvetia considers the satisfaction of the customers and the strengthening of profitability most important. The objective is therefore to constantly increase the productivity of Helvetia by improving operating processes.

With the introduction of its "helvetia 20.20" strategy in 2016, Helvetia Group has set itself the ambition to create value for its stakeholders through transformation and innovation. The strategy follows a structured and focused implementation plan designed to further the development of the insurance group. Not only is the core insurance business being developed further in order to optimise the existing business and make it more efficient, but it is also being expanded in order to tap into additional sources of income. To round off these efforts, Helvetia has also adopted an innovation portfolio to develop new business models and renovate the existing business. By doing so, Helvetia strives to become more digital, innovative, agile and efficient. It places an even greater emphasis on its customers by combining traditional strengths and new opportunities, building on its core values of trust, dynamism and enthusiasm. Simultaneously, Helvetia remains personal and reliable, delivering on its promises to all stakeholders while maintaining a healthy capital base.

The following provides an overview of the cornerstones of the "helvetia 20.20" strategy, which lead to clear financial objectives.

**Product Lines and Services**

The products and services offered by Helvetia Group are as follows:

**Life insurance**

In the life businesses, the 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).
Individual Life

For private persons, Helvetia Group offers pure risk insurance, savings insurance and endowment insurance, annuity insurance as well as modern 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. Individual life insurance accounted for 41% in 2018 (2017: 41%) of Helvetia Group’s total life business volume. Switzerland contributed around 49% to Helvetia Group’s individual life business volume. The more capital efficient investment-linked insurance generated 46% in 2018 (2017: 43%) of the group’s individual life business volume, to which Switzerland contributed 41% (2017: 36%).

Most of the products include a premium guarantee, which means that the bases for mortality, disability, interest rates and costs used in the premium calculation are guaranteed. These bases are therefore carefully fixed at the time the insurance policy is concluded. If later developments are better than expected, profits accrue which are partially returned to the customer in the form of a participation feature. The following two important exceptions apply to the guaranteed bases: first, no interest guarantees exist for unit-linked insurance policies. However, there may be some products that guarantee the payment of a minimum survival benefit. Second, in Switzerland, premiums for insurance policies for disability pensions are not guaranteed for policies concluded since mid-1997 and the contractual underlyings might be adjusted at the discretion of Helvetia.

Group Life

Group life accounts in 2018 for 59% (2017: 59%) of the total life business volume of Helvetia Group, with 97% of the premiums for Group Life (2017: 97%) stemming from Switzerland. Here, Helvetia enjoys a leading position in the market in providing Occupational Pensions Act (BVG) insurance solutions. Under the Swiss BVG rules companies are obliged to insure their employees against the mortality and disability risks and to provide the option for employees to take a pension on retirement, which is guaranteed until death, thus effectively insuring longevity risk. Helvetia Switzerland offers products to employers that cover these risks. Most of these products include a discretionary participation feature whose minimum amount is statutorily or contractually prescribed. Otherwise the characteristics of the group life insurance products are very similar to individual insurance.

Non-life insurance (direct business)

In 2018 non-life business (incl. active reinsurance) accounted for 48% (2017: 47%) of the total business volume of Helvetia Group. In non-life, Helvetia Group offers a wide range of products. The focus of the activities is in property, motor vehicle and marine and transport insurance. Motor vehicle insurance is primarily contracted with individual private clients. In 2018, 67% of the group’s non-life premiums were generated by the foreign and specialty markets business units.

Active reinsurance

Active reinsurance is steered as a profitable niche business within Helvetia Group. The current portfolio is well diversified, both geographically and by lines of business and by enlarge non-life. As part of its growth strategy, ARI is targeting life reinsurance as from 2020 onwards on a small scale basis.

The table below shows business volumes in life and non-life by lines of business.

<table>
<thead>
<tr>
<th>Business volume in business sections (CHF in millions)</th>
<th>Year ended December 31,</th>
<th>6 months ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2017</td>
</tr>
<tr>
<td>Individual life</td>
<td>1'875</td>
<td>1'875</td>
</tr>
<tr>
<td>Traditional</td>
<td>1'176</td>
<td>1'065</td>
</tr>
<tr>
<td>Investment-linked</td>
<td>589</td>
<td>647</td>
</tr>
<tr>
<td>Deposits</td>
<td>110</td>
<td>163</td>
</tr>
<tr>
<td>Group Life</td>
<td>2'760</td>
<td>2'672</td>
</tr>
<tr>
<td>Life insurance</td>
<td>4'635</td>
<td>4'548</td>
</tr>
<tr>
<td>(direct business)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property (incl. fire and engineering)</td>
<td>1'293</td>
<td>1'390</td>
</tr>
</tbody>
</table>
### Motor vehicle
1'264 1'286 1'374 15% 919 930 16%

### Transport (incl. marine and art)
319 320 338 4% 243 248 4%

### Liability
328 334 360 4% 222 220 4%

### Accident and Health
332 348 366 4% 257 258 4%

### Non-life insurance (direct business)
3'537 3'678 3'875 43% 2'485 2'579 43%

### Active reinsurance (indirect business)
341 415 522 6% 255 291 5%

### Total
8'513 8'641 9'073 5'833 5'966

Small differences due to rounding may occur.

### Business units
As part of the introduction of its *helvetia 20.20* strategy, Helvetia Group reorganised the management of its business units, which comprises more than one regulated / legal entity, under the three main areas:

- Switzerland; non-life (serving mainly private clients as well as small and medium business), individual and group-life insurance locally
- Europe; non-life (serving mainly private clients as well as small and medium business), individual and group-life insurance locally
  - Germany
  - Italy
  - Spain
  - Austria
- and Specialty Markets; non-life (serving medium and large direct and reinsurance business world-wide)
  - Specialty Lines Switzerland / International
  - France
  - Active reinsurance (ARI)

The group's corporate functions support the business units and the group overall in achieving the respective targets. Asset management, finance management (including reinsurance, risk and capital management) and the human resource development and to a large extent IT are centralized for the whole group.

The table below shows the gross written premiums in the segments life and non-life insurance by country:

<table>
<thead>
<tr>
<th>Segment</th>
<th>Year ended December 31,</th>
<th>6 months ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2017</td>
</tr>
<tr>
<td>Total</td>
<td>8'513</td>
<td>8'641</td>
</tr>
<tr>
<td>Group Non-life total</td>
<td>3'878</td>
<td>4'094</td>
</tr>
<tr>
<td>Group Life total</td>
<td>4635</td>
<td>4'548</td>
</tr>
<tr>
<td>Switzerland</td>
<td>5'107</td>
<td>4'978</td>
</tr>
<tr>
<td>Non-life</td>
<td>1'444</td>
<td>1'465</td>
</tr>
<tr>
<td>Life</td>
<td>3'662</td>
<td>3'513</td>
</tr>
<tr>
<td>Europe</td>
<td>2'635</td>
<td>2'764</td>
</tr>
<tr>
<td>Germany</td>
<td>822</td>
<td>866</td>
</tr>
<tr>
<td>Non-life</td>
<td>588</td>
<td>589</td>
</tr>
<tr>
<td>Life</td>
<td>253</td>
<td>277</td>
</tr>
<tr>
<td>Country</td>
<td>Non-life</td>
<td>Life</td>
</tr>
<tr>
<td>---------</td>
<td>----------</td>
<td>------</td>
</tr>
<tr>
<td>Italy</td>
<td>863</td>
<td>974</td>
</tr>
<tr>
<td>Spain</td>
<td>422</td>
<td>485</td>
</tr>
<tr>
<td>Austria</td>
<td>527</td>
<td>567</td>
</tr>
<tr>
<td>Specialty Markets</td>
<td>771</td>
<td>1020</td>
</tr>
<tr>
<td>SpL CH / Int.</td>
<td>215</td>
<td>263</td>
</tr>
<tr>
<td>France</td>
<td>341</td>
<td>522</td>
</tr>
<tr>
<td>ARI</td>
<td>341</td>
<td>522</td>
</tr>
</tbody>
</table>

Small differences due to rounding may occur.

