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THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to review this Prospectus or make an investment decision with respect to the securities described herein, investors must not be a US Person (as defined in Regulation S under the Securities Act). You have been sent the attached Prospectus on the basis that you have confirmed to UBS Investment Bank, being the sender of the attached, (i) that you and any customers that you represent are not US Persons, (ii) that the electronic mail (or e-mail) address to which it has been delivered is not located in the United States of America, its territories and possessions, any State of the United States or the District of Columbia (where "possessions" include Puerto Rico, the US Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) and (iii) that you consent to delivery by electronic transmission.

You are reminded that the Prospectus has been delivered to you on the basis that you are a person into whose possession the 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 Prospectus to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. Also, there are restrictions on the distribution of the attached Prospectus and/or the offer or sale of Notes in the member states of the European Economic Area. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction. The 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 does not apply.

The Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of UBS Investment Bank, the Syndicate Banks or any person who controls any of them or any director, officer, employee or agent of any of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from UBS Investment Bank, if lawful.



Helvetia Schweizerische Versicherungsgesellschaft AG St. Gallen, Switzerland

CHF 300,000,000 fixed to fixed rate guaranteed perpetual subordi- nated bonds (the "Bonds")

– with reopening clause –

Unconditionally and irrevocably guaranteed on a subordinated basis
by Helvetia Holding AG, St. Gallen, Switzerland

Issuer's Name and registered office:	Helvetia Schweizerische Versicherungsgesellschaft AG, Dufourstrasse 40, 9001 St. Gallen, Switzerland (" Helvetia SV ")
Guarantor's Name and registered office:	Helvetia Holding AG, Dufourstrasse 40, 9001 St. Gallen, Switzerland (" Helvetia ")
Interest Rate:	The Bonds bear interest on their Principal Amount payable annually in arrear on 23 November in each year (an " Interest Payment Date ") (i) at a fixed rate of 3.00 per cent. per annum (the " Fixed Interest Rate ") from (but excluding) the Payment Date up to (and including) the First Call Date; (ii) reset on the First Call Date, and every 5 years thereafter at the sum of the Prevailing Relevant Midswap Rate and the Initial Margin (the " Reset Interest Rate ").
Deferral of Interest:	Interest on the Bonds are (i) deferrable at the option of the Issuer at all times, (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 of the Terms of the Bonds. Payment of Interest will be mandatory on a Compulsory Interest Payment Date. For definition of Compulsory Interest Payment Date see condition 2.4 of the Terms of the Bonds.
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 Syndicate Banks have purchased the Bonds at 100% of the nominal amount (before commission).
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 (<i>Wertrechte</i>) in accordance with article 973c of the Swiss Code of Obligations and, upon registration in the main register (<i>Hauptregister</i>), will constitute intermediated securities (<i>Bucheffekten</i>); investors do not have the right to request the delivery of individually certificated Bonds.
Denominations:	CHF 5,000 nominal and multiples thereof.
Payment Date:	23 September 2015
Redemption Date:	The Bonds have no fixed maturity date and Bondholders do not have the right to call the Bonds for their redemption. No acceleration remedy exists in case of payment default other than in bankruptcy or insolvency. Issuer's clean-up call for redemption. On the First Call Date and on any subsequent Interest Payment Date thereafter, the Issuer may, at its option, redeem all, but not some only, of the Bonds at their Principal Amount, together, if applicable, with interest accrued to the date fixed for redemption and any Deferred Interest. Issuer's 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.
First Call Date:	23 November 2022
Early Redemption:	Early Redemption upon the occurrence of an Accounting Event, Capital Event or Regulatory Event or for taxation reasons (non tax deductibility of the Bonds) at the 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 an Accounting Event or Capital Event or for taxation reasons 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 of the terms of the bonds.

Reopening of the Issue:	The Issuer reserves the right to reopen (the " 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, unconditional and subordinated obligations of the Issuer.
Guarantee:	Unconditional and irrevocable 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. Place of jurisdiction for the Notes and all related contractual documentation shall be Zurich.
Selling Restrictions:	In particular U.S.A., U.S. persons, European Economic Area and the United Kingdom.
Listing and Trading:	Listing will be applied for in accordance with the standard for Bonds of the SIX Swiss Exchange Ltd.. The Bonds have been provisionally admitted to trading on the SIX Swiss Exchange on 21 September 2015. The last trading day of the Bonds is expected to be the second business day prior to the Redemption Date.
Rating:	BBB+ (stable outlook) by Standard & Poor's
Security Number/ ISIN/Common Code:	29.298.443 / CH0292984439 / 128886079

Joint Lead Managers and Bookrunners

UBS Investment Bank

Credit Suisse

**Deutsche Bank AG London Branch,
acting through Deutsche Bank AG
Zurich Branch**

Senior Co-Managers

Raiffeisen Switzerland Cooperative

Bank Vontobel AG

together the "Syndicate Banks"

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IMPORTANT INFORMATION

Helvetia, which is incorporated as a stock corporation (*Aktiengesellschaft, société anonyme*) in Switzerland with registered office at Dufourstrasse 40, 9000 St. Gallen, Switzerland, assumes responsibility for the content of this Prospectus dated 21 September 2015 (the "**Prospectus**") pursuant to section 4 of Scheme E of the Listing Rules. Helvetia confirms that, to the best of its knowledge, the information in this Prospectus is correct and no material facts or circumstances have been omitted.

This Prospectus is being issued by Helvetia solely in connection with the Listing of the Bonds. The information contained in this Prospectus has been provided by Helvetia and by the other sources identified in this Prospectus. No representation or warranty, express or implied, is made by Helvetia 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 Helvetia.

This Prospectus has been prepared solely for use in connection with the Listing of the Bonds on the SIX Swiss Exchange ("SIX"). 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. Helvetia does 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 Helvetia or its 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.

RISK FACTORS

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. 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 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 also read the detailed information set out elsewhere in this Prospectus. 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 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.

HELVETIA GROUP

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 its business operations and/or the level and volatility of its profitability, and therefore its ability to perform its obligations under the Bonds, including:

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, all of its income is derived from those subsidiaries. The 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 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.

Ratings

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 can have adverse effects on the ability to obtain new financing and for the conditions of new and existing business, impair competitiveness and increases the cost of financing and would thus ultimately impact Helvetia Group's financial position, assets and/or net income.

Refinancing risks

Helvetia Group may require additional capital or funds in the future, which may not be available or may only be available on unfavourable terms thus negatively affecting its capital position, liquidity, financial results and its ability to carry out certain types of business or business in certain countries. Helvetia Group's future capital requirements depend on many factors, including pending regulatory changes to capital requirements or other regulatory developments and its ability to generate new business successfully.

Risks from insurance contracts

The business conducted by Helvetia Group is founded on the deliberate assumption of risks through the conclusion of insurance and to a limited extent reinsurance contracts. Helvetia Group constantly assesses and monitors these risks and reviews their probability of occurrence. This also includes ongoing monitoring of legal, regulatory, demographic, macroeconomic, environmental and technological risks, including cyber risks, where developments are outside the influence of Helvetia Group. As a general principle, Helvetia Group concludes insurance contracts only if the premiums (and the investment income generated from these premiums) are expected to exceed the calculated risks and it establishes actuarially determined provisions 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.

Reinsurance risk

Helvetia Group systematically uses reinsurance and protection covers to protect its capital position and its expected net income; in this context it 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 individual reinsurers should become unable or unwilling to pay.

Risks from assumed reinsurance

Helvetia Group underwrites a small assumed reinsurance portfolio, which is limited in the context of business strategy pursuing a "follower" approach and holding usually smaller parts of reinsurance contracts. This policy of small holdings, combined with broad diversification (geographical and by insurance segment), leads to a balanced reinsurance portfolio free of major risk clusters. In addition to controlling risk exposure, cumulative risks from natural hazards are monitored and quantified using actuarial methods, and protected with retrocession cover. Even after considering these precautionary aspects losses could be experienced from, among others, catastrophic events or accumulations of claims, emergence of new or unknown risks as well as changes in reinsurance market conditions and may negatively impact Helvetia Group's capital position and result.

Catastrophic events

Both natural catastrophes and man-made disasters, for example windstorms and hailstorms, floods, and earthquake, are partially covered by insurance policies in the non-life and life insurance written by Helvetia Group. Neither catastrophes as such nor the scale of loss and damage 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 scale of catastrophe losses increase in the coming years relative 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.

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 inter alia from adverse changes in interest rates, credit spreads, foreign exchange rates, equity prices, real estate prices and other relevant parameters, such as market volatility. Factors such as consumer spending, investments, government spending, the volatility and liquidity of the capital markets, inflation, deflation and others all affect the business and economic environment and, ultimately, the profitability of Helvetia Group. In an economic downturn characterized by higher unemployment, lower family 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 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, Helvetia Group may not be able to meet its obligations to pay guarantees to life insurance policyholders. 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, 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 and economic capitalization. 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, impacting 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 the its economic capitalisation under models such as Swiss Solvency Test or Solvency II. Helvetia Group maintains reserves 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 policyholders) impact the discounted, booked value of insurance liabilities, and hence shareholders' equity and results. While Helvetia believes its economic risk is reduced by efforts to control the durations of assets and liabilities, statutory interest rates may not change in line with market yields and may be subject to regulatory changes. Changes in interest rates may impact Helvetia Group's levels of new product sales or surrenders of business in force, thus negatively impacting its business targets.

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 2.5% of its investment asset portfolio as of half-year 2015.

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 Euro zone sovereign debt crisis and concerns over the viability of the European Union may increase uncertainties in the financial markets and in the general economic environment. Helvetia 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. Since the beginning of the Euro zone sovereign debt crisis, Helvetia Group has consistently reduced its exposure to the PIIGS (Portugal, Italy, Ireland, Greece and Spain) countries in areas that are not of relevance to its business. Furthermore Helvetia Group continuously monitors the economic developments in the Euro zone in the context of its risk management process. Helvetia Group's exposure to PIIGS countries is such that it maintains a solid solvency capital position, even if Helvetia were to experience a partial default on its PIIGS sovereign debt exposure. Nevertheless a re-ignition of the EURO zone sovereign debt crisis could result in unforeseeable dynamics and outcomes and could therefore have a negative impact on Helvetia Group's capital position, results and cash flows.

Counterparty risks

Helvetia Group has monetary and securities claims under numerous transactions against customers, reinsurers, brokers and other debtors. In view of the general economic downturn, the uncertain development of capital markets and comparable influencing factors, increased default by 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.

