Media release

St.Gallen, 13 March 2017

Helvetia improves profit as well as business volume and makes initial progress with the *helvetia 20.20* strategy

Helvetia Group increased its underlying earnings in the 2016 financial year by 12% to CHF 492 million after tax. The business volume grew by 2.6% (in original currency) to CHF 8,513 million despite portfolio optimisations and a challenging environment. The result includes pre-tax synergies of CHF 118 million from the acquisitions of Nationale Suisse and Basler Austria. On this basis, the Board of Directors is proposing that the Shareholders' Meeting increase the dividend by 10% to CHF 21 per share. Helvetia is pushing ahead rapidly with the implementation of its *helvetia 20.20* strategy. Herbert J. Scheidt is not standing for re-election to the Board of Directors.

The most important key figures for the 2016 financial year at a glance:

Underlying earnings[1] after tax:	**CHF**	**491.8 million**	2015: CHF 439.0 million; +12%
IFRS result[1] after tax (incl. acquisition effects):	**CHF**	**376.6 million**	2015: CHF 309.5 million; +21.7%
Business volume:	**CHF**	**8,512.7 million**	2015: CHF 8,235.3 million; +2.6% in original currency
SST ratio (range[2]):		**140% to 180%**	2015: 150% to 200%
Combined ratio (net):		**91.6%**	2015: 92.1%
Equity (excluding preferred stock):	**CHF**	**4,812.6 million**	2015: CHF 4,655.3 million
Proposed dividend distribution:	**CHF**	**21.00 per share**	2015: CHF 19.00 per share

More key figures with comments are provided in the enclosure.

[1] Helvetia's IFRS profit for the period is temporarily distorted by special effects following the acquisitions of Nationale Suisse and Basler Austria. Up to the end of the 2017 financial year, Helvetia is therefore putting emphasis on "underlying earnings", which eliminate these temporary effects and therefore reflect the operating performance of the new Helvetia Group. Underlying earnings are adjusted for integration costs as well as amortisation of intangible assets, amortisation due to revaluation of interest-bearing securities at market value and other one-off effects of the acquisitions. Although underlying earnings is not an IFRS indicator, it is derived from the IFRS figures.

[2] Helvetia has adjusted the target range for the SST ratio in 2016 to between 140% and 180% (previously: 150% to 200%).

"We can look back on an intensive and extremely successful year. We are very satisfied with the underlying earnings. Another positive has been the quick and successful integration of Nationale Suisse. Also we are very much on course with the implementation of our new strategy", reports a delighted Philipp Gmür, CEO of Helvetia Group, on the solid business performance.

The insurance group increased its underlying earnings[1] in 2016 compared to 2015 by 12% to CHF 491.8 million after tax. The IFRS result[1], which was temporarily influenced by significant acquisition accounting effects, was CHF 376.6 million and thus 21.7% up on the previous year.

Non-life with improved net combined ratio and increase in profit
The non-life business made a particularly strong contribution to the pleasing result with a profit increase of 2.6% to CHF 340.5 million. This growth was driven by a strong technical performance, which is also reflected in the net combined ratio of 91.6%, down 0.5 percentage points relative to the previous year. This was due, in particular, to the positive trend in the claims ratio. The cost ratio also improved thanks to realised synergies. All market units reported a net combined ratio of below 100% and operated profitably.

Life business generates solid profit despite challenging environment
Underlying earnings for the life insurance segment remained stable at CHF 173.5 million (previous year: CHF 175.7 million) despite the challenging environment. The operating result improved on the previous year, driven by the interest result, which chiefly benefited from the reduction in the statutory minimum interest rate for the group life business. However, the interest result also reflected the success of various measures, including the focused sales of modern insurance products and the remission of traditional products. Helvetia implemented these measures during the course of the year in order to improve the profitability of the life business. The net investment result also improved compared to the previous year. However, the expenses for the interest-related strengthening of the reserves increased year-on-year, in particular in Switzerland and Germany.

Improved results in the "other activities" segment
The contribution to underlying earnings made by the "other activities" segment improved markedly from CHF -68.5 million in the 2015 financial year to CHF -22.2 million. This increase is attributable to the significantly higher technical result for Group Reinsurance, which was burdened in the previous year by a worse claims experience as well as losses from investments as a result of the SNB’s decision to decouple the Swiss franc from the euro.