**Switzerland**

The business area Switzerland offers a wide range of non-life and life insurance, including long-term savings products through the Issuer and Helvetia Schweizerische Lebensversicherungsgesellschaft AG. As per 31 December 2018, the Swiss business area employed 3'542 FTEs, including group / corporate divisions.

**Lines of business and market position**

**Life**

Helvetia is active in individual and group life business.

**Individual Life**

In the individual life business, Helvetia offers a full range of products. Individual life products consist of products covering mortality, longevity and disability risks. Such products are often combined with savings elements. Premiums can take the form of periodic or single premiums; benefits typically are paid as regular annuities, a lump sum or a combination thereof.

Helvetia sees a strong need for products with guarantees, which at the same time have high flexibility and participation in returns. Helvetia’s product portfolio in individual life business therefore includes appropriate traditional products such as risk insurance and traditional savings, financial and pension solutions. Helvetia also provides investment-linked products and other modern insurance solutions which target on participation in returns and most of which have dynamic, individual guarantee concepts. The guarantees included in the traditional products are largely provided by Helvetia directly, the guarantees in other insurance solutions are partially assumed by third-party providers. Financial products with no or insufficient insurance risk to be classified as insurance products are managed in the form of deposits for policyholders.

In line with the "helvetia 20.20" strategy, the Swiss unit also focuses on the sale of capital-efficient modern products. As a result, investment, unit-linked and deposit business volume accounted for 39% of the Swiss total individual life business volume in 2018.

**Group Life**

In the group life business Helvetia has become the third largest provider of BVG insurance solutions. The company primarily focuses on the so called full insurance model. In this context, Helvetia assumes the complete administration of occupational pensions for its customers and provides the full cover required by legislation. Helvetia also provides BVG products which do not cover all risks and which are typically offered to semi-autonomous and autonomous pension funds. Swisscanto is an example of such a pension fund that is insured with Helvetia. Under the terms of the contract with Swisscanto, Helvetia is responsible for the administration of the contracts and the reinsurance of mortality and disability risks, and the Swiss Cantonal Banks, the owners of the pension fund, organize the distribution of the products, manage the assets and are responsible for the pension liabilities.
For the majority of the BVG products there is no guaranteed rate for the risk premiums for mortality and disability or for the cost premiums. These premiums may therefore be adjusted annually by Helvetia. 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; where the interest rate for the mandatory savings component is established by the Federal Council. This mandatory rate was 1.75% for the years 2014-2015, reduced to 1.25% for 2016 and further reduced to 1.00% since 2017. Helvetia can set the rate for the non-mandatory savings component. The interest rate set by Helvetia Group for the non-mandatory component was 1.25 % for the years 2014-2015, reduced to 0.5% in 2016 and further lowered to 0.25% since 2017.

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. 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.

In 2018, the Swiss group life business accounted for 74% of the total Swiss life business volume.

**Non-life**

The Issuer, the Swiss company operating the non-life business, enjoys a relatively diverse portfolio in Switzerland.

At the end of 2018, the non-life portfolio split based on gross written premiums was as follows: 36% property, 41% motor vehicle, 11% liability, 12% accident and health and a small transport portfolio. In the first half of 2019, the premium distribution was broadly in line with that of full year 2018.

The Swiss non-life business could demonstrate good technical results with the net combined ratio ranging around 83% as per full year 2017 and 2018, and a slight increase to 86.5% as per half-year 2019.

**Strategy and customer segmentation**

The business unit Switzerland focuses on the following objectives:

- improve sustainable profits by increasing efficiency of operations;
- expand and defend market position by strengthening the multi-channel concept, increasing cross-selling with focus on SME's and emphasizing younger client concepts;
- further boost of multi-channelling approach with focus on online business;
- strengthen customer loyalty; and
- optimize capital allocation

**Distribution**

The Swiss unit mainly distributes its products through its own sales department with 1’021 salesmen/tied agents as per 2018 (measured in FTE). In addition, there are co-operations with leading brokers in place, especially for commercial clients.

**Europe**

**Strategic focus**

In the Europe market area, Helvetia likewise pursues a consistent position, in particular a single-brand presence across the countries in which it operates. As in Switzerland, the focus is on business with retail customers and small and medium-sized companies. Helvetia offers a wide non-life product range in the Europe market area, while in life business it is promoting capital-efficient products, especially in the current low interest rate environment. Thanks to the establishment of a comprehensive management team for Europe, the use of common IT systems and a common reinsurance structure, it is aiming at exploiting additional synergies within Europe. The Europe segment also contributes to regional diversification by reducing the level of dependency on the Swiss home market.
Country markets

Italy

The Italian main operating unit consists of the "Italian branch" (individual and commercial non-life business), a branch of the Issuer, the subsidiaries Helvetia Vita – Compagnia Italo Svizzera di Assicurazioni sulla Vita S.p.A. (life business), and the non-life entities Chiara Assicurazioni, S.p.A. and Helvetia Italia Assicurazioni S.p.A., As per 31 December 2018, the Italian business unit employed 480 FTEs.

Lines of business and market position

Based on business volume, Italy is the largest foreign business unit of the group with business volume of CHF 974 million in 2018, with life insurance representing 44% of the volume. The unit is predominantly active in northern and central Italy.

The life company provides a full product range that covers risk as well as savings and annuity products for individuals and groups. Life insurance policies, where the financial risk is borne by policyholders are managed in the form of deposits for policyholders.

On the distribution side Helvetia has a long-term sales agreement with several banks (among others Banco di Desio and Banca di Asti), which provides Helvetia access to the important banking distribution channel. Individual life products are the predominant part of the Italian life business represented 95% of life business volume as per 2018.

The Helvetia Italy non-life business is dominated by motor vehicle (47%), property (22%), accident and health (18%) and complemented by liability (11%) and transport business based on 2018 gross written premiums, with no major shift in the first half of 2019.

The net combined ratio for the Italian business unit stood at 94.3% in 2018 after 96.1% in 2017.

Distribution

Using the multi-channelling approach, the Italian companies sell life and non-life products through non-exclusive agents (so called 'pluri-mandatari'), bank partners and exclusively through Insurance Corners in the premises of its cooperation partners such as ENI Group.

Germany

The German business unit consists of the "Direktion für Deutschland" (individual and commercial non-life business), which is a branch of the Issuer, and the following main operating subsidiaries: HELVETIA Schweizerische Lebensversicherungs-AG (life), Helvetia Versicherungs-AG (non-life).

Per year-end 2018, the German business unit employed 774 FTEs.

Lines of business and market position

Germany is the second largest foreign business unit of the group measured by gross written premiums. Those stood at CHF 954 million in 2018 with 69% attributable to non-life. The business unit Germany is active throughout Germany with a particular focus on southern and western Germany and ranks among the medium-sized insurance companies.