Operational Risks

Operational risk is 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 realization of one of these risks could have a negative effect on the assets, financial position and/or net income of Helvetia Group.

Risks due to regulatory or legal changes

Helvetia and its subsidiaries are subject to applicable government regulation in each of the jurisdictions in which business is conducted. The business and solvency position of Helvetia Group and its Swiss subsidiaries are supervised by the Swiss Financial Market Supervisory Authority (**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 which may adversely affect their business and economic position. The insurance industry is also affected by political, judicial and other legal developments (including, but not limited to, changes in consumer protection laws) which have at times in the past resulted in new areas or expanded scope of liability. Given the scope and nature of these developments, their impacts are inherently difficult to predict.

In the European Union and Switzerland, reforms have been undertaken to modernize and strengthen the capital requirements of insurance companies and insurance groups. These reforms may lead to an increase in regulatory capital requirements. In Switzerland, risk based capital requirements are regulated in accordance with the Swiss Solvency Test (the **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. In the European Union, risk based capital requirements have also been introduced pursuant to the Solvency II Directive (**Solvency II**). The 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 scheduled to come into effect on 1 January 2016. While Helvetia Group is confident to comply with the new rules by 1 January 2016, Solvency II is still being implemented by the EU member states and the final regulatory rules and supervisory practice are still subject to changes and may affect the related capital models and capital requirements.

The outcome of discussions with regulators with respect to Solvency II cannot yet be determined and thus could 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.

The SST is still under development and consequently the risk models used by Helvetia Group and its subsidiaries for the SST are not finalised yet and subject to final approval by FINMA. While internal models employed by Swiss Insurance entities of Helvetia Group are currently used to determine regulatory solvency, final approval of internal models may impact risk and valuation models and the quantification of risks as well as the calibration, calculation and interpretation of the model results to a certain extent.

The revised Swiss insurance supervisory ordinance (**ISO**) has entered into force on 1 July 2015. While a main goal of the revision was to achieve equivalence with Solvency II, it may directly or indirectly affect via subsequent more detailed regulation SST solvency rules, which could have a negative impact on SST margins of Helvetia Group and its subsidiaries.

Helvetia Group's BVG group life insurance business (the mandatory non-state pension and life insurance scheme for all employees in Switzerland) is subject to guaranteed minimum interest and annuity conversion rates. These rates are set by the Swiss government and the process for setting these rates is both out of the control of the insurance industry and is unpredictable. The guaranteed minimum interest rates set may from time to time diverge from return rates that Helvetia Group is able to achieve 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. Adverse development of general and specific regulation relating to BVG Group life business may have adverse effects on Helvetia Group's business and earnings.

The regulatory framework of the Swiss financial industry (including the insurers) is currently being revised. With three new codes - the Financial Market Infrastructure Act (**FMIA**), the Financial Services Act (**FSA**) and the Financial Institutions Act (**FINIA**) - Swiss authorities respond to important international regulatory changes. Thereby Switzerland ensures that the Swiss regulation of financial market infrastructure (FMIA) and financial service distribution (FSA/FINIA) is in line with international standards ensuring a compatible level playing field. The FMIA, with no major impact expected for Helvetia, is planned to partially come into force starting beginning of 2016. On 19 June 2015, the Swiss parliament has accepted the code. FSA/FINIA are expected to come into force beginning of 2017 and, if implemented as currently proposed, it cannot be excluded that it might have an adverse effect on Helvetia Group's business and earnings. The final version of the code is expected for or around the end of 2015 and will require additional duties for the distribution of financial products such as more information responsibility

and training for agents, a key information document for customers and transparency measures on insurance costs and compensation.

Legal 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 negatively affect Helvetia Group.

Changes in tax laws and practice

Helvetia Group's net income and cash-flows are determined to an extent by current and deferred taxation (IFRS), regulation and rulings. Should these tax regulations and rulings cease to apply, 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 recent 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. On the level of the OECD important changes like the automatic exchange of financial account information and the project base erosion and profit shifting (BEPS) are currently elaborated in detail. 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.

Integration risks

The acquisition of Schweizerische National-Versicherungs-Gesellschaft AG (**Nationale Suisse**) by Helvetia, which was executed in 2014, generates integration risks, such as the potential loss of key personnel, major customers and distributors and the failure to meet the net cost savings expected by Helvetia. However, Helvetia aims to leverage its extensive and successful experience in integrating acquired businesses to ensure a smooth and rapid integration of Nationale Suisse.

The senior management of the enlarged Helvetia Group includes representatives from both companies in order to be able to ensure the successful development of the enlarged Helvetia Group in the best possible way. The key positions in the management teams of the Swiss, European and Specialty Lines divisions, as well as the group functions, are held by executives from both companies.

THE BONDS

The key risks relating to the Bonds include the following:

Complexity of the Bonds as 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 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 Guarantor, respectively

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 a fixed maturity, except those whose claims rank, or are expressed to rank, equally with or junior to the claims of the Bondholders.

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

No events of default and limited acceleration rights

Bondholders have limited acceleration rights (as described in Condition 7 of the Terms of the Bonds) in respect of the Bonds and events of default are limited to bankruptcy, dissolution and/or liquidation of the Issuer. Rights of the Bondholders in bankruptcy proceedings (*Konkursverfahren*) or any form of composition with creditors (*Nachlassverfahren*) in relation to the Issuer are limited.

The Bonds are undated securities

The Bonds are undated securities in respect of which there is no fixed redemption or maturity date.

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

The Issuer may redeem the Bonds under certain circumstances

Subject to the prior approval from FINMA or any Successor Authority, the Bonds may be redeemed at the option of the Issuer (a) in whole (but not in part) on the First Call Date and on any subsequent Interest Payment Date thereafter; (b) in whole (but not in part) on any Interest Payment Date falling prior to the First Call Date if the interest payments are no longer tax-deductible; (c) in whole (but not in part) if the Bonds no longer qualify as equity under applicable accounting standards; (d) in whole (but not in part) if, pursuant to a confirmation of a recognized Rating Agency, the Bonds no longer be eligible for the same, or higher amount of, "equity credit" attributed to the Bonds at the Payment Date; (e) in whole (but not in part) following the occurrence of a Regulatory Event; (f) in whole (but not in part) at any time after the Payment Date and prior to the First Call Date for clean-up reasons. See Condition 3 of the Terms of the Bonds (Redemption).

Such redemption options will be exercised at the principal amount of the Bonds together with interest accrued to the date of redemption.

During any period when the Issuer may elect to redeem the Bonds, the market value of the relevant Bonds generally will not 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. 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.

Following an 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. Prospective 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 of the Terms of the Bonds do not apply, the Issuer may elect not to pay any interest or elect not to pay the full interest amount otherwise scheduled for payment on any Optional Interest Payment Date as defined in the Terms of the Bonds. On any Optional Interest Payment Date, the Issuer may, at its option, pay all or part of the interest in respect of the Bonds accrued to that date during the Interest Period ending on (and including) such Optional Interest Payment Date, but subject to such election and decision having been made, the Issuer will have no obligation to make such payment and any such failure to pay will not constitute a default by the Issuer under the Bonds or for any other purpose. Any interest not paid on an Optional Interest Payment Date will constitute Deferred Interest as established in Condition 2.2(c) of the Terms of the Bonds. Deferred Interest Payments do not bear interest and will be payable in whole or in part at any time at the discretion of the Issuer, but become due in full without limitation on (i) any Optional Interest Payment Date on which the Issuer makes any Interest Payment, (ii) the next Interest Payment Date following the occurrence of a Compulsory Interest Payment Event (subject to the approval of FINMA or any Successor Authority if the interest is deferred due to the occurrence of a Solvency Event (as defined below)), (iii) the date set for any redemption of the Bonds, (iv) the date on which a decision for winding up, dissolution or liquidation of the Issuer is passed by a competent authority, or (v) the date on which the Issuer is dissolved pursuant to a merger or the like 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 may have a material adverse effect on the market price of the Bonds.

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 of the Terms of the Bonds 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 if (i) the Issuer or the Guarantor does not have at such date appropriate funds to cover the required minimum solvency margin or meet any other required level of own funds regulatory capital and a referral or a cancellation of interest is required under the Applicable Regulation (as defined in Condition 2.4 of the Terms of the Bonds), (ii) the Issuer is unable to pay its debts owed to its Senior Creditors (as defined in Condition 6 of the Terms of the Bonds) as they fall due; (iii) the Issuer's Assets do not exceed its respective Liabilities (each as defined in Condition 2.4 of the Terms of the Bonds), other than liabilities to persons who are not Senior Creditors; or (iv) FINMA or a Successor Authority has given (and not withdrawn) notice to the Issuer or the Guarantor that it has determined, in view of the financial and/or capital position of the relevant entity, that in accordance with Applicable Regulations at such time, the Issuer must take specified action in relation to payments on the Bonds.

The Issuer shall not be required to defer such Interest Payment or, as the case may be, 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 this 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 Subordinated Guarantee.

The Issuer is not prohibited from issuing further debt which may rank *pari passu* with or senior to the Bonds

There is no restriction on the amount of debt that the Issuer may issue that ranks senior to the Bonds or on the amount of securities that it may issue that rank *pari passu* with the Bonds. The issue of any such debt or securities may reduce the amount recoverable by investors upon the Issuer's bankruptcy. If the Issuer's financial condition were to deteriorate, the Bondholders could suffer direct and materially adverse consequences, including suspension of interest and, if the issuer were liquidated (whether voluntarily or involuntarily), the loss of all or part 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 by the Issuer

The Terms of the Bonds do not prohibit the Issuer to dispose of any of its assets nor do the Terms of the Bonds provide for any restrictions in the payment by the Issuer of dividends in cash or any other manner. The sole consequence of a payment of dividends by the Issuer 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 Bonds.

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 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 SIX, 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. 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 at all.

Value of the Bonds

The market value of the Bonds will be affected by the creditworthiness of the Issuer, and/or that of Helvetia Group 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 purchaser.

Risks relating to the ratings on 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 organization.

Standard & Poor's produces a solicited rating for Helvetia on a regular basis. Following the completion of the takeover of Nationale Suisse, Standard & Poor's has removed Helvetia Schweizerische Versicherungsgesellschaft AG's financial strength and counterparty credit rating from CreditWatch with negative implications, confirmed the 'A' rating and assigned a 'stable Outlook'.

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 Issuer, its subsidiaries or 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 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.

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, 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. 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.