Significant increase in capital-efficient life products
In 2016, Helvetia generated a business volume at Group level of CHF 8,512.7 million, which corresponds to an increase of 2.6% in original currency. The greatest absolute growth was recorded by the Swiss home market (+3.1% to CHF 5,106.6 million), while the Speciality Markets segment also posted an increase (+13.3% to CHF 771.1 million). Due to optimisation measures, Helvetia recorded a slightly lower business volume in Europe (-1.2% to CHF 2,635.0 million on a currency-adjusted basis). Helvetia reported currency-adjusted growth of 3.4% in the life business. The growth in the individual life business with capital-efficient, modern products, which

generated an increase of 18.3%, is worthy of particular mention here. This pleasing growth is also reflected in the 0.4 percentage point increase in the margin for new business. As planned, the premiums collected via traditional insurance solutions declined. In the non-life business, premiums increased in original currency Group-wide by 1.5% despite the fact that Helvetia carried out deliberate portfolio optimisations in certain countries.

Good investment performance despite challenging circumstances
The investment portfolio reached CHF 49.6 billion at the end of the year and thus grew year on year by CHF 1.6 billion. Current investment income increased by CHF 11.2 million to CHF 999.6 million. With an investment result recognized in the income statement of CHF 1.1 billion, Helvetia generated a performance of 2.5%. In view of the overall performance of the equity markets and record-low interest rates, this amounts to a good result.

Capital base remains strong
Helvetia's capital base remains strong. The SST ratio at the end of June 2016 was in the range of 140% to 180%, which corresponds to the new target range defined in the financial objectives a year ago. Despite paying an attractive dividend, equity rose compared to the end of 2015 from CHF 4,655.3 million to CHF 4,812.6 million, mainly owing to the company profit. The return on equity calculated on the basis of underlying earnings increased from 8.9% in the 2015 financial year to 9.7% in the year under review.

Almost completed integration and significantly higher dividend
The integration of Nationale Suisse and Basler Austria, which were acquired in 2014, is almost fully completed. The successful integration is also reflected in the achievement of the synergy goals. The underlying earnings include realised pre-tax synergies of CHF 118.3 million. Synergies of CHF 45.3 million had been realised in the previous year. Helvetia is thus ahead of its own schedule.

Shareholders should also participate in the significant progress made in terms of the integration. The Board of Directors is therefore proposing that the Shareholders' Meeting increase the dividend from CHF 19 per share to CHF 21, an increase of more than 10%.

Integrated corporate structure operational since the start of the year
One year ago, the insurance group introduced the *helvetia 20.20* strategy. To ensure efficient strategy implementation, Helvetia established an integrated corporate structure. This new structure has been operational since the start of the year. The positions in the newly created Non-Life Switzerland and IT Executive Management areas as well as in the Corporate Development support function have been filled with very strong new additions. With the new set-up, Helvetia is stepping up the collaboration between different areas within the organisation and optimising the basis for digitalisation and innovations – and is also closer to the market and its customers.

Innovative offers thanks to successful digital transformation

In order to push ahead with digitalisation, Helvetia has – amongst other initiatives – acquired a majority stake in Switzerland's biggest technology-based mortgage broker MoneyPark last December. With MoneyPark, Helvetia has also added a new, independent business model to its current portfolio and laid a first strong foundation stone for a "home" ecosystem. At the start of the year, Helvetia also launched its own venture fund, which over the coming years will invest a total of CHF 55 million in around 25 insurance-related start-ups.

At the same time, Helvetia is also expanding its digital offerings for its growing number of online-savvy customers. With the Swiss direct insurance company smile.direct, the insurance group already has a successful online model. Among other initiatives, Helvetia also launched to market a new fully digital household insurance offering in Germany in 2016. "These examples show that we have already accomplished considerable feats during the first year. We are now systematically continuing on our chosen path. In doing so, we will generate added value for everybody. Our customers will receive modern products and services, we will offer our employees attractive jobs and we will work to generate greater profits and dividends for our shareholders", emphasises Philipp Gmür.