Life business provides individual life insurance only, where the whole range of products – risk protection and long-term savings products, insurance policies with cover for mortality and disability, and modern investment-linked products – is offered. The German unit is focusing on the distribution of modern, more capital efficient products, for example investment-linked products.

In 2018, the split of non-life gross written premiums by line of business was as follows: 45% property, 31% motor vehicle, 9% transport, 11% liability and 5% accident/health insurance. The portfolio split levelled as per H1 2019.

Distribution

Independent brokers and tied agents reflect the predominant sales channels of Helvetia in Germany, where brokers account for almost two thirds of new business. The brokers are supported on site by branch offices throughout
Germany. To support client loyalty, Helvetia has implemented a professional and central claims service at the Frankfurt head office for streamlined and rapid claims handling.

Spain
Helvetia offers its customers in Spain a diverse range of life and non-life insurance products, through its main operating subsidiary Helvetia Compania Suiza Anonima de Seguros y Reaseguros (life and non-life). As per 31 December 2018, the Spanish business unit employed 558 FTEs.

**Lines of business and market position**
In 2018 Helvetia Spain generated CHF 485 million gross written premiums, of which 71% were contributed by non-life business.

Life business (2018: 141 million of business volume) consists of individual life offering the whole range of products from risk protection and long-term savings products and insurance policies with cover for mortality and disability to modern investment-linked products. This is complemented by group life business (2018: 48% of total life business volume).

In 2018, the proportion of non-life gross written premiums by line of business was as follows: 42% property, 41% motor vehicle, 6% liability, 6% accident/health and 5% transport insurance, with no major change in split observed as per half year 2019.

**Distribution**
Helvetia also applies the multi-channelling approach in Spain, with intermediaries such as brokers or tied agents dominating the distribution.

Austria
The Austrian business unit consists of the main operating subsidiary Helvetia Versicherungen AG (life and non-life business) and the "Direktion für Österreich" (non-life), which is a branch of the Issuer.

At the year-end 2018, the Austrian business unit employed 736 FTEs.

**Lines of business and market position**
The business unit reported CHF 567 million gross premiums in 2018, split into 62% non-life and 38% life insurance. The unit is active in the entire Austrian market.

The life business provides only individual life, with, in line with the other business units the whole range of products from risk protection and long-term savings products and insurance policies with cover for mortality and disability to modern investment-linked products.

The Austrian non-life portfolio based on gross written premiums in 2018 was as follows: 36% property, 38% motor vehicle, 12% liability, 12% accident/health insurance and 2% transport, with a stable split at H1 2019. The net combined ratio was 89.2% in 2018.

**Distribution**
New business is primarily generated by own sales forces, and independent intermediaries which to a large extent work exclusively for Helvetia.

Specialty Markets

**Strategy**
The Specialty Markets segment follows a selective niche strategy, resulting in a strong market position and corresponding profit contribution. It further contributes to Helvetia Group’s diversification. The Specialty Market segment has three business pillars: Specialty Lines Switzerland/International, France and Active Reinsurance. In the
first two it predominantly focuses on three lines of business: engineering (technical insurance), marine (transport) and art, with new lines such as aviation and credit & surety being introduced in recent years. The activities in Switzerland and in selected countries including Asia and Latin America are bundled together in the market unit Specialty Lines Switzerland/International. In France, Helvetia is an established insurance specialist for SME customers and ranks second in the Marine & Transport segment. Active Reinsurance, which also belongs to this segment, is a niche provider characterised by and large long-standing business relations, a stringent underwriting policy and a high level of sector diversification. With its Specialty Markets area, Helvetia not only has a local presence in Switzerland, France and the Principality of Liechtenstein, but also in Miami for Latin America as well as in Singapore and Malaysia.

The specialty markets unit identifies itself as a customer-oriented niche player with bespoke expertise in Specialty Lines and offer sustainable insurance as well as reinsurance solutions on a global scale.

Specialty Lines Switzerland / International

Specialty Lines Switzerland / International (SpL CH / Int.) is a long-established branch of the Issuer. It operates predominantly from Switzerland supporting the global expansion of Swiss customers with an international footprint. Its strong market position is evidenced by the top one position in the Swiss transport insurance business. In addition, SpL CH / Int. aims to selectively expanding its global reach in Asia, America and Europe.

SpL CH / Int. offers small to large engineering, marine and art risk insurance protections as its main business. As per year-end 2018, gross written premiums amounted to CHF 263 million, and the net combined ratio at 96.7%.

France

The "French branch" is a branch of the Issuer. Helvetia has been successfully focusing on marine and transport insurance through its French branch office for more than 20 years. The French unit could further expand its business position with selective acquisitions in 2009 and 2012, which are combined in the main operating entity. Helvetia Group is the number two in the French transport insurance business providing insurance covers, predominantly via a network of brokers, for damage to goods, road haulier’s liability and damage to vehicles. This is further complemented by hull insurance products typical in marine insurance ranging from commercial ships, fishing vessels, river vessels, yachts and ports. In recent years the unit has successfully expanded its offerings to include engineering and art insurance with the aim of becoming a specialist SME insurer.

The 2018 gross written premiums of the French business unit amounted to CHF 235 million. The net combined ratio stood at 94.4% for the same period.

Active Reinsurance

Types and lines of business

Helvetia Group has an established yet relatively small active reinsurance portfolio underwritten by a branch of the Issuer. In this field, Helvetia acts as a following reinsurer only, while focusing on a good diversification by market and lines of business.

All classes and types of proportional and non-proportional non-life treaty business are reinsured. The portfolio consists of property, casualty and specialty lines and is predominantly short tail business. Facultative risks and life reinsurance are not a key focus of the current underwriting strategy. In 2018, the active reinsurance had, via brokers, underwritten CHF 522 million in gross premiums, mainly in OECD countries.

Other countries

Helvetia has also certain subsidiaries, branches or representative offices in Belgium, Liechtenstein, Luxembourg, Malaysia, Singapore, the United States and the United Kingdom.

Risk management and investment policy

Helvetia Group is exposed to different types of risks. The Group has established a risk management organization with the purpose of efficiently managing financial and other risks.
Risk management organisation

The organisational structure of Helvetia Group ensures a standardised application of the group wide risk management standard. In doing so, roles and responsibilities in the business units comply with the risk management organisation of the group. This is based on a governance model that differentiates between the three basic roles of risk owner, risk observer and risk taker. The supreme risk owner is the Board (particularly the Investment and Risk Committee, Audit Committee and the Strategy and Governance Committee) as well as the executive management of Helvetia Group (the Executive Management). As the central bodies responsible for this function, they bear the ultimate responsibility for risk and define the risk strategy and the risk appetite for the group. Various risk observers assess the risks entered into by 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 and Executive Management in their decisions. The central risk controlling role “Group Risk Management” is responsible for the growth and development of the risk management system as well as for monitoring risks and controlling measures, and serves as a competence centre for the group’s risk management. It is supported by specialised risk controlling and steering functions, such as the group actuarial offices, asset management and capital management. The internal auditor independently monitors the efficiency of the risk management system. The risk takers control and manage risks in an operational context. They are responsible for risk management in the different business areas and processes.