GENERAL INFORMATION

Forward-Looking Statements

This Prospectus contains statements that are, or may be deemed to be, 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 mandatory Swiss law or applicable stock exchange 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 Group 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):

- changes in general economic conditions, in particular in the markets in which Helvetia Group operates;
- the performance of financial markets;
- changes in interest rates;
- changes in currency exchange rates;
- changes in laws and regulations, including accounting policies or practices;
- risks associated with implementing Helvetia's business strategies;
- the frequency, magnitude and general development of insured events;
- mortality and morbidity rates;
- policy renewal and lapse rates;
- the realisation of economies of scale as well as synergies; 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*" are not exhaustive. Other sections of this Prospectus describe additional factors that may adversely affect Helvetia Group's results of operations, financial condition, liquidity, dividend policy and the development of the markets in which Helvetia Group operates. Helvetia urges you to read the sections of this Prospectus entitled "*Risk Factors*" and "*Business Activities*" for a more complete discussion of the factors that could affect the group's future performance and the industry in which Helvetia Group 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.

Presentation of Financial and other Information

This Prospectus contains the following by way of reference:

- (i) the unaudited consolidated financial statements for the first half-year 2015 of Helvetia Group and the audited consolidated financial statements for 2014 of Helvetia Group prepared in accordance with IFRS. These financial statements have been audited by KPMG AG, Zurich, the independent auditors of Helvetia. The reports of KPMG AG are referenced on page 39 of this Prospectus; and
- (ii) Financial statements for 2014 of Helvetia Holding AG prepared in accordance with the Swiss Code of

Obligations. These financial statements have been audited by KPMG AG, Zurich, the independent auditors of Helvetia.

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.

The asset, financial and income situation of Helvetia have not undergone any substantial changes since that half-year report 2015 as of 30 June 2015. Business prospects have not undergone any substantial changes since the full year report 2014 as of 31 December 2014.

Notices to Investors

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**) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Syndicate Banks 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 Syndicate Banks 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 have the meanings given to them by Regulation S.

- B) The Syndicate Banks 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.

- C) In addition,

- (1) except to the extent permitted under U.S. Treasury Regulations paragraph 1.163-5 (c) (2) (i) (D) (the **D Rules**),
 - (a) each of the Syndicate Banks has not offered or sold, and during a 40-day restricted period (the "Restricted Period") will not offer or sell, Bonds to a person who is within the United States or its possessions or to a United States person, and each of the Syndicate Banks will use reasonable efforts to sell the Bonds within Switzerland; and
 - (b) each of the Syndicate Banks has not delivered and will not deliver within the United States or its possessions individually certificated Bonds that are sold during the Restricted Period;
- (2) each of the Syndicate Banks represents and agrees that it has and throughout the Restricted Period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Bonds are aware that such Bonds may not be offered or sold during the Restricted Period to a person who is within the United States or its possessions or to a United States person, except as permitted by the D Rules; and
- (3) with respect to each affiliate of any of the Syndicate Banks that acquires Bonds from them for the purpose of offering or selling such Bonds during the Restricted Period, each of the Syndicate Banks repeats and confirms the representations and agreements contained in articles (1) and (2) on its behalf.

Terms used in this paragraph C) have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the D Rules.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Syndicate Bank has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant**

Implementation Date) it has not made and will not make an offer of Bonds which are the subject of the offering contemplated by this Prospectus as completed by the relevant Terms in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Bonds to the public in that Relevant Member State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Syndicate Bank nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive.

provided that no such offer of Bonds referred to in (a) to (c) above shall require the Issuer or any Syndicate Bank to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression **offer of Bonds to the public** in relation to any Bonds in any Relevant 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 the Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression **2010 PD Amending Directive** means Directive 2010/73/EU.

United Kingdom

Each Syndicate Bank has represented and agreed that:

- (a) **Financial promotion:** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (**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) **General compliance:** 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.

Miscellaneous

The Bonds are only to be offered or sold by the Syndicate Banks and any offering material or other communication relating to the distribution of the Bonds is only to be distributed as far as such offer or sale or such distribution is to their knowledge and belief consistent with the applicable law of any territory and the selling restrictions set out above.

Incorporation by Reference

The Listing Rules allow Helvetia to "incorporate by reference" into this Prospectus certain information contained in documents that it has published previously or simultaneously with the Prospectus, which means that Helvetia can disclose important information to you by referring to those documents. The information that Helvetia incorporates by reference (together the **Referenced Documents**) is listed in "Information incorporated by reference" on page 39 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 this Prospectus (including the documents incorporated by reference in the Prospectus) are available free of charge from UBS AG, Swiss Prospectus, Europastrasse 1, CH-8152 Opfikon, Switzerland, or may be obtained by telephone (+41 44 239 47 03), by fax (+41 44 239 69 14) or by e-mail to swiss-prospectus@ubs.com.

Prospectus

This Prospectus is available in English language only and provides information about the Guarantor, Issuer 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 authorized 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 or the Syndicate Banks. 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 since the date hereof.

Representative

In accordance with Article 43 of the listing rules of the SIX Helvetia has appointed UBS AG as its representative to lodge the listing application for the Bonds with the SIX.

Legal disputes

Within their ordinary business operations – in their capacity as insurers, employers, investors and taxpayers – the companies of Helvetia Group are and will be involved as claimants or defendants in a number of court, administrative and other proceedings in Switzerland and abroad. While the ultimate outcome of these proceedings cannot be predicted with certainty, Helvetia does not believe that any such proceeding in which it or any of its subsidiaries are currently involved will have a material adverse effect on the results of the operations or the financial position or reputation of Helvetia Group.

Responsibility

Each of Helvetia and the Issuer accepts responsibility for all information contained in this Prospectus and has taken all reasonable care to ensure itself that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or opinion.

Helvetia Holding AG

Helvetia Schweizerische Versicherungsgesellschaft AG, St. Gallen

INFORMATION ABOUT THE BONDS

Authorisation

Pursuant to a resolution of the board of directors of the Issuer dated 22 May 2015 and a Bond Purchase Agreement among the Issuer, UBS AG, Deutsche Bank AG London Branch, acting through Deutsche Bank AG Zurich Branch, Credit Suisse AG, Raiffeisen Schweiz Genossenschaft and Bank Vontobel AG (together the "**Syndicate Banks**"), the Syndicate Banks have severally but not jointly agreed to purchase the Bonds at an issue price of 100% (minus commissions). The issuance of the Guarantee has been authorised by a resolution of the board of directors of the Guarantor dated 22 May 2015.

Use of Proceeds

The net proceeds from the issue of the Bonds, amounting to CHF 298,095,000 (the "**Net Proceeds**"), will be used by the Issuer for general corporate purposes, which includes the refinancing of outstanding subordinated debt. None of the Syndicate Banks shall have any responsibility for, nor be obliged to concern itself with, the use of such Net Proceeds.

Material Change

Except as disclosed in this Prospectus there has been no material change in the assets and liabilities, financial position or profits and losses of the Issuer and the Guarantor since 31 December 2014.

Recent Developments

On 30 April 2015, the Issuer and Schweizerische National-Versicherungs-Gesellschaft AG, Basel merged by way of a legal sister merger. All assets and liabilities have by operation of law been transferred to the Issuer. In addition, on 4 May 2015 Helvetia Schweizerische Lebensversicherung AG, a sister company of the Issuer and fully owned by the Guarantor, and National Schweizer Leben AG merged as well. Prior to that, the majority shareholding in National Schweizer Leben AG has been transferred from the Issuer to the Guarantor by way of distribution in kind. The effect of these mergers had no negative impact on the financial condition of the Group. These mergers have been executed to streamline the structure of the Helvetia Group. For more details please see Press Release as of 5 May 2015 'Helvetia merges legal entities and organisation in Switzerland', which is attached hereto.

On 19 June 2015, the Issuer completed the sale of the travel insurance portfolio of L'Européenne in Belgium to Mapfre Assistencia following receipt of regulatory approval. For more details please see Press Release as of 19 June 2015 'Helvetia completes sale of Belgian travel insurance portfolio', which is attached hereto.

For further information please also refer to the financial statements for the first half year 2015 referenced on page 39 of this Prospectus

Swiss Taxation

All payments of interest on the Bonds and/or Coupons are subject to deduction of the Swiss Federal Withholding Tax (*Verrechnungssteuer*), currently at a rate of 35 per cent. For more details please see "*Certain Swiss Tax Considerations*".

As concerns any other Swiss tax consequences, prospective investors in the Bonds should consult their own professional advisers.

Notices

All notices in relation to the Subordinated Bonds will be published (i) on the internet site of the SIX (where notices are currently published under the address: <https://www.six-exchange-regulation.com/en/home/publications/official-notices.html>) or (ii) otherwise in accordance with the regulations of the SIX.

TERMS OF THE SUBORDINATED BONDS

The terms and conditions (each a **Condition**, and together the **Terms of the Bonds**) of the Perpetual Cumulative Subordinated Bonds (the **Bonds**) in the aggregate principal amount of Swiss francs (**CHF**) 300,000,000, issued by Helvetia Schweizerische Versicherungsgesellschaft AG, Dufourstrasse 40, CH-9001 St.Gallen, Switzerland (the **Issuer**), and unconditionally and irrevocably guaranteed on a subordinated basis by Helvetia Holding AG, Dufourstrasse 40, CH-9001 St.Gallen, Switzerland (the **Guarantor**), are established pursuant to a Bond Purchase Agreement (the **Agreement**) dated as of 21 September 2015 among the Issuer and the Guarantor, on the first part, and UBS AG, Bahnhofstrasse 45, CH-8001 Zurich, Switzerland (**UBS**), Credit Suisse AG, Paradeplatz 8, 8001 Zurich (**Credit Suisse**) and Deutsche Bank AG London Branch, acting through Deutsche Bank AG Zurich Branch, Uraniastrasse 9, CH-8001 Zurich (**Deutsche Bank**) (UBS, Deutsche Bank and Credit Suisse, together referred to as the **Joint Lead Managers**), on the second part, and other banks mentioned therein (hereinafter, together with the Joint Lead Managers called collectively the **Syndicate Banks**), on the third part. The Terms of the Bonds govern the rights and obligations of the Issuer, the Guarantor and of each Bondholder (as defined below) in relation to the Bonds and are as follows (capitalised terms used herein have the meaning ascribed to them in Condition 16):