Herbert J. Scheidt not standing for re-election to the Board of Directors

Because of his election last year as Chairman of the Swiss Bankers Association and the respective workload, Herbert J. Scheidt will not stand for re-election to the Board of Directors at the Shareholders' Meeting of Helvetia Holding AG. Herbert J. Scheidt joined the Board of Directors of the insurance group in 2011 and was also a member of the Audit Committee and the Investment and Risk Committee. Pierin Vincenz, Chairman of the Board of Directors, says: "On behalf of the whole company, I would like to warmly thank Herbert J. Scheidt for his many years of commitment to Helvetia. He decisively shaped the company in the last few years with his profound expertise in financial, investment and risk matters and thus made an important contribution to the success of Helvetia."

Remarks

- A media breakfast will be held today in German at 9 a.m. An analysts' conference with a conference call in English will follow at 11 a.m.
- The conference call (English) can be heard live on the Internet at www.helvetia.com (audio). A replay will be available at www.helvetia.com from around 4.30 p.m.
- The shareholders' letter, the preprint of the annual report and the presentation for the media and analysts' conference can be downloaded from www.helvetia.com/annual-results immediatly.
- The most important key figures can be found in the attached fact sheet.
- Please watch the video interview with Philipp Gmür, Helvetia Group CEO, on www.helvetia.com/ceo-video-financial-results.

For further information please contact:

Analysts

Helvetia Group
Susanne Tengler
Head of Investor Relations
Dufourstrasse 40
CH-9001 St.Gallen

Phone: +41 58 280 57 79
investor.relations@helvetia.ch
www.helvetia.com

Media

Helvetia Group
Jonas Grossniklaus
Media Relations Manager
St. Alban-Anlage 26
CH-4002 Basel

Phone: +41 58 280 50 33
media.relations@helvetia.ch
www.helvetia.com

About the Helvetia Group

In over 150 years, the Helvetia Group has grown from a number of Swiss and foreign insurance companies into a successful international insurance group. Today, Helvetia has subsidiaries in its home market Switzerland as well as in the countries that make up the Europe market area: Germany, Italy, Austria and Spain. With its Specialty Markets market area, Helvetia is also present in France and in selected regions worldwide. Some of its investment and financing activities are managed through subsidiaries and fund companies in Luxembourg and Jersey. The Group is headquartered in St.Gallen, Switzerland.
Helvetia is active in the life and non-life business, and also offers customised specialty lines and reinsurance cover. Its business activities focus on retail customers as well as small and medium-sized companies and larger corporates. With some 6,500 employees, the company provides services to more than 5 million customers. With a business volume of CHF 8.51 billion, Helvetia generated underlying earnings of CHF 491.8 million in the 2016 financial year. The registered shares of Helvetia Holding are traded on the SIX Swiss Exchange under the symbol HELN.

general development of insured events; (8) mortality and morbidity rates; (9) policy renewal and lapse rates as well as (10), the realisation of economies of scale as well as synergies. We caution 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.

Overview of key figures

1. Total business volume

in CHF million	2016	2015	Delta in CHF in %	Delta in OC[1] in %
Group[2]	**8,512.7**	8,235.3	3.4	2.6

Key growth drivers (in CHF million)

- Life business with growth of +3.4% (in OC); the pleasing trend in growth in modern, capital-efficient products should be noted as these increased by 18.3% compared to the previous year
- Non-life business with growth of +1.5% (in OC) despite portfolio optimisations to improve profitability in some countries
- All three segments with good or stable development of the business volume in OC (Switzerland: +3.1%, Europe: -1.2%, Specialty Markets: +13.3%)

Business activities

in CHF million	2016	2015	Delta in CHF in %	Delta in OC in %
Life business volume	4,635.0	4,459.1	3.9	3.4

Key growth drivers

Segments:

- Switzerland segment with growth of +4.1%; largely driven by the group life business, but modern products in individual life also delivered a pleasing performance (for details see Segments – Switzerland)
- Europe segment with growth of +0.9% (in OC); mainly driven by Austria (for details see Segments)

Lines of business:

Group life: CHF 2,759.8 million (+4.8% in OC)

- Swiss home market (97.3% of premiums in group life business) with growth in key regular premiums (+0.8%), single premiums significantly higher than previous year due to a one-off effect – despite the continuation of a cautious underwriting policy in new business (for details see Segments – Switzerland)

Individual life: CHF 1,875.2 million (+1.5% in OC)