Risk management processes and risk environment

The key components of Helvetia Group risk management process include the identification, analysis and management of risks, the monitoring of the success, effectiveness and appropriateness of the risk management measures, and reporting and communication. The risk management process ensures that sufficient risk-bearing capital is available at any time to cover the risks assumed in accordance with the chosen risk tolerance. The numerous risks to which Helvetia Group is exposed in its business activities are included in the risk management process of the group. 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. Liquidity risk generally refers to the risk of being unable to provide an unexpected cash outflow in a timely manner. Counterparty or credit risk is the risk of a contractual counterparty being unable to pay or of a change in the counterparty’s creditworthiness. The insurance technical risks of life and nonlife belong to the traditional risks of an insurance company and are consciously entered into as part of the chosen business strategy. Operational risk represents the risk of losses due to errors or the failure of internal processes, employees or
systems, or as a result of external events whereby operational risks are taken also into consideration. Strategic risks include the risk of not achieving business targets due to the inadequate alignment of a company’s business activities on the market and in the market environment. Emerging risks are risks that have not yet been realised as actual risks, but are already in existence and have a high potential for large claims.

**Methods for risk analysis and control**

The diverse risk environment requires the use of differing methods of risk analysis. Helvetia Group uses the Swiss Solvency Test as a primary instrument for analysing and quantifying market, counterparty and technical risks. The company uses internal models here, including for the areas of market risk and technical risk. Risks are controlled and limited by means of hedging instruments, specific product design, reinsurance protection, limit systems (including exposure control and loss limits), diversification strategies, process optimisations and other measures.

**Asset and Liability Management (ALM) - Process & methodologies**

Helvetia Group pursues a sustainable investment policy tailored to the liabilities arising from the insurance business. The objective is to generate attractive medium- and long-term returns for the shareholders and to make a reliable contribution to the group result. The investment strategy of Helvetia is based on a time-tested asset liability concept. First, a strategic asset allocation for each business unit is derived on the basis of a careful analysis of the liabilities. This satisfies the high security requirements of the insurance business while at the same time meeting the requirements for returns of each of the individual stakeholder groups. Moreover, the asset liability management ensures that there is always enough capital available for the ongoing strategic development of the Group and that the increasing regulatory requirements are taken into consideration. In doing so, the regulatory solvency requirements must be fulfilled at all times. The introduction of the Swiss Solvency Test made it possible to gradually and noticeably extend the duration of the fixed-income products in the life business. Due to the long maturities of the assets, the period of very low interest rates is only gradually having an effect on direct returns. At the same time, the reduction in the guaranteed interest rates included in life insurance policies also helps balancing out this effect.

**Broadly diversified investment portfolio**

The Helvetia investment portfolio is broadly diversified. The balanced distribution of the portfolio applies both between and within the individual asset classes. In order to avoid cluster risks, absolute exposure limits apply to the individual counterparties, depending on their creditworthiness. Moreover, Helvetia places high demands on the quality of the counterparties. At the end of the year 2018, around 83% of the bond portfolio had at least an ‘A’ rating.

Helvetia generates attractive investment income for the customers and shareholders while controlling investment risk through the prudent combination of low risk assets, such as high-quality bonds and mortgages, which make up almost 71% of the portfolio as per year-end 2018, and instruments with higher returns such as real estate and shares. The interest income gained from bonds, mortgages and real estate ensures the sustained stability of the investment income, while the valuation gains from the equity exposure create interesting medium-term potential for returns. Helvetia’s high-quality property portfolio is an excellent fit with the liabilities from the insurance business, not only because of the long-term stable and attractive rental income, but also due to the stable values of the assets.

**Prudent investment strategy and timely risk management**

The investment strategy is defined in detail and implemented as part of the annual adaptation of the investment approach. Adjustments are made to take advantage of new opportunities arising from short-term market developments, while remaining within the tactical bandwidths established by the management. The investment strategy is always supported by timely risk management. The objective of the risk-controlling measures is to protect the balance sheet and the income statement from excessive losses in value. This applies to exposures in foreign currencies and shares, whereby – depending on market developments – particular use is made of options and futures to hedge risks; in addition, counterparty risks are subjected to ongoing analysis and control using various criteria such as ratings, credit quality, and the development of interest spreads. To avoid cluster risks, Helvetia also applies graded upper limits based on debtor quality. Investment strategy and risk management are designed to ensure the group’s long-term solvency and to optimise the impact of volatile markets on the annual result.

**Intellectual Property**

The main trademark "Helvetia" is registered in Switzerland and in the European Union (European Community
Trademark under the Madrid System).

Capital Structure

Issued Share Capital
Helvetia’s share capital as of the date of this Prospectus is CHF 994,513.70. It is divided into 49,725,685 fully paid-in registered shares with a nominal value of CHF 0.02 each.

Conditional Share Capital
As of the date of this Prospectus, Helvetia has a conditional share capital in the aggregate amount of CHF 129,793.20. The share capital may be increased by the issuance of up to 6,489,660 registered shares with a nominal value of CHF 0.02 each, to be fully paid in, through the exercise of conversion and/or option rights granted in connection with bonds or similar financial instruments of the Guarantor or of one of its group companies issued on domestic or international capital markets, and/or through the exercise of option rights granted to shareholders.

Authorised Share Capital
The Guarantor has currently no authorised share capital.

Own Shares
As of 31 December 2019, Helvetia and its subsidiaries hold 267,932 treasury shares.

Cross-shareholdings
As of the date of this Prospectus, there are no cross-shareholdings of Helvetia that exceed 5% of the holding of capital or voting rights on both sides.

Bonds and Options
As of the date of this Prospectus, there are no outstanding convertible bonds or options issued by Helvetia on its securities.

For information on the outstanding bonds issued by the Issuer, see page 8 of the 2018 annual report of Helvetia (Part 2 – financial report).

Notices and Information Policy

Weblinks
The Helvetia’s website:
www.helvetia.com
E-mail distribution list (push system):
Ad-hoc messages (pull system):
Financial reports:
Corporate calendar:

According to the Articles, notices to shareholders are validly made by publication in the Swiss Official Gazette of Commerce (Schweizerisches Handelsamtsblatt). Written communications by the company to its shareholders may be...
sent by ordinary mail to the last address of the shareholder entered in the share register of the company.

Any notices containing or announcing amendments or changes to the terms of this Prospectus will be announced through the electronic media. Notices will also be published in Swiss newspapers to the extent required by the Listing Rules.

Dividends and Dividend Policy

Dividend History

In the past five financial years, Helvetia has paid the following dividend per share for the corresponding financial year:

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividend</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>CHF 24.00</td>
</tr>
<tr>
<td>2017</td>
<td>CHF 23.00</td>
</tr>
<tr>
<td>2016</td>
<td>CHF 21.00</td>
</tr>
<tr>
<td>2015</td>
<td>CHF 19.00</td>
</tr>
<tr>
<td>2014</td>
<td>CHF 18.00</td>
</tr>
</tbody>
</table>

In 2019 Helvetia has performed a share split, where the nominal value of a share has been reduced to CHF 0.02 from CHF 0.10. However, the total share capital has been kept stable at CHF 994,513.70, equaling now to 49,725,685 shares. Consequently, dividends per share will be lower by a factor of 5 going forward (e.g., the dividend per share of CHF 24.00 as per 2018 would translate to a dividend of CHF 4.80 per share based on the new number of shares).