1. Denomination, Form, Printing and Delivery of the Bonds

- a. The Bonds are issued in the initial aggregate principal amount (the **Principal Amount**) of CHF 300,000,000 (three hundred million Swiss francs) and are divided into Bonds with denominations of CHF 5,000 (five thousand Swiss francs) per Bond and multiples thereof (each, a **Bond**).
- b. The Issuer reserves the right to reopen (the **Reopening**) and increase the aggregate principal amount of the Bonds issued at any time and without prior consultation of or permission of the Bondholders through the issuance of further bonds which will be fungible with the Bonds (i.e., identical especially in respect of the Terms of the Bonds, security number, final maturity and interest rate).
- c. The 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 (*Wertrechtbuch*). 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 Bonds will constitute intermediated securities (*Bucheffekten*) (the **Intermediated Securities**) in accordance with the provisions of the Swiss Federal Intermediated Securities Act (the **FISA**) (*Bucheffektengesetz*).
- d. Neither the Issuer nor the holders of the 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 Bonds (*Wertpapiere*).
- e. So long as the Bonds are in the form of Intermediated Securities, the 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 Bonds in a securities account of the transferee.
- f. The records of the Intermediary will determine the number of Bonds held through each participant of that Intermediary. In respect of the Bonds held in the form of Intermediated Securities, the Bondholders will be the persons holding the Bonds in a securities account in their own name and for their own account.
- g. No physical delivery of the Bonds shall be made unless and until definitive Bonds (*Wertpapiere*) shall have been printed. Bonds may only be printed, in whole, but not in part, if UBS as principal paying agent (the **Principal Paying Agent**) determines, in its sole discretion, that the printing of the definitive Bonds (*Wertpapiere*) is necessary or useful. Should the Principal Paying Agent so determine, it shall provide for the printing of definitive Bonds (*Wertpapiere*) without cost to the Bondholders.

- h. If printed, the definitive Bonds (*Wertpapiere*) shall be evidenced in the denomination of CHF 5,000, CHF 100,000 and CHF 1,000,000 and shall be executed by affixing thereon the facsimile signatures of two authorised officers of the Issuer. Upon delivery of the definitive Bonds (*Wertpapiere*), the Issuer will immediately cancel the uncertificated securities (*Wertrechte*) and the Principal Paying Agent shall deliver the definitive Bonds (*Wertpapiere*) to the Bondholders against cancellation of the Bonds in the Bondholders' securities accounts.

2. Interest

2.1. Interest Rate

a. Fixed Interest Rate

Subject to Condition 2.2, the 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 3.00 per cent *per annum* (the **Fixed Interest Rate**), payable in arrear for the first time on 23 November 2016 and thereafter annually in arrears on 23 November in each year (each an **Interest Payment Date**), for the last time on the First Call Date. The first interest period is a long interest period of 420 days from the Payment Date to 23 November 2016 for which interest of CHF 175.00 per Bond of CHF 5,000 nominal amount will be payable on 23 November 2016.

b. Reset 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, unless previously redeemed, the Bonds will bear interest payable annually in arrears on the Interest Payment Date with the rate of interest being determined on each Coupon Determination Date at the Prevailing Relevant Midswap Rate plus the Initial Margin (the **Reset Interest Rate**).

c. Determination of Reset Interest Rate and Reset Interest Rate Amount

The Principal Paying Agent will, as soon as practicable after the determination of the Reset Interest Rate in relation to each Relevant Five-Year Period, calculate the amount of interest (the **Reset Interest Rate Amount**) payable in respect of each Bond with a denomination of CHF 5,000 for such Relevant Five-Year Period.

d. Publication of Reset Interest Rate and Reset Interest Rate Amount

The Principal Paying Agent shall cause the Reset Interest Rate and the Reset Interest Rate Amount to be notified to the Issuer, the Guarantor and to the SIX or other relevant authority on which the 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 Reset Interest Rate Amount and 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 Interest Payment Date falls on a day which 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 Bonds from the date of its 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 until the day on which all sums due in respect of the Bonds up to (but excluding) that day are received by or on behalf of the relevant Bondholder.

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

2.2. Deferral of Interest Payments

a. Optional Deferral of Interest Payments

For so long as the compulsory interest provisions in Condition 2.3 below do not apply, and subject to Condition 2.2(b), 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, by giving not less than 10 (ten) calendar days' prior notice (the **Deferral Notice**) to the Principal Paying Agent and the Bondholders in accordance with Condition 9. Upon and subject to the Issuer giving a valid Deferral Notice, it shall not have any obligation to pay any interest on such Optional Interest Payment Date and such non-payment 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 Subordinated Guarantee.

b. Mandatory Deferral of Interest

For so long as the compulsory interest provisions in Condition 2.3 below do not apply, the Issuer shall defer the payment of interest or, as the case may be, the relevant Solvency Shortfall otherwise due and payable on an Interest Payment Date in respect of the interest period ending on such date, provided in each case that (i) a Solvency Event has occurred prior to such 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. The Issuer shall not be required to defer such Interest Payment or, as the case may be, 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 this 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 Subordinated Guarantee.

The Issuer, failing whom the Guarantor, shall give notice of such deferral to the Principal Paying Agent (together with the certificate of the occurrence of a Solvency Event referred to below), and to the Bondholders in accordance with Condition 9 not less than 10 (ten) calendar days prior to the relevant Interest Payment Date. A certificate as to the occurrence of a Solvency Event signed by authorized representatives of the Issuer or the Guarantor, 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.

c. Deferred Interest

Any interest in respect of the Bonds not paid on an Interest Payment Date (including any Solvency Shortfall), together with any other interest in respect thereof not paid on any earlier 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 below.

Deferred Interest shall not themselves bear interest.

d. Settlement of Deferred Interest

Any Deferred Interest and any other amount payment of which is deferred in accordance with this Condition 2 may, subject to obtaining the prior written approval of FINMA or any Successor Authority (if such approval is required under Applicable Regulations at the relevant time), 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.

In any event, 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 Optional Interest Payment Date on which the Issuer makes any Interest Payment;
- (ii) the next interest payment date following the occurrence of a Compulsory Interest Payment Event;
- (iii) the date set for any redemption of the Bonds;

- (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; and
- (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.

Notwithstanding the foregoing, Deferred Interest arising pursuant to Condition 2.2(c) will only be due and payable by reason of item (ii) above following the prior written approval of FINMA or any Successor Authority (if such approval is required under Applicable Regulations at the relevant time).

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 (v) 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 Interest Payment Date or consecutive Interest Payment Dates furthest from the date of payment.

2.3. Compulsory Interest Payments

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 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 Interest Payment Date prior to which, at any time during a period of 6 (six) months prior to such Interest Payment Date, a Compulsory Interest Payment Event occurred; provided, however, that if a Solvency Event occurred during the Interest Period immediately preceding such Interest Payment Date, such Interest Payment Date shall only be a Compulsory Interest Payment Date if such Solvency Event occurred prior to such a Compulsory Interest Payment Event.

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 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 Bonds.

Coupon Determination Date means, in respect of a Relevant Five-Year Period, the 5th Business Day prior to the first day of such Relevant Five-Year Period.

Deferral Determination Date means, in respect of an Interest Payment Date, the 20th business day in Zurich preceding such Interest Payment Date.

Initial Margin means 3.024 per cent *per annum*.

Interest Payment means, with respect to an Interest Payment Date, the interest scheduled to be paid on such 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.

Prevailing Relevant Midswap Rate means the 5-year CHF mid market swap rate calculated on the basis of the rates displayed on GOTTEX page "CHF Interest Rate Swaps vs LIBOR" (or on any other GOTTEX page replacing this page or on the relevant page of another service provider designated by the Principal Paying Agent if GOTTEX no longer provides this service.) at 12.00 p.m. (CET or, as applicable, CEST) on the Coupon Determination Date. If the 5-year Mid Swap Rate does not appear on that page, it shall be determined by the Principal Paying Agent on the basis of (i) quotations provided by the principal office of each of four major banks in the CHF swap market of the rates at which swaps in CHF are offered by it at approximately 12.00 p.m. (CET or, as applicable, CEST) on the Coupon Determination Date to participants in the CHF swap market for a period equal to the Relevant Five-Year Period; and (ii) the arithmetic mean rounded, if necessary, to the nearest 0.00001 (0.000005 being rounded upwards) of such quotations.

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

A **Solvency Event** shall be deemed to have occurred prior to such Interest Payment Date and is continuing as at the relevant Deferral Determination Date and in the period from and including the date of the occurrence of such Solvency Event to and including such Deferral Determination Date upon any of the following events:

- a. the Issuer or the Guarantor (the latter on a group level) does not at such date have appropriate funds to cover the required minimum solvency margin or meet any other required level of own funds regulatory capital (or another applicable term in case of a change in Applicable Regulations) in accordance with Applicable Regulations and a deferral or, as applicable, cancellation of interest is required under the Applicable Regulations; or
- b. the Issuer is unable to pay its debts owed to its Senior Creditors (as defined in Condition 6) as they fall due; or
- c. the Issuer's Assets do not exceed its respective Liabilities (each as defined above) (other than liabilities to persons who are not Senior Creditors); or
- d. FINMA or a Successor Authority has given (and not withdrawn) notice to the Issuer or the Guarantor that it has determined, in view of the financial and/or capital position of the relevant entity, that in accordance with Applicable Regulations at such time, the Issuer must take specified action in relation to payments on the Bonds.

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 Bonds are undated perpetual obligations in respect of which there is no fixed maturity date. The Bonds shall not be redeemed except in accordance with this Condition 3.

3.2. Optional Redemption

On the First Call Date and on any subsequent Interest Payment Date thereafter, the Issuer, subject to hav-

ing 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 (a **General Call Notice**), and subject to Condition 3.8, may, at its option, redeem all, but not some only, of the Bonds at their Principal Amount, together, if applicable, with interest accrued to 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 Bonds at their Principal Amount, together, if applicable, with interest accrued to 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 Interest Payment Date the payment of interest would (whether or not as a result of a change in or amendment of law or regulation as aforesaid) 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 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, 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 Bonds at any time (provided that if at any time the inclusion of a redemption option due to an Accounting Event or a Capital Event (each as defined below) causes a Regulatory 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 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 Bonds must not or must no longer be recorded as equity under the initial accounting treatment methodology (being the presentation of the 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** shall be deemed to occur if 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 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 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, which would 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 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 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 (as defined below), and no longer 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 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 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 Bonds no longer fulfil the requirements of Tier 1 Capital ("*Kernkapital*"),

save, in each case above, where such non-qualification thereof applicable to the 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 supplementary capital ("*Ergänzendes Kapital*") pursuant to article 49 ISO.