- Good volume development Group-wide among modern insurance solutions (+18.3% in OC), growth drivers were investment-linked insurance solutions while investment deposits were down for market-related reasons
- Decline in traditional insurance in line with the strategy

in CHF million	2016	2015	Delta in CHF in %	Delta in OC in %
Gross premiums Non-life	3,877.7	3,776.2	2.7	1.5

Key growth drivers

Segments:

- Specialty Markets with growth of +13.3% (in OC); driven by Active Reinsurance in line with the strategy
- Switzerland with growth of +0.6%, driven by a special effect in the motor vehicle business
- Europe with a declining volume of -2.4% (in OC) due to intentional portfolio optimisations and a market-wide decline in the motor vehicle business in Italy

Lines of business:

- Active Reinsurance with growth of +40.1% in line with the strategy
- Other lines stable or declining due to portfolio optimisation measures

[1] Original currency
[2] Including investment deposits

Segments

in CHF million	2016	2015	Delta in CHF in %	Delta in OC in %
Switzerland	5,106.6	4,953.4	3.1	3.1

Business activities:

Non-life: CHF 1,444.2 million (+0.6%)

- Motor vehicle insurance as a growth driver (+1.5%) due to a special effect in the first-half year (conversion of some motor vehicle policies of the former Nationale Suisse to Helvetia's billing period) which has tapered off in the second half
- Other business lines stable respectively declining due to the termination or non-renewal of major contracts and reductions in coverage

Life: CHF 3,662.4 million (+4.1%)

- Group life with growth of +4.7%
    - Growth in regular premiums (+0.8%)
    - Selective underwriting of new business overall due to the low interest rate environment, growth in single premiums (+8.2%) owing to a **single** transfer of policyholder bonuses into retirement assets, booked as premiums, which should be regarded as a one-off effect
- Individual life with growth of +2.7% driven by the positive development among modern insurance solutions (+11.8%), decline in traditional insurance in line with the strategy

in CHF million	2016	2015	Delta in CHF in %	Delta in OC in %
Europe	2,635.0	2,606.5	1.1	-1.2

Business activities:

Non-life: CHF 1,662.4 million (-2.4% in OC)

- Premium volume down overall, largely due to portfolio optimisations to improve profitability
- Development by countries:
    - Austria with growth of +2.7% (in OC) driven by the property and liability insurance business
    - Germany with declining premium volumes due to optimisation of the industrial, transport and motor-vehicle insurance business, which were not compensated by growth in the liability and accident / health insurance
    - Italy with a declining premium volume due to the market-wide decline in the motor-vehicle business and optimisation of the portfolios of the former Nationale Suisse
    - Spain with a declining premium volume due to optimisation of the portfolios of the former Nationale Suisse
- Development by lines of business:
    - Liability insurance with growth of +4.4% (in OC)
    - Other lines declined due to optimisations

Life: CHF 972.6 million (+0.9% in OC)

- Development by countries:
    - Growth driven by Austria (+49.8% in OC) – good development of modern insurance products
    - Spain with growth of +0.5% (in OC), positive development of modern products (+3.4% in OC) and burial insurance were able to offset decline in traditional products
    - Germany with declining business volume (-1.2% in OC), as the positive development among modern insurance solutions (+8.4% in OC) was not able to compensate for the planned decline in traditional insurance solutions
    - Italy with declining business volume (-14.6% in OC) in line with the market development
- Development by lines of business:
    - Modern insurance solutions as growth driver (+22.6% in OC)
    - Decrease in traditional insurance according to strategy

in CHF million	2016	2015	Delta in CHF in %	Delta in OC in %
Specialty Markets	771.1	675.4	14.2	13.3
– Active Reinsurance with growth of +40.1% owing to targeted diversification by region and business lines pursuant to the strategy, and due to the selective development of existing business relationships – Specialty Lines CH/Int. with a stable premium volume due to selective underwriting in a soft market – France with a declining premium volume				