Distribution Policy

The Board pursues an income-oriented, sustainable distribution policy that allows Helvetia to maintain its solid capital base. The aim is to pay out a stable proportion of profits ranging between 30 and 50%.

Helvetia has no direct operations other than the holding of investments and distributions are dependent upon the ability of Helvetia's investments to generate cash flows and then to distribute these cash flows to Helvetia in the form of dividends, interest, loan repayments, swap payments and returns of capital. Each of Helvetia's initial investments will be subject to the applicable laws of its respective jurisdiction, which will determine whether and how it may distribute cash to Helvetia. Distributions will only be paid to the extent that they are able to be funded by proceeds received from Helvetia's investments, provided that such distributions fulfill the requirements imposed by the applicable law.

The foregoing are statements of Helvetia's present intentions, which may be subject to modification (including the reduction or non-declaration of any distributions) in the sole and absolute discretion of the Board. The declaration of any future distributions will be subject to the decision of the shareholders' meeting. The form, frequency and amount of future distributions (if any) on the Shares as proposed by the Board to the shareholders' meeting will depend on Helvetia's earnings, financial position, results of operations, contractual restrictions, provisions of applicable law and other factors which the Board may deem relevant. A distribution by way of a reduction of the share capital will require a period of at least ten (10) to twelve (12) weeks from the date of the shareholders' meeting at which a resolution to reduce the nominal value per Share is passed until the date of payment. Helvetia will make distributions, if any, in CHF.

If the contemplated acquisition of Caser shares is financially backed by an issuance of new shares of Helvetia Holding, such new shares are equally entitled to dividends following their registration in the commercial register.
ADMINISTRATIVE, MANAGEMENT AND AUDIT BODIES

Board of Directors
The Articles provide that the Board shall comprise seven to thirteen members. The members of the Board and its chairman are elected individually by the annual general shareholders' meeting (Generalversammlung). Directors are appointed to and removed from the Board exclusively by a shareholders’ resolution.

Election and term of office of the members of the Board
According to the Articles currently in effect, the term of office for each newly elected member of the Board ends with the conclusion of the next annual general shareholders' meeting. The Articles allow for re-election of members of the Board.

The annual shareholders' meeting elects the chairman of the Board. The Board appoints a vice-chairman. It may also appoint a secretary who need not be a member of the Board. According to Helvetia's organizational rules (Organisationsreglement) (the Organizational Rules) enacted by the Board on 3 May 2019, the Board meets at the invitation of the chairman, or, if he is not in a position to do so, the vice-chairman or another member of the Board, as often as required, but at least five times each year. The resolutions of the Board are passed by way of absolute majority of the votes cast. In the case of a tie vote, the acting chairman has the casting vote. To validly pass a resolution, a majority of the members of the Board must attend the meeting. Absent members cannot be represented. No quorum is required for confirmation resolutions and amendments of the Articles in connection with capital increases pursuant to Article 653g of the Swiss Code of Obligations.

Powers and duties
The Board is entrusted with the ultimate direction of Helvetia's business and the supervision of the Executive Management. It represents Helvetia towards third parties and manages all matters which have not been delegated to another corporate body of Helvetia by law, the Articles, the Organizational Rules or by other regulations.

The Board's non-transferable and irrevocable duties include the ultimate management of Helvetia and the power to issue the necessary directives in this regard; the determination of the organization of Helvetia; the administration of its accounting system, its financial control as well as its financial planning; the appointment and removal of the persons entrusted with the management and representation of Helvetia, as well as the determination of their signatory power; the ultimate supervision of the persons entrusted with the management of Helvetia, in particular with respect to their compliance with the law, the Articles, regulations and directives; the preparation of the annual report and the shareholders' meeting, including the implementation of its resolutions; the decision about the performance of additional contributions to (not fully paid-in) shares of the Company and the corresponding amendments of the Articles; the decision about the increase of the share capital, to the extent such increase lies within the authority of the Board, the ascertainment of capital increases, the establishment of reports about a capital increase and the respective amendments to the Articles; the examination of the professional qualifications of the auditors; the non-transferable tasks and duties of the Board pursuant to the Swiss Merger Act; and the notification of the judge in case of over indebtedness.

In accordance with Swiss law, the Articles and the Organizational Rules, the Board has delegated Helvetia's operational management to the Chief Executive Officer and further members of the Executive Management.

Members of the Board
Helvetia’s Board currently comprises ten members (including the chairman), all of whom are non-executive directors. The table below sets out the name, age, position, committee memberships and the term of each of the current members of the Board, followed by a short description of each director's business experience, education and activities.

<table>
<thead>
<tr>
<th>Name</th>
<th>Born</th>
<th>Position / Committee membership</th>
<th>Director since</th>
<th>Term expires</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doris Russi Schurter</td>
<td>1956</td>
<td>Chairwoman / SGC (C)</td>
<td>2008</td>
<td>2020</td>
</tr>
<tr>
<td>Hans Künzle</td>
<td>1961</td>
<td>Vice Chairman / SGC, IRC (C)</td>
<td>2015</td>
<td>2020</td>
</tr>
<tr>
<td>Thomas Schmuckli</td>
<td>1963</td>
<td>Vice Chairman / IRC</td>
<td>2018</td>
<td>2020</td>
</tr>
<tr>
<td>Beat Fellmann</td>
<td>1964</td>
<td>Member / IRC</td>
<td>2018</td>
<td>2020</td>
</tr>
<tr>
<td>Jean-René Fournier</td>
<td>1957</td>
<td>Member</td>
<td>2011</td>
<td>2020</td>
</tr>
</tbody>
</table>
Doris Russi Schurter, Swiss citizen. Chairwoman of the Board. Law degree (University of Fribourg), lawyer.


Appointments at listed companies: Chairwoman of the Board of Directors of Luzerner Kantonalbank.

Appointments at other companies: Member of the Board of Directors of Swiss International Airlines, Basel.

Pro bono appointments: three appointments, in particular President of the Association of Swiss Companies in Germany, VSUD, Basel.

Hans C. Künzle, Swiss citizen. Vice Chairman of the Board. Doctorate in law (University of Zurich).

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-President of the Board of Directors of Helvetia Insurance.

Appointments at listed companies: none.

Appointments at other companies: three appointments: Member of the Board of Directors of CSS Versicherung, Lucerne, Canopius Holding, Zurich, and Canopius Re, Zurich.

Pro bono appointments: three appointments, in particular President of the National Committee of UNICEF Switzerland and Liechtenstein and on the Board of Pro Infirmis.

Thomas Schmuckli, Swiss citizen. Vice Chairman of the Board. Doctorate in law (University of Fribourg), lawyer.


Appointments at listed companies: chairman of the Board of Directors of Bossard Holding AG, Zug.

Appointments at other companies: four appointments: Chairman of the Board of Directors of Credit Suisse Funds AG, Zurich; Member of the Board of Directors of MultiConcept Funds Management S.A., Luxembourg; Member of Board of Directors of Hans Oetiker Holding AG, Horgen; Delegate and Chairman of the Board of Directors of Patria
Beat Fellmann, Swiss citizen. Member of the Board. Degree in economics from the University of St Gallen and Swiss Certified Public Accountant.


Appointments at listed companies: none.

Appointments at other companies: appointments: 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, Swiss citizen. Member of the Board. Degree in economics from the University of Fribourg (lic. oec. publ.)


Appointments at listed companies: none.