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, 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, the Issuer may redeem, subject to Condition 3.8, all, but not some only, of the 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 the date fixed for redemption and any Deferred Interest if 80 (eighty)% or more in aggregate Principal Amount of the 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 Bonds in the open market

or otherwise and at any price. 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 are made by public tender, tenders for such Bonds must be made available to all holders of such Bonds alike, to the extent possible under applicable securities laws and regulations.

3.7. Cancellation

All 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 Bonds in accordance with the Terms of the Bonds is subject to

- (i) the Issuer obtaining the prior written consent of FINMA or any Successor Authority thereto provided that such consent is required at that time under applicable capital or solvency regulations; or
- (ii) if a Solvency Event has occurred, a Solvency Event has lapsed and FINMA or a Successor Authority has given its consent to the redemption or purchase of the Bonds.

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 in cash to be made under these Terms of the Bonds on the 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,
Bank Vontobel AG; 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 Bonds to the extent of amounts received by the Principal Paying Agent.

If printed, individually certificated Bonds presented for redemption and conversion must be delivered and surrendered for payment together with all unmatured interest payments. Unmatured interest payments so delivered will be cancelled without payment.

5. Taxation

All payments of interest on the Bonds are subject to the deduction of the Swiss Federal Withholding Tax (*Verrechnungssteuer*), currently levied at a rate of 35 per cent. Prospective Bondholders should consult their tax advisors on any consequences of any other Swiss or foreign tax (e.g., on personal income) would have if an investment in the Bonds is pursued.

6. Status of the Bonds

The Bonds constitute direct, subordinated and unsecured obligations of the Issuer and rank *pari passu*, without any preference, among themselves. The claims of the holders of Bonds rank on a voluntary or involuntary insolvency, winding-up, liquidation, dissolution 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 or other similar proceedings of or against the Issuer, there shall be payable in such voluntary or involuntary insolvency, winding-up, liquidation, dissolution 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 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 Bonds, be deemed to have 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 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 Bonds as provided in these Conditions.

The subordination provisions of this Condition 6 are irrevocable.

7. Events of Default

Each Bondholder may, by written notice addressed to the Issuer with a copy to the Principal Paying Agent, declare all of its Bonds due and repayable, whereupon such Bonds become due and payable at their Principal Amount together with all interest accrued, including all Deferred Interest, without any further formality if the Issuer is (or is deemed by law or a court to be) bankrupt or enters into dissolution and/or liquidation, whether voluntary or not, other than for the purpose of or pursuant to a solvent reorganization or restructuring where the surviving entity assumes substantially all assets and liabilities of the Issuer.

8. Subordinated Guarantee

- a. As security for the Bonds, the Guarantor has issued the following unconditional and irrevocable Guarantee:

Quote

GUARANTEE

(in the meaning of Article 111 of the Swiss Federal Code of Obligations, hereinafter called this **Guarantee**)

- (i) Being informed that Helvetia Schweizerische Versicherungsgesellschaft AG, Dufourstrasse 40, CH-9001 St.Gallen, Switzerland (hereinafter called the **Issuer**), issued and sold Perpetual Cumulative Subordinated Bonds (hereinafter called the **Bonds**) in the aggregate principal amount of CHF 300,000,000, Helvetia Holding AG, Dufourstrasse 40, CH-9001 St. Gallen, Switzerland (hereinafter called the **Guarantor**), herewith irrevocably and unconditionally, but on a subordinated basis in accordance with sub-section (ii) below, guarantees to the holders of the Bonds and interest coupons (the **Coupons**) relating thereto (hereinafter called the **Holder**s) in accordance with Article 111 of the Swiss Federal Code of Obligations, irrespective of the validity of the Bonds and Coupons, the Bond Purchase Agreement and the Paying Agency Agreement (hereinafter called the **Agreements**) and waiving all rights of objection and defence arising from the Bonds and the Agreements, the due payment of the amounts payable by the Issuer under and pursuant to the terms and conditions of the Bonds. Accordingly, the Guarantor agrees to pay or

deliver to UBS AG, Bahnhofstrasse 45, CH-8001 Zurich, Switzerland, in its capacity as principal paying and calculation agent in respect of the Bonds (hereinafter called **UBS**), on behalf of the Holders, within 7 calendar days after the receipt by the Guarantor of UBS' first written demand for payment and UBS' confirmation in writing that an amount has become due and payable under the 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 themselves. The claims of the Holders under this Guarantee rank on a voluntary or involuntary insolvency, winding-up, liquidation, dissolution or other similar proceedings of or against the Guarantor:
 - (A) after the claims of any Senior Creditors (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 (the **Parity Obligations**, and **Parity Obligation** shall be construed accordingly); 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.

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 or winding-up of the Guarantor or otherwise) to the claims of policyholders or other unsubordinated creditors of the Guarantor but have a fixed maturity, except those whose claims rank, or are expressed to rank, equally with or junior to 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) 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.
- (iv) 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 UBS 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.
- (v) This Guarantee is governed by Swiss law.
- (vi) All payments of interest on the Bonds are subject to all applicable taxes, including the deduction of the Swiss Federal Withholding Tax (*Verrechnungssteuer*), currently levied at a rate of 35 per cent.
- (vii) Any dispute regarding this Guarantee which may arise between UBS, on the one hand, and the Guarantor, on the other hand, 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.
- (viii) Terms and expressions not otherwise defined in this Guarantee shall have the same meaning as defined in the Agreements.

Unquote

- b. The Principal Paying Agent undertakes to call on the Guarantee and to claim from the Guarantor pursuant to the Guarantee any due but unpaid amount. Upon receipt, 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 Bonds shall be published by the Principal Paying Agent in accordance with the applicable regulations of the SIX and shall be valid as soon as published on the SIX' website: http://www.six-swiss-exchange.com/bonds/issuers/official_notices/search_en.html.

10. Listing

The Issuer will use its reasonable efforts to have the Bonds listed on the SIX and to maintain such listing during the whole life of the Bonds (the last trading day will be the second Business Day prior to the date on which the Bonds will be fully redeemed).

11. Prescription

Claims against the Issuer in respect of Bonds will become void unless presented for payment within a period of presently ten years (in the case of the principal) and within five years (in the case of interest) from the appropriate 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 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 Bonds shall be settled in accordance with Swiss law, the exclusive place of jurisdiction being the courts of the city of Zurich and, if permitted, the Commercial Court of the Canton of Zurich, Switzerland, venue being Zurich 1.

13. Amendments

The Principal Paying Agent may, without the consent of the Bondholders, agree to any modification or arrangement of the Terms of the Bonds which, in the opinion of the Principal Paying Agent, is of a formal, minor or technical nature or is made to correct a manifest error.

14. Role of Joint Lead Managers

UBS, Credit Suisse and Deutsche Bank will act as Joint Lead Managers. UBS 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 Bonds. In any other cases, UBS is not obliged to take or to consider any actions on behalf or for the benefit of the Bondholders.

15. Severability

If at any time any one or more of the provisions of the Terms of the 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.

16. Definitions

- 1 **Accounting Event** has the meaning given to it in Condition 3.4;
- 2 **Agreement** has the meaning given to it in the preamble;
- 3 **Applicable Regulations** has the meaning given to it in Condition 2.4;
- 4 **Assets** has the meaning given to it in Condition 2.4;
- 5 **Bond** has the meaning given to it in Condition 1(a);
- 6 **Bonds** has the meaning given to it in the preamble;
- 7 **Bondholder** has the meaning given to it in Condition 1(d);

- 8 **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;
- 9 **Capital Event** has the meaning given to it in Condition 3.4;
- 10 **CHF** has the meaning given to it in the preamble;
- 11 **Compulsory Interest Payment Date** has the meaning given to it in Condition 2.4;
- 12 **Compulsory Interest Payment Event** has the meaning given to it in Condition 2.4;
- 13 **Condition** has the meaning given to it in the preamble;
- 14 **Deferral Determination Date** has the meaning given to it in Condition 2.4;
- 15 **Deferred Interest** has the meaning given to it in Condition 2.2(c);
- 16 **Deferral Notice** has the meaning given to it in Condition 2.2(a);
- 17 **Dividend Payment** has the meaning given to it in Condition 2.4(a);
- 18 **Event of Default** has the meaning given to it in Condition 7;
- 19 **FINMA** means the Swiss Financial Market Supervisory Authority FINMA;
- 20 **First Call Date** means 23 November 2022;
- 21 **FISA** has the meaning given to it in Condition 1(c);
- 22 **Fixed Interest Rate** has the meaning given to it in Condition 2.1(a);
- 23 **Future Regulations** has the meaning given to it in Condition 3.4;
- 24 **General Call Notice** has the meaning given to it in Condition 3.2;
- 25 **Guarantor** has the meaning given to it in the preamble;
- 26 **IFRS** means the International Financial Reporting Standards promulgated from time to time by the International Accounting Standards Board;
- 27 **Initial Margin** has the meaning given to it in Condition 2.4;
- 28 **Interest Rate** means a Fixed Interest Rate or a Reset Interest Rate;
- 29 **Interest Payment Date** has the meaning given to it in Condition 2.1(a);
- 30 **Interest Payment** has the meaning given to it in Condition 2.4;
- 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 **Optional Interest Payment Date** means any Interest Payment Date other than a Compulsory Interest Payment Date;
- 38 **Parity Obligations** has the meaning given to it in Condition 6;
- 39 **Paying Agents** means the Principal Paying Agent, UBS and the other banks referred to in Condition 4 in their function as paying agents for the Bonds;
- 40 **Payment Date** means 23 September 2015;
- 41 **Principal Amount** has the meaning given to it in Condition 1(a) in relation to the total outstanding amount of all Bonds as well as in relation to one Bond;
- 42 **Principal Paying Agent** means UBS in its function as principal paying agent for the Bonds;
- 43 **Rating Agency** has the meaning given to it in Condition 3.4;
- 44 **Regulatory Event** has the meaning given to it in Condition 3.4;

- 45 **Relevant Five-Year Period** has the meaning given to it in Condition 2.1(b);
- 46 **Reopening** has the meaning given to it in Condition 1(b);
- 47 **Reset Interest Rate** has the meaning given to it in Condition 2.1(b);
- 48 **Reset Interest Rate Amount** has the meaning given to it in Condition 2.1(c);
- 49 **Senior Creditors** has the meaning given to it in Condition 6;
- 50 **Shares** has the meaning given to it in Condition 2.4;
- 51 **SIX** means the SIX Swiss Exchange Ltd or any successor to the SIX Swiss Exchange Ltd;
- 52 **Solvency Event** has the meaning given to it in Condition 2.4;
- 53 **Solvency Shortfall** has the meaning given to it in Condition 2.4;
- 54 **Special Event** has the meaning given to it in Condition 3.4;
- 55 **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;
- 56 **Subordinated Guarantee** means the unconditional and irrevocable guarantee on a subordinated basis by the Guarantor;
- 57 **Successor Authority** has the meaning given to it in Condition 2.4;
- 58 **Syndicate Banks** has the meaning given to it in the preamble;
- 59 **Terms of the Bonds** has the meaning given to it in the preamble;
- 60 **Tier 1 Capital** has the meaning given to it in Condition 3.4;
- 61 **Tier 2 Capital** has the meaning given to it in Condition 3.4; and
- 62 **UBS** has the meaning given to it in the preamble.

