

Financial Media Conference – the Helvetia Group

Monday, 11 March 2013

Annual financial statement 2012

(The spoken word takes precedence)

Stefan Loacker, CEO of the Helvetia Group

(Slide 1) Annual results 2012

Ladies and Gentlemen, I have the pleasure of welcoming you to the presentation of our 2012 annual results. We are delighted that we can, once again, report to you on another year with a solid business result. Helvetia's annual profit of CHF 342 million was 18% higher in 2012 than in the previous year. At the same time, we have made good progress in implementing our 2015+ strategy. We would now like to use this presentation to provide you with the facts and background in more detail.

(Slide 3) Programme

Helvetia is represented today by: Paul Norton, Group CFO, who will explain to you our current results, Ralph Honegger, Chief Investment Officer; who will inform you about the investment result, and Philipp Gmür, CEO of Helvetia Switzerland, who will explain to you how the business has performed in our successful home market. After this, as usual, all of our speakers will be available to answer any questions you may have.

(Slide 4) Highlights of the 2012 financial year

Let's take a look at the overview on slide 4.

- In the reporting year 2012, Helvetia Group achieved the third highest profit in the company's history, with CHF 342 million. In view of the challenging European market environment, we are particularly delighted that the foreign markets were again able to achieve better results, alongside the ongoing strength of the Swiss business. Thanks to increased earnings, return on equity rose from 8.6% to 9.2%, despite the increase in equity. Based on this pleasing overall growth, we are proposing a higher dividend of CHF 17 per share to the Shareholders' Meeting.
- We are very pleased with the performance of both main business areas. Non-life results grew thanks to a very positive net combined ratio of 93.5%, which is even lower compared to the

previous year. In the life business, the Helvetia Group reported healthy risk results and a good investment returns, with continued stable margins between current income and average interest guarantees.

- Business volumes have proved to be robust at around CHF 7.0 billion. We were able to grow the non-life business slightly and the individual life business considerably. The reported decline of 1.8% in business volumes is mainly attributable to the intended reduction of new in Swiss group life business: In view of low prevailing interest rates in Switzerland, we considered it appropriate not to dilute the income prospects of our existing customers by strong inflows of new assets that would be difficult to invest at reasonable yields. The organic growth in the remaining lines of business is consistently positive and entirely in line with our growth strategy.
- Our Group also made good headway last year in terms of acquisitions. The three acquisitions made in 2012 are improving our market position in the French and Italian market as well as in the Swiss individual life business and are set to increase business volumes from 2013 by a total of around CHF 240 million. More on that later.
- The Group's investment result in the profit and loss statement improved by almost CHF 300 million on the previous year. The direct yield remained stable at 2.8%, despite the effect of low interest rates. Investment performance was significantly better than that of the previous year at 5.5% overall. Supported by good results and driven by the increase in unrealised profits, equity also rose by more than 10% and increased the Solvency I ratio to 229%. As Paul Norton will discuss later on, our Group also has a comfortable SST coverage. Due to the good progress with the approval process, we have decided for the first time to quantify our internal SST models in the form of a range. For the Helvetia Group, coverage in the first half of 2012 was between a very solid 150% and 200%.

With this financial strength, Helvetia is well equipped to continue to cope with the ongoing difficult market conditions and remain on its European growth path.

Allow me to pass you over to Paul Norton. >>>

Second part:

(Slide 30) Ambition Helvetia 2015+ on track

Today, Helvetia finds itself in the midst of the Helvetia 2015+ strategy which was adopted at the end of 2010. We all know that the general economic conditions have become more difficult since then. It is primarily the low risk-free interest rates that pose a challenge for life insurance, while the recessionary economic environment is reflected in the non-life business, particularly in our Southern European markets.

As we can see from the strategic milestones for the 2012 reporting year, the Helvetia Group is well on target in the key strategic areas of growth, profitability and customer loyalty. Allow me to highlight some important aspects on slide 31.

(Slide 31) Review: What did we achieve in 2012?

Growth:

- Our growth strategy remains based on healthy organic growth and strategic complementary acquisitions.

- With the acquisition of the Groupama portfolio, we were able to significantly grow our niche transport business in France – becoming the new number 2.

- In Italy we became the sole shareholder in life insurance company Chiara Vita, by acquiring the remaining 30% minority shareholding. Together with the acquisition of a majority of 51% in the non-life business, Chiara Assicurazioni, it will be possible for us to further expand our Bancassurance business. This acquisition and the extension of the distribution agreement with Banco di Desio by a further 10 years will enable us to strengthen Helvetia's sales and positioning in the Italian market.

- As a result of the acquisition of SEV Versicherungen in Switzerland, Helvetia has been given the opportunity to access a very interesting customer base, which we aim to develop using a new affinity group approach.

Profitability:

- The increase in profit in the 2012 reporting year is broadly based. Helvetia's programme to improve results in Germany was particularly successful. The German business returned to profit in 2012 following the disappointing result of 2011. Italy has also improved significantly.

- The foreign units' contributions to profit also increased noticeably overall. The dependency on business performance in Switzerland has reduced accordingly.

- In the life insurance business, the interest rate guarantees in new business and the policyholder participation in the portfolio were adjusted to the changes in the capital market environment at an early stage.
- To secure the new business margin, we also initiated an active product portfolio management which promotes the sale of term insurance and products with modern guarantee concepts.

Customer loyalty:

- We were also able to achieve key milestones in the area of customer loyalty. This included the successful introduction of the new CRM system in Switzerland and Spain, and we aim to gradually introduce it into other country markets.
- The harmonisation of our brand positioning with the new claim “Helvetia – Your Swiss Insurer” has now been executed in all country markets alongside the new campaign in Switzerland.
- Finally, we were able to embed the idea of corporate responsibility even more deeply into the company by linking it to the strategy process and creating a central specialist unit at Group level.

(Slide 32) Financial objectives

Ladies and Gentlemen, allow me to summarise. In financial year 2012, we achieved the majority of our medium-term financial objectives. In the present climate, this is by no means a foregone conclusion.

Organic growth is on course. Our combined ratio in the non-life business remains very strong. Due to the interest rate environment, the new business margin in the life business is at 0.9% slightly below the desired value. Cost development remains stable and shows that the reductions achieved during the last few years have been sustained. We have a strong solvency position and obtained confirmation of our “A” rating by Standard & Poor’s in the fourth quarter. Return on equity at 9.2% is just below the originally established target range. This is primarily in relation to the increase in equity which reflects the higher market value of our bond portfolio. Within the context of the current low interest rate environment, it can be assumed that an ROE objective of just below 10% in the short term remains realistic. However, within Ambition 2015+, we are continuing to aim for an ROE of 10-12% in the medium term. It is certainly pleasing for our shareholders that the increase in reported profit is enabling us to pay a higher dividend than last year. The payout ratio of 44% is at the upper end of the target range and reflects the fact that we are also confident in the medium term that we will be able to continue to create added value for our customers, employees and shareholders.

Thank you for your attention. The other speakers and I will be happy to answer any questions you may have. As is customary, we will start with the participants who are in attendance and then follow on with the listeners on the telephone. If you could, please introduce yourself briefly beforehand.