Appointments at other companies: five appointments at non-listed companies / institutions: Vice-Chairman of the Board of Directors of Patria Genossenschaft, Basel; Member of the Board of Directors of Forces motrices de la Gougra SA, Sierre, and Grande Dixence SA, Sion; Chairman of the Board of Directors of Immobilien Gletsch AG, Obergesteln; Chairman of the Board of Directors of Loterie Romande.

Pro bono appointments: President of the Board of Trustees of the Disability Foundation Valais de Coeur.

Ivo Furrer, Swiss citizen. Member of the Board. Doctorate in law (University of Zurich).

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 Ltd.

Appointments at other companies: appointments, in particular member of the Liechtenstein Financial Market Authority (FMA), Vaduz, member of the Board of Directors of inventx AG, Chur.

Pro bono appointments: Member of the Board of Trustees of the Foundation for Children in Switzerland; Chairman of digitalswitzerland, Zurich.

Christoph Lechner, Swiss and German citizen. Member of the Board. Prof. and Doctor of economics (Prof. Dr. oec.)

Professional background, exercising operational executive functions: 1987 – 1995 various positions at Deutsche Bank, including: Corporate Banking and Assistant to the Management (Germany); Corporate Finance (Singapore); 1995 – 2004 University St Gall, promotion and habilitation, guest professor in the USA (Wharton and Connecticut) as well as South America (IAE Argentina); 2004 to present, professor of Strategic Management at the University of St Gall and also Chairman of the Board at the Institute of Management (IfB).
Appointments at listed companies: none.  
Appointments at other companies: none.  
Pro bono appointments: none.  

**Gabriela Maria Payer**, Swiss citizen. Member of the Board. Dr. phil. (University of Zurich).  
Professional background, exercising operational executive functions: Gabriela Maria Payer held numerous management roles at UBS AG from 1993 to 2012. After holding the function of Head of Marketing Retail Banking she headed up the reorganization of the Region Switzerland and its distribution channels, set up e-banking for the bank and in 2004 took on worldwide responsibility for education and personnel development. In 2005 she became Head of Human Resources for Global Wealth Management & Business Banking and in 2009 founded the UBS Business University, for which she had responsibility throughout the whole Bank. Since 2012 she has been Head of Education and a member of the Management Board of the Swiss Finance Institute and manages the consultancy firm PAYERPARTNER for strategic business development. She is also a member of the Advisory Boards of CEO Positions AG and MakingScienceNews AG.  
Appointments at listed companies: Member of the Board of Directors of VP Bank AG, Liechtenstein.  
Appointments at other companies: Two appointments: Vice-Chairwoman of the Board of Directors of the Upper Engadine Healthcare Foundation (SGO), Samedan, and Vice-Chairwoman of Sygnum Ltd, Zurich and Singapore.  
Pro bono appointments: advisory board appointments: Universities of Bern and Lucerne as well as the Swiss Leadership Forum, Zurich.  

**Andreas von Planta**, Swiss citizen. Member of the Board. Dr. iur. (University of Basel), LL. M. (Columbia University).  
Professional background, exercising operational executive functions: lawyer, has been employed with attorneys Lenz & Staehelin, Geneva, since 1983, and has been a Partner from 1988 to 2017; senior counsel since 2018. Andreas von Planta was elected to the Board of Directors of Nationale Suisse in 1997 of which he was the Vice-Chairman since 2001 and the Chairman since 2010.  
Appointments at listed companies: Member of the Board of Directors of Novartis AG, Basel.  
Appointments at other companies: seven appointments, in particular Chairman of the Board of Directors of HSBC Private Bank (Swiss) SA, Geneva; and President of the Regulatory Board of SIX Swiss Exchange (previously registration office of SWX Swiss Exchange).  
Pro bono appointments: none.  

**Regula Wallimann**, Swiss citizen. Member of the Board. Degree in economics (University of St Gallen) and Swiss and US Certified Public Accountant.  
Professional background, exercising operational executive functions: 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: Member of the Board of Directors of Swissgrid Ltd, Laufenburg; Member of the Supervisory Board of the Institute for Accounting, Controlling and Auditing (ACA) of the University of St. Gallen (HSG).  
Pro bono appointments: none.  

**Board Committees**  
*Strategy and Governance Committee*
The Strategy and Governance Committee prepares the resolutions to be passed by the Board in the event of a change or redefinition of strategy, monitors the strategic risks within the framework of the defined strategy and the related measures, deals with mergers, takeovers and disposals of companies or major portfolios, and prepares the required resolutions by the full Board.

It also ensures good corporate governance within Helvetia Group, assumes duties and powers that have been assigned to the Strategy and Governance Committee by the Board, deals with issues entrusted to it by the chairman that are not reserved for the full Board in accordance with the law, the Articles or the Organizational Rules, and discusses important and urgent issues.

Current members: Doris Russi Schurter (chairwoman), Hans C. Künzle, Ivo Furrer, Christoph Lechner.

Nomination and Compensation Committee

The chairperson and the other members of the nomination and compensation committee are appointed by the company’s shareholders’ meeting for a term of office extending until completion of the next ordinary shareholders’ meeting. Re-election is possible.

The function of the nomination and compensation committee is to support the Board in establishing and reviewing the compensation strategy and guidelines, in the preparation of the compensation report as well as in preparing the proposals to the shareholders’ meeting regarding the compensation of the Board and the Executive Management. The nomination and compensation committee may submit proposals to the Board in other compensation-related issues.

Current members: Gabriela Maria Payer (chairman), Christoph Lechner, Andreas von Planta, Regula Wallimann.

Investment and Risk Committee

The Investment and Risk Committee formulates the investment concept, basic guidelines and investment strategy, proposes the strategic bandwidths for asset allocation, approves the investment strategy and supervises the investment activities of Helvetia Group. It also makes investment decisions insofar as the Board has entrusted it with the corresponding powers, determines the most important risk strategies, the risk tolerance, risk appetite and applicable risk limits, and monitors all non-strategic and non-operational risks as well as the related risk management measures and limit compliance.

Current members: Hans C. Künzle (chairman), Thomas Schmuckli, Beat Fellmann, Gabriela Maria Payer.

Audit Committee

The Audit Committee assists the Board in its duties with regard to overall supervision and financial control. It examines the accounts from the points of view of completeness, integrity and transparency, verifies their compliance with applicable accounting standards and external reporting requirements, assesses risk governance and risk organisation, and monitors the functional capacity and effectiveness of the internal control systems (ICS). It monitors the operational risks and related risk management measures, and verifies the independence and quality of the audits by the internal and external auditors. It ensures optimal cooperation between internal and external control units, the Audit Committee, the chairman and the Executive Management.

The Audit Committee approves the internal audit plan and assists with the compilation of external audit plans, examines the results of audits, comments on them for the attention of the Board, and may if necessary award special audit mandates. It also prepares the election of the statutory auditors, and submits the necessary proposals to the Board. It verifies the consistency of auditing activities with any existing consulting mandates and examines the overall fee structure.

Current members: Ivo Furrer (chairman), Andreas von Planta, Beat Fellmann, Regula Wallimann.

Executive Management

Subject to those affairs which lie within the responsibility of the Board by law, Articles and Organizational Rules, the Board has delegated the executive management of Helvetia to the Executive Management.

The members of the Executive Management are appointed by the Board.