INFORMATION ABOUT THE ISSUER

Name, Registered Office

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

Date of Incorporation and legal form

Helvetia Schweizerische Versicherungsgesellschaft AG was incorporated on 20 February 1883 (date of registration) as stock corporation with limited liability (*Aktiengesellschaft*), in accordance with art. 620 et seq. of the Swiss Code of Obligations.

Purpose

The articles of association of the Issuer are dated 30 March 2006. According to article 3, 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.

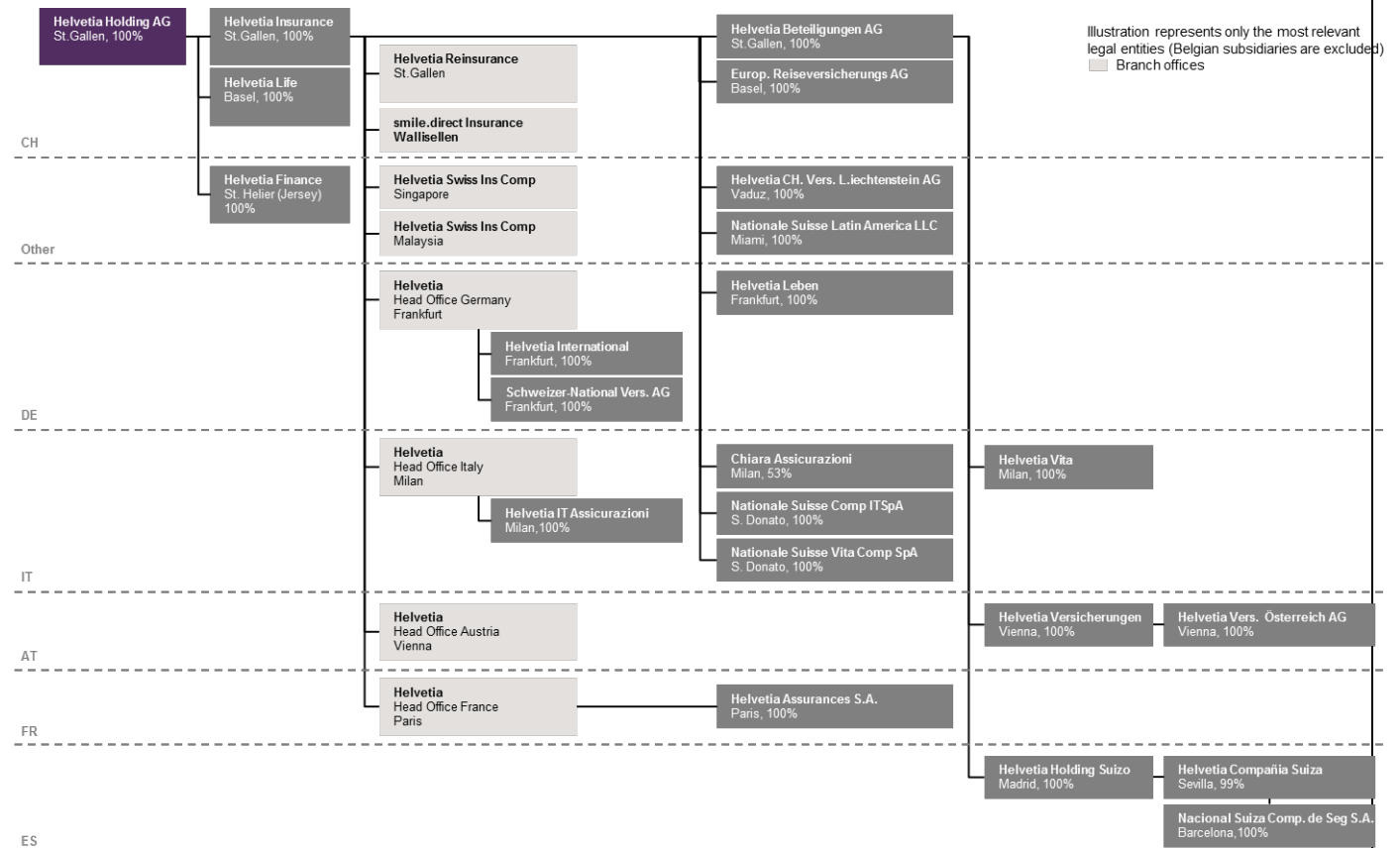
Register

The Issuer is registered in the commercial register of the canton of St. Gallen under the 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 2015:



Business Activities

The information on the insurance activities reflects the Issuer's stand-alone non-life 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 at half-year 2015 a gross written premium volume of CHF 1'109 million in Switzerland, representing around 47% of Helvetia Group's non-life gross written premiums at half-year 2015. The principal activities of the Issuer are to carry out business in all lines of non-life business in Switzerland. On the basis of half-year 2015 gross written premiums, the portfolio is split into the main lines of business as follows: Motor 39%, Property 36%, Accident and Health 11% and Liability 10%.

Following the acquisition of Nationale Suisse, the combined Swiss-based non-life premium volume, to which the Issuer contributes the majority, is expected to lead to 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 as well as the reinsurance branch which is based in Switzerland as well as branches in Singapore and Malaysia.

Management

Board of Directors:

Pierin Vincenz	Member (President as of 1 October 2015)
Doris Russi Schurter	President ad interim until 30 September 2015 (thereafter Vice-President)
Hans-Jürg Bernet	Member
Jean-René Fournier	Member
Christoph Lechner	Member
John Martin Manser	Member
Herbert J. Scheidt	Member
Hans Künzle	Vice President
Balz Hösly	Member
Gabriela Maria Payer	Member
Andreas von Planta	Member
Peter Kaemmerer	Member
Patrik Gisel	Member as of 1 October 2015

Executive Management for the Swiss operation:

Philipp Gmür	Chief Executive Officer
Uwe Bartsch	Head of Operations & Development
Andreas Bolzern	Chief Financial Officer
Donald Desax	Head of Market Area Group Life Companies
Reto Keller	Head of Market Area Private Pensions
Beat Müller	Head of Actuarial Department / Asset & Liability Management
Ralph A. Jeitziner	Head of Distribution
Hermann Sutter	Head of Market Area Non-Life
Angela Winkelmann	Head of Human Resources and Services
Armin Sutter	Head of IT

Their business address is c/o Helvetia Schweizerische Versicherungsgesellschaft AG, Dufourstrasse 40, 9001 St. Gallen, Switzerland.

Auditors

KPMG AG, Badenerstr. 172, 8004 Zurich, Switzerland, were elected as independent auditors for the Issuer and have audited the Issuer's financial statements.

Annual Report

The Issuer does not publicly disclose its own financial statements.

Capital Structure

As of the prospectus date 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.

INFORMATION ABOUT HELVETIA HOLDING AG

For information on Helvetia Holding AG please refer to the *Company profile* on pages 18 – 86 of the 2014 consolidated annual report incorporated by reference into this Prospectus except for the current group structure and the Board of Directors (the Board of Directors of the Issuer and the Guarantor consists of the same persons) please refer to the respective section under *Information on the Issuer* on page 29 and 30 of this prospectus.

REGULATION

General

Helvetia and Helvetia Group's insurance subsidiaries are subject to detailed and comprehensive legislation and regulation in each jurisdiction in which they operate. Regulatory agencies have broad administrative powers over many aspects of the insurance business, which may include marketing and selling practices, advertising, licensing agents, product development structures, premium rates, policy forms, claims and complaint handling practices, data and records management, systems and controls, controlled function holders, capital adequacy, and permitted investments.

Helvetia and Helvetia Group are subject to regulation and supervision by FINMA in relation to the carrying on of its regulated activities in Switzerland. In respect of its international operations it is subject to regulation and supervision by the local supervisory authorities, *inter alia*, in Austria, France, Germany, Italy and Spain. Most of the countries in which Helvetia carries out insurance business have implemented the EU directives concerning the taking up and pursuit of non-life insurance business. As a result, those regulated entities are subject to capital requirements with a view to ensuring the protection of policyholders. The following discussion considers the main features of the Swiss and the European regulatory regimes for insurance business as it applies to Helvetia's respective authorised insurance companies.

Switzerland

Helvetia conducts the business under an operating license, and is subject to continued supervision by FINMA. FINMA monitors whether Helvetia's organization, management and operations are in compliance with the provisions of applicable law and regulations, and exercises control over the calculation of Helvetia's technical provisions, retrocession policy and solvency.

The Swiss insurance supervision is based on the Insurance Supervision Act, as amended, which entered into force on 1 January 2006, and secondary legislation, the ISO. The Insurance Supervision Act and the ISO extended the scope of prudential supervision to pure reinsurance companies and introduced supplementary group supervision of insurance groups and financial conglomerates.

With the effective date 1 July 2015 of the newly revised ISO Solvency I has ceded to exist as a measurement of minimum solvency margin except for non-life insurance companies to the extent and as long as required by international treaties. The Swiss Solvency Test (SST) is now the sole measure for the solvency of insurance companies and groups domiciled in Switzerland. Therefore, the SST, which is in force since 1 January 2011, applies also in the future to all of Helvetia's Swiss-based regulated entities and to Helvetia Group.

As an insurance group domiciled in Switzerland, Helvetia is also subject to supplementary group supervision by FINMA. This includes a group-wide consolidated solvency calculation, and reporting requirements relating a.o. to intra-group transactions, risk concentrations, and to Helvetia's own risk and solvency assessment. The Swiss regime of supplementary group supervision is equivalent with the rules set out in the EU Financial Conglomerate Directive. This enables FINMA to assume the lead regulator function in exercising its supplementary group supervision in Europe over Helvetia Group. Additionally, co-ordination among supervisory authorities is taking place in the context of Supervisory Colleges and information exchange pursuant to Memoranda of Understanding that have been concluded between the Swiss and the EU (and other) regulatory authorities. Applicable law also contains rules on corporate governance and internal risk management. It requires each insurance company to designate a responsible actuary to review its technical provisions and solvency margin in compliance with the prudential requirements. Further, direct insurers are subject to the provisions governing the investments that cover technical provisions.