2. Key performance figures

in CHF million	2016	2015	Delta in CHF in %
Underlying earnings for the Group[3]	491.8	439.0	12.0
– Solid increase in underlying earnings of +12.0%, driven by improvements in the business activities of non-life and other activities, life result fell short of the previous year's figure despite the improved operating profit			
Business activities			
Non-life	340.5	331.8	2.6
– Significantly better technical result thanks to better claims development due to portfolio optimisations and improvements of the cost ratio due to synergies – Lower investment result due to lower gains and losses on investments, partly owing to the poor performance of the equity markets in the first half, higher realised gains in the prior year in order to compensate for currency losses following the SNB decision			
Life	173.5	175.7	-1.2
– Improved savings result due to a reduction in the minimum interest rate in the Swiss group life business (in the mandatory and non-mandatory part) and successful revision of traditional life products – Lower risk result due to a weaker claims experience that was within the usual range of fluctuation – Increased expenses for additional interest-related reserves partly compensated by higher investment result and lower expenses for policyholder participation and tax			
Other activities	-22.2	-68.5	67.6
– Significantly better result due to the improved technical result for internal Group Reinsurance, which was impacted in the previous year by a poor claims experience from cessions by the European entities to Group Reinsurance – Decreased currency losses (impacted in the previous year by the SNB decision)			

[3] Underlying earnings have been adjusted for integration costs and for amortisation of intangible assets, additional scheduled depreciation due to the revaluation of interest-bearing securities at market value, and other one-off effects from the acquisitions. Although underlying earnings is not an IFRS indicator, it is derived from the IFRS figures.

Segments			
in CHF million	**2016**	**2015**	**Delta in CHF in %**
Switzerland	366.2	364.9	0.3
– Non-life underlying earnings grew, stable underlying earnings in life business – Non-life business: Earnings growth thanks to improved technical performance and realised synergies – Life business generated a positive development in the savings result owing to the reduction of the minimum interest rate in the Group-life business and the successful revision of traditional products; reduced risk result (usual fluctuations in the claims experience). Due to lower capital gains and losses and higher interest related reserve strengthening underlying earnings declined, although adjustment of policyholder participation with a slight counter-effect			
Europe	113.4	98.4	15.2
– Europe segment with earnings growth of +15.2% – Non-life result above the previous year's level due to a slightly improved technical result and positive one-off tax effects in Italy and Germany – Life result above the previous year due to higher gains and losses from investments, offset to a large extent by a higher cost for interest related reserve strengthening in Germany, Austria and Spain – Almost all country markets with improved results compared to the previous year, Austria with a declining result due to higher appreciation for real estate in the prior year			
Specialty Markets	35.9	43.4	-17.4
– Specialty Markets with a declining result due to a lower technical result in France as a consequence of a higher run-off result in the previous year			
Corporate	-23.6	-67.8	65.2
– Improved result due to a better technical result in Group Reinsurance and lower currency losses (previous year impacted by the SNB decision)			
Investments			
Current income from Group investments	999.6	988.4	
– Increase in investment portfolio by CHF 1.6 billion to CHF 49.6 billion			
Investment result from Group financial assets and investment property (net)	1,144.4	1,105.6	
– Higher gains and losses on investments (net) from bonds			

3. Key profitability figures

New business margin	2016	2015	Delta
Group	**1.3%**	0.9%	0.4%-pts

– Increase in the new business margin at Group level of +0.4%-pts
  - Increase in the new business margin driven by successful implementation of measures to improve profitability in life business e.g. focus on the sale of modern insurance solutions and revision of traditional life insurance products – despite ongoing low interest environment

Combined ratio	91.6%	92.1%	-0.5%-pts

– Significant improvement of gross claims ratio due to portfolio cleansing and lower claims; net improvement lower than gross as in the prior year large claims were ceded to Group Reinsurance to a considerable extent
– Cost ratio slightly below prior-year (2015: 29.4%; 2016: 29.2%) because synergies were partly offset by negative special effects [higher commissions due to underwriting of profitable new business (already reflected in the claims ratio), pension accounting IAS 19]
– All market units with combined ratios below 100%

4. Key balance sheet figures

in CHF million	31 December 2016	31 December 2015
Equity (without preferred securities)	**4,812.6**	4,655.3

– Increase compared to year-end 2015 preliminary due to good result, despite payment of an attractive dividend

5. Ratios

	2016	2015
Return on equity[4]	**9.7%**	8.9%
Direct yield[5]	**2.2%**	2.2%
Investment performance	**2.5%**	1.6%

[4] In percent based on underlying earnings
[5] Impact of the revaluation of interest-bearing securities on the returns -9 basis points