Members of Executive Management

The Executive Management currently comprises six members. The table below sets out the name, age, and the position of each of the current members of Executive Management, followed by a short description of each member’s business experience, education and activities:
Philipp Gmür, Swiss citizen. Chief Executive Officer (CEO) / Group CEO. Doctorate in law (University of Fribourg), lawyer, LL.M. (Duke Law School).

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: none.

Appointments at other companies: Member of the Board Committee of the Swiss Insurance Association (SIA); Member of the Board of Directors of Economie Suisse; Member of the Board of Trustees of Avenir Suisse; Member of the Board of Directors at two other non-listed companies.

Pro bono appointments: Chairman of the Funding Association and member of the Executive Committee of the I. VW Institute of Insurance Economics, St. Gallen and two Board of Trustees appointments.

Achim Baumstark, German citizen. Head of IT / Group CTO. Diploma in computer science (University of Karlsruhe).


Appointments at listed companies: none.

Appointments at other companies: none.

Pro bono appointments: none.
Donald Desax, Swiss citizen. Head of Occupational Pensions Switzerland. Law degree (University of Bern).

Professional background: 1986–1989 Corporate Advisor in relation to the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans at Patria Insurance; 1990–1995 Department Head and Managing Director at Servisa; 1996–2001 Head of Companies client area at Helvetia Insurance; 1997 Member of the Executive Management of Helvetia Switzerland; 2001–2016 Head of Business Benefit division; Member of the Executive Management in his current role since 1 January 2017. Donald Desax will retire within the first half-year of 2020.

Appointments at listed companies: none.

Appointments at other companies: Member of the Federal Occupational Benefit Plan Commission; Member of the Life Committee of the Swiss Insurance Association (SIA); Vice-President of the Swisscanto Vested Benefits Foundation of the Cantonal Banks; Member of the Strategy and Governance Committee of the Swisscanto Collective Foundation of the Cantonal Banks; Member of the Board of Prevo AG, Basel, and Chairman of the Helvetia Investment Foundation.

Pro bono appointments: none.

Markus Gemperle, Swiss citizen. Head of Strategy & Operations (CSO). Doctorate (Dr. iur. HSG).

Professional background: 1986–1988 Legal Counsel Claims Department, Helvetia Feuer, St Gall; 1988–1990 Academic Assistant, Institute for Insurance Studies, University of St Gall; 1990 Joined Helvetia Insurance; Head of various departments in the non-life business in Switzerland; 2002 Head of Corporate Centre of Helvetia Patria Group; 2004 Member of the Executive Management of Helvetia Switzerland: CIO; 2006 Member of the Executive Management of Helvetia Switzerland: Head of Operations & Partners; 2008 Member of Executive Management: Head of Strategy & Operations; since 2015 Member of the Executive Management in his current position.

Appointments at listed companies: none.

Appointments at other companies: Chairman and Member of the Board of Directors at unlisted companies.

Pro bono appointments: none.

Ralph Jeitziner, Swiss citizen. Head of Sales Switzerland. Swiss Federal Diploma in Insurance and Social Security Number.


Appointments at listed companies: none.

Appointments at other companies: Chairman of the BoD of Coop Rechtsschutz AG, Aarau; Chairman of the BoD of Medicall AG, Brüttisellen; Member of the Board of Trustees of Sanitas Health Insurance, Zurich, Member of the BoD of Helsana Rechtsschutz AG; Chairman of the Employers' Association of Basel-Stadt.

Pro bono appointments: none.

Reto Keller, Swiss citizen. Head of Private Pension Switzerland. Licentiate in Business Administration and Business Information Technology (University of Zurich).

2011 CEO and Delegate to the Board of Directors; joined Helvetia Insurance: 2011 Member of the Executive Management of Helvetia Switzerland and Head of Private Pensions; Member of the Executive Management in his current role since 1 January 2017.

Appointments at listed companies: none.

Appointments at other companies: none.

Pro bono appointments: none.

Adrian Kollegger, Swiss citizen. Head of Non-Life Switzerland. Lic. oec. (University of St Gallen).


Appointments at listed companies: none.

Appointments at other companies: Member of the Board of Directors of Coop Rechtsschutz AG, Aarau; Member of the Claims Committee of the Swiss Insurance Association (SIA).

Pro bono appointments: none.

Beat Müller, Swiss citizen. Head of Actuarial Services. Degree in actuarial science (University of Basel), Actuary SAA, certified Swiss pension insurance expert.

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: Vice-President of the Swiss Association of Actuaries; Member of the Strategy and Governance Committee of the Swisscanto Collective Foundation of the Cantonal Banks.

Pro bono appointments: none.

Paul Norton, Swiss and British citizen. Chief Financial Officer (CFO) of the Helvetia Group. B.A. in history (University of Reading/UK); Chartered Accountant.


Appointments at listed companies: none.

Appointments at other companies: member of the Finance and Regulation Committee of the Swiss Insurance Association (SIA).

Pro bono appointment: none.
**David Ribeaud.** Swiss citizen. CEO Specialty Markets. Diploma in natural sciences (ETH Zurich), Actuary SAA.

Professional background: joined Swiss Re in 1995, 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 2018 as Head of Specialty Lines & Foreign Countries; since 1 January 2015 Member of the Group Executive Management in his current position

Appointments at listed companies: none.

Appointments at other companies: none.

Pro bono appointment: none.


Professional background: from 1997 to 2008 at Swiss Bank Corporation, Operations SBC Warburg; then from 1998 to 2003 at Swiss Re, various management roles and between 2004 and 2007 Head of Asset Allocation; between 2007 and 2009 Head of Alternative Equity Strategies; from 2009 to 2014 at Nationale Suisse as Head of Asset Management and Deputy Chief Investment Officer; 2014-2015 Head of CIO Office and Deputy Chief Investment Officer at Catlin Group Ltd; 2015-2016 Head of Global Asset Positioning at XL Group Ltd, and then Group Chief Investment Officer between 2017 and 2019; since April 2019, Member of the Group Executive Management in his current position.

Appointments at listed companies: none.

Appointments at other companies: member of the Board of Helvetia Asset Management AG; member of the Board of MoneyPark AG and member of the Investment Committee of the Swiss Insurance Association SIA.

Pro bono appointment: none.

**Financial Year and Auditors**

Pursuant to the Articles, Helvetia's financial year is determined by the Board. As of the date of this Prospectus, Helvetia's financial year ends on December 31 of each calendar year.

KPMG AG, Räffelstrasse 28, 8045 Zurich, Switzerland, have served as the auditors of Helvetia and its consolidated subsidiaries since 2005. The statutory auditors’ terms of office must be renewed by the shareholders’ meeting every year.

The KPMG AG audit team for the financial year 2018 consisted of Bill Schiller (since 2014), ACA, Partner Financial Services; lead auditor and Andrea Bischof (since 2015), Swiss Certified Accountant, Director Financial Services. The audit team for financial-year 2019 consists of Rainer Pfaffenzeller as lead auditor and Tomas Hrubizna.
CERTAIN SWISS TAX CONSIDERATIONS

The following is a summary of certain Swiss tax consequences of the purchase, beneficial ownership and disposition of the Bonds. The summary does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a decision to purchase, own or dispose of the Bonds. The summary relates only to the position of persons who are the absolute beneficial owners of the Bonds and may not apply to certain other classes of persons.