The SST distinguishes between risk-bearing capital (available capital) and target capital (required capital). The calculation of the target capital requirement is based on both insurance and financial risks. Helvetia determines target capital on the basis of Helvetia's internal risk model. A feature of the SST is that all assets and liabilities are valued on a market-consistent basis that should be compatible with emerging international accounting standards. The market-consistent value of technical provisions is defined as the discounted best estimate plus the market value margin. The market value margin is approximated by using a cost of capital approach. This is defined as the present value of the cost of the future solvency capital, which will be necessary to back the entire existing portfolio of liabilities during the run-off period.

Switzerland, and hence the risk-based solvency regime of the SST and the Swiss regulation, has been granted full equivalence in all three areas of Solvency II: solvency calculation, group supervision and reinsurance by the Euro-

pean Commission on 5 June 2015. This decision now needs to pass to the European Parliament and the Council for scrutiny, for which the time limit is three months, with possible extension by a further three months. The Solvency II framework applies to Helvetia's EU-domiciled entities as noted below.

The SST is coupled with comprehensive risk reporting duties. SST reports are intended to cover the information necessary for FINMA to assess the capital adequacy and risk position of a subject company. Reports are submitted to FINMA on an annual basis in the case of entity (solo) reporting. Currently, companies subject to SST reporting are not subject to specific public disclosure requirements in respect of their SST ratios, however disclosure requirements are introduced by means of the revised ISO and are currently specified by FINMA. First mandatory disclosure of SST is not expected before 2017 for the business year 2016.

The SST assesses financial security of subject companies based on the risks to which they are exposed and on the capital they hold. If risk-bearing capital is less than target capital, a subject company likely has insufficient risk-bearing capital to be able to bear the average losses for a one in a hundred year loss event. In such a case the subject company must either reduce its risk exposure or ensure that it has more risk-bearing capital.

- If the SST ratio falls below the 100% threshold, a plan of activities must be presented and implemented, and specific decisions, such as paying dividends, capital repayments, voluntary repayments of loans, intra-group transactions and other similar transactions, may have to be presented in advance to FINMA for approval. In this range, there is an increased risk due to the solvency situation and FINMA will intensify the dialogue to mitigate the risk. FINMA may also order audits, demand that key indicators be observed intra-year and reported to FINMA and order supplementary scenario analyses.
- If the SST ratio falls below 80%, the subject company must prepare a restructuring plan that returns the company to above 80% within two years and to above 100% within three years. FINMA can also order the preparation of an extraordinary liquidity plan, subject risky new business and renewals to approval, prohibit new and renewal business, prohibit risky and complex transactions, order organizational changes and order more in-depth controls, monitoring, reporting and audits.
- If the SST ratio falls below 33%, FINMA can revoke a subject company's license.

The target amounts of the various thresholds are established in the assessment of the SST reports and are binding until completion of the assessment of the next SST report. In certain extraordinary circumstances, FINMA can order the performance of a sub-annual assessment and, as applicable, re-estimate target capital.

European Union

The new EU solvency regime for insurance companies

The European Commission is in the course of implementing a new prudential framework for insurance companies, known as **Solvency II**, that will replace the existing life, non-life, re-insurance and insurance group's directives. The main aim of this framework is to ensure the financial stability of the European insurance industry, to establish a level-playing-field across the European Union and to protect policyholders through establishing solvency requirements better matched to the true risks of the business. Solvency II uses a more principle- and risk-based approach and thus facilitates a more flexible supervision. Solvency II adopts a three-pillar approach to prudential regulation which is similar to the "Basel II" approach which has already been adopted in the banking sector in Europe. These pillars are quantitative requirements (Pillar 1); qualitative requirements (Pillar 2); and supervisory and reporting disclosure (Pillar 3).

Although the Solvency II directive has similarities to the current Swiss regime set out in the SST in terms of its risk-based approach to the calculation of capital resources requirements and use of capital tiering, there are also many differences both in terms of substance and terminology.

Insurance undertakings to which Solvency II applies will in particular be subject to changes with regard to capital and own funds requirements, the valuation of assets and liabilities and provisions concerning business organisation (governance) and reporting and disclosure requirements. Further changes affect the group supervision. The capital investment principles will be supplemented to the extent that undertakings will in future be required to provide capital backing for their investments, which is to be calculated on the basis of the risk involved in each investment. One further key aspect of Solvency II is the focus on a supervisory review at the level of the individual legal entity. Insurers will be allowed to make use of internal economic capital models to calculate capital requirements if the model has been approved by the regulator. In addition, Solvency II includes a requirement that firms develop and embed an effective risk management and internal audit system as a fundamental part of running the firm.

Solvency II is being developed in accordance with the Lamfalussy four-level legislative process. The "Level 1" directive (dated 25 November 2009, last amended by the Omnibus II Directive dated 16 April 2014) sets out a framework which is supplemented by further and more detailed implementing measures issued by the European

Commission at "Level 2" and technical Standards at "Level 2.5". At "Level 3" standards and guidance have been developed by EIOPA and at "Level 4" the European Commission monitors uniform implementation of the rules in close co-operation with the Member States, the regulators (in particular EIOPA) and the private sector and will take enforcement actions as necessary. Member States will be required to implement the new rules by 31 March 2015, with the regime – including certain transitional provisions - becoming binding on insurers and reinsurers within each Member State from 1 January 2016.

Solvency II provides for the supervision of insurance groups and will impose a group-level capital requirement in relation to certain insurance groups. Where entities in any insurance group are located in different states, the national supervisors of those entities will participate in a college of supervisors to supervise the group, with the FINMA likely to remain the lead regulator for Helvetia Group as the regulator in the domicile of Helvetia Group's head of office.

The European Insurance and Occupational Pensions Authority

The European Parliament has called for a strengthening of the European supervision framework to reduce the risk and severity of future financial crises. This has led to the creation of the European Insurance and Occupational Pensions Authority (**EIOPA**), which is a regulatory and supervisory authority which replaces the Committee of European Insurance and Occupational Pensions Supervisors. EIOPA is part of the European System of Financial Supervisors that comprises three supervisory authorities: one for the banking sector, one for the securities sector and EIOPA for the insurance and occupational pensions sector. Under Omnibus II, EIOPA has extended powers to develop detailed aspects of the Solvency II regime, to provide guidelines and recommendations to national supervisors and to resolve differences between national supervisors in the supervision of international insurance groups. Helvetia will seek to ensure that it is prepared for regulation / guidelines issued by EIOPA, however there are risks associated with the uncertainty in respect of how the EIOPA intends to apply its powers and whether the new authority will result in more intrusive and intensive regulation, adding additional burdens on the Helvetia's resources.

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, and a tax ruling with the Swiss federal tax administration. The summary does not constitute tax or legal advice and the comments below are of a general nature only. 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.

Withholding tax

According to the present Swiss law and practice of the Swiss Federal Tax Administration, payments of interest on the Bonds and payments which qualify as interest for Swiss withholding tax purposes (such as a potential issue discount or repayment premium), are subject to Swiss withholding tax at a rate of currently 35%. If the respective requirements are met, the holder of a Bond residing in Switzerland is entitled to a full refund or tax credit for the Swiss withholding tax whereas a holder of a Bond who is not resident in Switzerland may be entitled to claim a full or partial refund of the Swiss withholding tax by virtue of the provisions of an applicable double taxation treaty, if any, concluded between Switzerland and the country of residence of such holder, subject to qualifications mentioned below.

On 17 December 2014 the Swiss Federal Council re-initiated draft legislation regarding an amendment to the Swiss Federal Withholding Tax Act, which, if enacted, may require a paying agent in Switzerland (as defined in the proposed amendment to the Swiss Federal Withholding Tax Act) to deduct Swiss withholding tax at a rate of 35 per cent. on any payment of interest in respect of a Bond to any individual Bondholders resident in Switzerland. If such withholding tax or similar legislation were enacted and a payment in respect of a Bond were to be made or collected through paying agents in Switzerland and an amount of, or in respect of, Swiss withholding tax were to be deducted or withheld from that payment, neither the Issuer nor any paying agent nor any other person would pursuant to the Terms of the Bonds be obliged to pay additional amounts with respect to any Bond as a result of the deduction or imposition of such withholding tax.

Transfer Stamp Tax

There is no transfer stamp tax liability in Switzerland in connection with the issue and redemption of the Bonds. Bonds with a term of more than 12 months which are sold through a Swiss or a Liechtenstein domestic bank or a Swiss or a Liechtenstein domestic securities dealer (as defined in the Swiss Federal Stamp Duty Law), are subject to the Swiss securities transfer stamp tax (turnover tax) of presently 0.15% with some exceptions as detailed in the Swiss Federal Stamp Duty Law applies.

Income Taxation on Principal or Interest

Bonds held by Non-Swiss holders

Payments by the Issuer of interest on, and repayment of principal of, the Bonds, to, and gain realized on the sale or redemption of Bonds by, a holder of Bonds, who is not a resident of Switzerland, and who during the relevant taxation year has not engaged in a trade or business through a permanent establishment or a fixed place of business in Switzerland to which the Bonds are attributable, will not be liable for any Swiss federal, cantonal or communal income tax.

Bonds held as Private Assets by Swiss Resident Holders

An individual who resides in Switzerland and holds a Bond as a private asset will be required to include all payments of interest received on the Bond in his or her personal income tax return for the relevant tax period and will be taxable on any net taxable income (including the payment of interest on the Bond and payments which

qualify as interest for Swiss income tax purposes (such as a potential issue discount or repayment premium)) for such tax period at the then prevailing tax rates. Conversely, a capital loss realized by him or her on the sale or other disposition of a Bond and a capital loss incurred as a consequence of a write down of the Bond will constitute a non-tax-deductible loss. See: "Taxation – 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

Individuals who hold Bonds as part of a business in Switzerland, and Swiss-resident corporate taxpayers, and corporate taxpayers residing abroad holding Bonds as part of a Swiss permanent establishment or fixed place of business in Switzerland, are required to recognize payments of interest and any capital gain or loss, as applicable, realized on the sale or other disposal of such Bonds, in their income statement for the respective tax period and will be taxable on any net taxable earnings for such period at the 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.

European Union Directive on Taxation of Savings Income

Under Council Directive 2003/48/EC on the taxation of savings income (the "EU Savings Directive"), Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State. Such a person may, however, in lieu of the withholding tax, opt for voluntary disclosure of interest.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above (the "Amending Directive"). Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the EU Savings Directive, in particular to include additional types of income payable on securities. The Amending Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approval will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented.

On 25 November 2014, the Luxembourg parliament enacted a law to implement the automatic exchange of information upon request, which applies from 1 January 2015.

In December 2014, Austria announced its intention to abolish the withholding system with effect from 2017, in favour of automatic information exchange under the EU Savings Directive.

On 26 October 2004, the European Community (now European Union) and Switzerland entered into an agreement on the taxation of savings income by way of a withholding tax system and voluntary declaration in the case of transactions between parties in the EU member states and Switzerland.

On the basis of such agreement between the European Union and Switzerland, Switzerland has introduced a withholding tax on interest payments or other similar income paid by a paying agent within Switzerland to EU resident individuals as of 1 July 2005. The withholding tax is to be withheld at a rate 35 per cent. The beneficial owner of the interest payments may be entitled to a tax credit or refund of the withholding if certain conditions are met.

On 27 May 2015, the Swiss Federal Council initiated the consultation process on the agreement between the European Union and Switzerland regarding the introduction of the automatic exchange of information in tax matters which was signed on the same date, and by which, if approved and ratified, the existing agreement between the European Union and Switzerland on the taxation of savings income will be amended. It is currently expected that

the agreement regarding the introduction of the automatic exchange of information in tax matters will come into effect on 1 January 2017 and the first set of data thereunder will be exchanged from 2018.

Prospective purchasers of these Bonds should consult their advisors concerning the impact of the EU Savings Directive. Notwithstanding the above, for the avoidance of doubt, should the Issuer, the Swiss Principal Paying Agent or any institution where the Bonds are deposited be required to withhold any amount as a direct or indirect consequence of the EU Savings Directive, then, there is no requirement for the Issuer to pay any additional amounts.

Foreign Final Withholding Tax

On 1 January 2013 treaties on final withholding taxes between Switzerland and the United Kingdom entered into force. The treaty, *inter alia*, require a Swiss paying agent to levy final withholding tax at specified rates in respect of an individual resident in the United Kingdom, on interest or capital gain paid, or credited to an account, relating to the Bonds. Such a person may, however, in lieu of the final withholding tax opt for voluntary disclosure of the interest or capital income to the tax authority of his or her country of residency. It is expected that as a consequence of the agreement between Switzerland and the European Union (if and when approved and ratified) such treaties on final withholding taxes between Switzerland and the United Kingdom will be terminated.

INFORMATION INCORPORATED BY REFERENCE

The following information incorporated by reference into this Prospectus may be consulted on the website of the Company (www.helvetia.com) or requested (at no cost) by contacting UBS AG, Swiss Prospectus, Europastrasse 1, CH-8152 Opfikon, Switzerland, or may be obtained by telephone (+41 44 239 47 03), by fax (+41 44 239 69 14) or by e-mail to swiss-prospectus@ubs.com:

Financial statements of Helvetia

Consolidated financial statements for the first half-year 2015 (unaudited)

- Consolidated balance sheet as of 30 June 2015 to be found on page 21 of the 2015 half-year report
- Consolidated statement of comprehensive income for the six months ended 30 June 2015, to be found on page 20 of the 2015 half-year report
- Consolidated statement of shareholders' equity for the six months ended 30 June 2015, to be found on pages 22 - 23 of the 2015 half-year report
- Consolidated cash flow statement for the six month ended 30 June 2015, to be found on pages 24 - 25 of the 2015 half-year report

Consolidated financial statements 2014 (audited)

- Consolidated balance sheet as of 31 December 2014 to be found on pages 110 - 111 of the 2014 annual report
- Consolidated statement of comprehensive income for the year ended 31 December 2014, to be found on page 109 of the 2014 annual report
- Consolidated statement of changes in shareholders' equity for the year ended 31 December 2014, to be found on pages 112 - 113 of the 2014 annual report
- Consolidated cash flow statement for the year ended 31 December 2014, to be found on pages 114 - 115 of the 2014 annual report
- Notes to the consolidated financial statements for the year ended 31 December 2014, to be found on pages 117 - 222 of the 2014 annual report
- Report of the statutory auditor on the consolidated financial statements for the year ended 31 December 2014, to be found on pages 223–224 of the 2014 annual report

Financial Statements 2014 (audited)

- Balance sheet as of 31 December 2014, to be found on page 225 of the annual report 2014
- Income statement for the year ended 31 December 2014, to be found on page 225 of the annual report 2014
- Proposed appropriation of profit for the year ended 31 December 2014, to be found on page 225 of the annual report 2014
- Notes to the Financial Statements, to be found on pages 226 - 229 of the annual report 2014
- Report of the statutory auditor, to be found on pages 230-231 of the annual report 2014

Company Profile of Helvetia

- Information on the company profile (including corporate governance) of Helvetia can be found on pages 18 - 76 of the 2014 consolidated annual report

Risk and Investment Management of Helvetia

- Information on risk and investment management can be found on pages 43 - 48 of the 2014 consolidated annual report

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Media release

St. Gallen, 19 June 2015

Helvetia completes sale of Belgian travel insurance portfolio

Helvetia has completed the sale of the travel insurance portfolio of its Belgian subsidiary L'Européenne to Mapfre Asistencia.

On 4 March 2015 Helvetia announced the sale of the travel insurance portfolio of L'Européenne (Compagnie Européenne d'Assurances des Marchandises et Bagages S.A, Brussels) in Belgium to Mapfre Asistencia, a company of the Spanish Mapfre insurance group. Following the approval of the regulatory authorities, the portfolio transaction has now been completed. In the process 15 employees have transferred to Mapfre.

L'Européenne belonged to the Nationale Suisse Group, which became part of the Helvetia Group in 2014. With premiums of EUR 25 million, the L'Européenne travel insurance portfolio generated about 30 percent of the premium volume of Nationale Suisse in Belgium.

As previously announced, Helvetia is withdrawing from the Belgian direct insurance market with the exception of art risks, which in future will be underwritten via its Liechtenstein-based subsidiary.

This media release is also available on our website www.helvetia.com/media.

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About the Helvetia Group

Over the past 150 years, the Helvetia Group has developed out of various Swiss and foreign insurance companies into a successful insurance group with a presence throughout Europe. Helvetia now has operations in Switzerland, Germany, Austria, Spain, Italy, France and Liechtenstein. It also conducts some of its investment and financing operations via subsidiary and fund companies in Luxembourg and Jersey. The former Nationale Suisse became part of Helvetia Group in October 2014, and its business activities are being continued by Helvetia Group as of 1 May 2015. The Group's head office is located in the Swiss town of St. Gallen. Helvetia offers life policies, insurance against loss and reinsurance. With around 7,000 employees, it provides services for more than 4.7 million customers. In the 2014 financial year, Helvetia generated underlying earnings of CHF 421.7 million on a business volume of CHF 7.76 billion. The registered shares of Helvetia Holding are traded on the SIX Swiss Exchange under the code HELN.

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tion you that the foregoing list of important factors is not exhaustive; when evaluating forward-looking statements, you should carefully consider the foregoing factors and other uncertainties. All forward-looking statements are based on information available to Helvetia Group on the date of its publication and Helvetia Group assumes no obligation to update such statements unless otherwise required by applicable law.

Media release

St. Gallen, 5 May 2015

Helvetia merges legal entities and organisation in Switzerland

With the takeover of Nationale Suisse successfully completed, Helvetia Group's Swiss insurance units have now been merged. The company is serving its home market with a unified product range under the Helvetia brand as of 1 May 2015. At the same time, an integrated organisation model has been introduced for office and field staff. The "new Helvetia" has thus got off to a successful start in Switzerland.

Helvetia took over the Nationale Suisse Group in October 2014. Nationale Suisse registered shares were delisted from the SIX Swiss Exchange at the start of April 2015. Further key steps have now been taken to combine the two firms into one. The merger of Helvetia Swiss Insurance Company Ltd and Swiss National Insurance Company Ltd was approved by the Swiss Financial Market Supervisory Authority FINMA and was entered in the Commercial Register on 30 April 2015. The merger of Helvetia Swiss Life Insurance Company Ltd and Swiss National Life Ltd was submitted to the Canton of Basel-Stadt Commercial Register Office on 4 May 2015 for entry in the Commercial Register.

A single brand: Helvetia

Helvetia became the single brand in the marketplace with effect from 1 May 2015. Customers will continue to receive the service they have come to expect. Helvetia will take over Nationale Suisse insurance contracts in full and continue them unchanged. Customers and distribution partners can benefit from a unified and comprehensive range of attractive insurance and pension solutions for individuals and companies.

New organisation model in force

Helvetia's new organisation model for office and field staff also came into force on 1 May 2015. It brings together the two firms' previously separate management structures and thus creates a basis for customer-focused, efficient processes. Most of Nationale Suisse's roughly 1,500 staff in Switzerland have been given a role in the new organisation.

However, a measured headcount reduction is unavoidable due to structural duplications. Out of currently around 3,850 staff in Switzerland, roughly 70 terminations on the employer's side and 30 early retirements are expected. The employees affected will receive active support in finding a new job in line with the agreed social plan as well as a salary guarantee up to the end of 2015.

As had been anticipated, further redundancies can be achieved through natural attrition. On balance, approximately 200 employees have left since October 2014. This shows that the job market in the Swiss insurance industry is very buoyant and confirms the view that natural attrition will be sufficient to cover a significant proportion of the medium-term synergies.

"New Helvetia" a strong all-lines insurer in Switzerland

Thanks to these vital steps, the "new Helvetia" is ready to begin operating in Switzerland just six months after the takeover was completed. The legal entities have been merged, the product range harmonised and the joint organisational structure put in place. The two successful companies Helvetia and Nationale Suisse have come together to create a leading Swiss all-lines insurer. The "new Helvetia" has increased its distribution network from 62 general and main agencies to 81, given more customers access to online platforms such as smile.direct and created additional broker channels and is backed up by the strong, established banking partners Raiffeisen, Swisscanto and Vontobel. The significant increase in market share and greater financial strength will make Helvetia an even more dependable insurance partner for the Swiss market.

This media release is also available on the home page www.helvetia.com/media.

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