The summary is based upon Swiss tax laws and tax practice as in effect on the date of this Prospectus, which are subject to prospective or retroactive change. The summary does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in Bonds should be aware that tax law and interpretation, as well as the level and bases of taxation, may change from those described and that changes may alter the benefits of an investment in, holding or disposing of, Bonds. The Company makes no representations as to the completeness of the information and assumes no liability of whatsoever nature for the tax implications for investors in Bonds.

Prospective investors in the Bonds should consult their own advisors as to the Swiss or other tax consequences of the purchase, beneficial ownership and disposition of the Bonds.

Swiss federal withholding tax

Deduction

Each payment of interest on the Bonds as well as payments which qualify as interest for Swiss federal withholding tax purposes (such as a potential issue discount or repayment premium, (but not repayment of principal)) will be subject to deduction of 35 per cent. Swiss federal withholding tax (Verrechnungssteuer).

Refund

A holder of a Bond who resides in Switzerland and who at the time a taxable payment on the Bond is due is the beneficial owner of the taxable payment and, in the case of a holder who is an individual holding the Bond privately, duly reports the gross taxable payment in his or her tax return, and, in the case of a holder who is a legal entity, or who is an individual, holding the Bond as part of a business situated in Switzerland, for which he or she is required to keep accounting books, includes such payment as earnings in the income statement, is entitled to a full refund of or a full tax credit for the Swiss federal withholding tax, provided that certain other conditions are met.

A holder of a Bond who is resident outside Switzerland and who during the taxation year has not engaged in a trade or business carried on through a permanent establishment or fixed place of business in Switzerland and at the time a taxable payment on the Bond is due is the beneficial owner of the taxable payment may be able to claim a full or partial refund of the Swiss federal withholding tax by virtue of the provisions of a double taxation treaty, if any, between Switzerland and the country of residence of the holder.

Swiss federal stamp duty

The issue of the Bonds to their initial holders will not be subject to Swiss federal stamp duty on the dealing in securities (Umsatzabgabe) (primary market). Secondary market dealings in the Bonds where a Swiss (or Liechtenstein) domestic bank or a Swiss (or Liechtenstein) domestic securities dealer (as defined in the Swiss Federal Stamp Duty Act) is a party to, or acts as an intermediary in connection with, the transaction may be subject to Swiss federal stamp duty on the dealing in securities at a rate of up to 0.15 per cent. of the consideration paid for the Bonds.

Income taxation on principal or interest

Bonds held by non-Swiss holders

A holder of a Bond who is not resident in Switzerland and who during the taxation year has not engaged in a trade or business carried on through a permanent establishment or fixed place of business in Switzerland will, in respect of payments of interest on, and repayment of principal of, the Bonds, and gain realised on the sale or redemption of Bonds, not be subject to income tax in Switzerland. See “Swiss Federal Withholding Tax” above for a summary on the deduction of Swiss federal withholding tax on payments of interest on the Bonds.
**Bonds held by Swiss resident holders as private assets**

An individual who resides in Switzerland and holds the Bonds as private assets is required to include all payments of interest received on such Bonds in his or her personal income tax return for the relevant tax period and will be taxed on the net taxable income (including the payments of interest on the Bond) for such tax period at the then prevailing tax rates. Swiss resident individuals who sell or otherwise dispose of privately held Bonds realise either a tax-free private capital gain or a non-tax-deductible capital loss. See “Bonds held as Swiss business assets” below for a summary on the tax treatment of individuals classified as “professional securities dealers”.

**Bonds held as Swiss business assets**

Swiss resident corporate taxpayers, corporate taxpayers residing abroad holding Bonds as part of a permanent establishment or fixed place of business situated in Switzerland, and individuals who hold Bonds as part of a business or permanent establishment situated in Switzerland are required to recognise payments of interest on, and any capital gain or loss realised on the sale or other disposal of, such Bonds in their income statement for the relevant tax period and will be taxed on any net taxable earnings for such tax period at the then prevailing tax rates. The same taxation treatment also applies to Swiss resident individuals who, for Swiss income tax purposes, are classified as “professional securities dealers” for reasons of, inter alia, frequent dealings or leveraged transactions in securities.

**International Automatic Exchange of Information in Tax Matters**

Switzerland has concluded a multilateral agreement with the EU on the international automatic exchange of information (AEOI) in tax matters (the AEOI Agreement). This AEOI Agreement became effective as of 1 January 2017, and applies to all 28 member states as well as Gibraltar. Furthermore, on 1 January 2017, the multilateral competent authority agreement on the automatic exchange of financial account information and, based on such agreement, a number of bilateral AEOI agreements with other countries became effective. Based on this AEOI Agreement and the bilateral AEOI agreements and the implementing laws of Switzerland, Switzerland collects and exchanges data in respect of financial assets, which may include Bonds, held in, and income derived thereon and credited to, accounts or deposits with a paying agent in Switzerland for the benefit of residents in a EU member state or a treaty state. A list of the AEOI agreements of Switzerland in effect or signed and becoming effective can be found on the website of the State Secretariat for International Finance (SIF).
SELLING RESTRICTIONS

United States of America and United States Persons

A) The Bonds and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the Securities Act) and may not be offered or sold within the United States of America (the United States) or to, or for the account or benefit of United States persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Issuer, the Guarantor and the Managers have not offered or sold, and will not offer or sell, any Bonds and Guarantee constituting part of their allotment within the United States except in accordance with Rule 903 of Regulation S under the Securities Act.

Accordingly, none of the Issuer, the Guarantor or the Managers and their affiliates nor any persons acting on their behalf have engaged or will engage in any selling efforts directed to the United States with respect to the Bonds and the Guarantee.

Terms used in this paragraph A) have the meanings given to them by Regulation S.

B) The Managers have not entered and will not enter into any contractual arrangement with respect to the distribution or delivery of the Bonds and the Guarantee, except with their affiliates or with the prior written consent of the Issuer.

European Economic Area

In relation to each member state of the European Economic Area (each a Member State), each Manager has represented and agreed that they have not made and will not make an offer of Bonds to the public in that Member State except that it may make an offer of the Bonds to the public in that Member State at any time:

(i) to any legal entity which is a qualified investor as defined in the Prospectus Regulation; or

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation); or

(iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Bonds referred to in (i) to (iii) above shall require the Issuer or any Manager to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "offer of Bonds to the public" in relation to any Bonds in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for

PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Bonds, from the date of application of Regulation (EU) No 1286/2014 (the PRIIPs Regulation), are not intended to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (EEA). Each Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the EEA. For the purposes of this provision:

(a) the expression retail investor means a person who is one (or more) of the following:

   (i) a retail client as defined in point (11) of Article 4(1) of MiFID II;

   (ii) a customer within the meaning of the Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

   (iii) not a qualified investor as defined in the Prospectus Regulation; and

(b) the expression offer includes the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for
Consequently, no key information document required by the PRIIPs Regulation for offering or selling the Bonds or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**United Kingdom**

Each Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the United Kingdom Financial Services and Markets Act 2000 (the **FSMA**)) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

**General**

Neither the Issuer, the Guarantor nor the Managers make any representation that any action has been taken in any jurisdiction that would permit a public offering of any of the Bonds, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required, other than Switzerland.

Neither the Issuer, the Guarantor nor the Managers represent that Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale. The distribution of this Prospectus and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Guarantor to inform themselves about and to observe any such restrictions. This Prospectus does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken in any jurisdiction that would permit a public offering of the Bonds or the distribution of this Prospectus in any jurisdiction where action for that purpose is required.