	30.6.2012	31.12.2011[1]	30.6.2011[1]
Key share data Helvetia Holding AG			
Group profit for the period per share in CHF	17.4	32.7	19.1
Consolidated equity per share in CHF	401.9	392.0	364.5
Price of Helvetia registered shares at the reporting date in CHF	286.0	295.0	360.0
Market capitalisation at the reporting date in CHF million	2 474.7	2 552.6	3 115.0
Number of shares issued	8 652 875	8 652 875	8 652 875

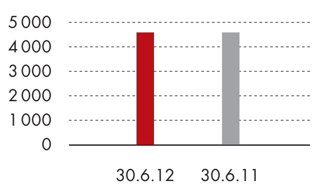
in CHF million			
Business volume			
Gross premiums life	2 840.0	4 258.6	2 887.2
Deposits received life	85.1	261.2	128.9
Gross premiums non-life	1 490.8	2 431.8	1 509.7
Assumed reinsurance	112.0	220.5	115.2
Business volume	4 527.9	7 172.1	4 641.0
Key performance figures			
Result life	66.3	155.2	62.0
Result non-life	84.2	135.5	90.1
Result other activities	12.2	–0.8	19.4
Group profit for the period after tax	162.7	289.9	171.5
Investment result	593.4	832.9	425.8
of which investment result from Group financial assets and investment property	543.2	878.4	453.7
Key balance sheet figures			
Consolidated equity (without preferred securities)	3 461.2	3 377.9	3 141.2
Provisions for insurance and investment contracts (net)	31 662.3	30 125.5	29 814.5
Investments	36 466.5	34 839.0	34 394.1
of which Group financial assets and investment property	34 569.0	32 978.0	32 516.9
Ratios			
Return on equity annualised[2]	8.9%	8.6%	10.4%
Combined ratio (gross)	90.6%	94.3%	88.9%
Combined ratio (net)	93.1%	95.6%	92.5%
Direct yield annualised	2.9%	2.9%	3.0%
Investment performance	2.3%	3.6%	1.0%
Solvency I	224%	221%	217%

[1] The previous methodology to cover large claims incurred but not yet reported has been replaced. The prior-year figures have been adjusted accordingly.

[2] Based on the earnings per share (including interest on preferred securities through profit and loss) divided by the average shareholder capital (equity before preferred securities).

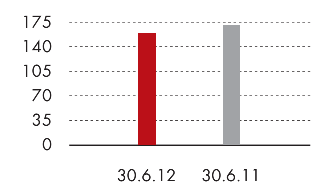
Business volume

in CHF million



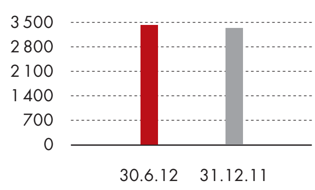
Profit

in CHF million



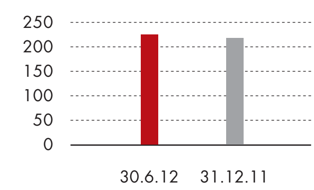
Equity

in CHF million



Solvency I

in %



First half 2012

The 2012 interim report confirms the stability of Helvetia Group. In these times of economic and financial uncertainty, the Group turned in a robust performance and successfully continued along its chosen strategic path. The operating figures are convincing, the investment portfolio is generating stable earnings, and with the acquisition of a French transport insurance business, Helvetia has used its capital strength in order to stay on the growth path in Europe.

Solid business performance

At CHF 162.7 million, Helvetia Group once again generated a very robust interim profit. Alongside its home market, which is as strong as ever, Helvetia's foreign markets also delivered good results in spite of the difficult environment in Europe. The non-life business impressed with an excellent combined ratio of 93.1%, and the margins in the life business between current income and guarantees are stable. With a Solvency I margin of 224%, Helvetia Group's capital base remains strong.

Good investment performance

The European debt crisis continued to shape the financial markets in 2012. Helvetia's investment portfolio is broadly diversified and continued to generate stable current income in the first half of 2012. As Helvetia primarily invests in regions that are benefiting from the current flight to quality bonds, the unrealised gains in equity also rose sharply, underlining the quality of our fixed-interest investments.

Investment performance

+2.3%

Continuous portfolio development

The Group's premium income remained generally stable in the first half of 2012. Because of low interest rates for new investment in Switzerland, Helvetia was much more selective in underwriting single premium employee benefits business than in the previous year. However, the decline in volumes in this segment was almost entirely compensated for by pleasing growth in the other lines of business. The Group's portfolio therefore continued to improve both in terms of quality and quantity in the first half of the year.

Successful acquisitions

Following the successful integration of the two companies acquired in its home market in 2010, Helvetia can now, for the second time in a short period, report the acquisition of a French transport insurance business. The transport portfolio of EUR 150 million acquired from Groupama will triple future business volumes of Helvetia in France and bring the company into a strong second place in the profitable French transport market.

Transport business in France

No. 2

Table of Contents

Erich Walser
Chairman of the
Board of directors

Stefan Loacker
Chief Executive Officer

Ladies and Gentlemen

In the first half of 2012, Helvetia Group generated a robust profit of CHF 162.7 million, with stable premium income. We are proud of the fact that Helvetia has once again proved itself a reliable partner for its customers, shareholders and employees, even in these turbulent times. Business performance in the reporting period was shaped by three main features: selective growth, healthy technical results and solid investments.

Selective growth

Following very dynamic double-digit growth in the previous year, Helvetia Group successfully managed to consolidate its business volume at around CHF 4.5 billion in the first half of 2012. While non-life business increased once again by 2.1% in original currencies, life insurance premiums declined slightly by –2.0%. The main reason for this moderate performance is the very low interest rates for new investments in Switzerland, which forced us to apply a more restrictive underwriting policy for BVG single premium products. This selective portfolio management underlines our ambition to generate sustainable profitable growth to the benefit of our customers and shareholders.

We have succeeded in making another highly promising purchase, which should provide important momentum for future growth. The acquisition of the French business portfolio of Groupama Transport in July 2012 will triple Helvetia France's business volume and reposition the company as a strong number two in the French transport insurance market. After the purchase of L'Européenne d'Assurance Transport (CEAT) in 2009, this is Helvetia's second expansion step in the French transport market in a short time. In the past few years, Helvetia Group has repeatedly proven in France and Italy as well as its home market Switzerland that it can successfully integrate its acquisitions to realise substantial value-adding potential for its customers and shareholders.

Healthy technical results

Thanks to the good diversification in terms of geography and business lines of our business model, Helvetia Group can once again present very solid operating results. Alongside its home market, which is as strong as ever, Helvetia's foreign markets also delivered encouraging results in spite of the partially difficult environment in Europe.

With an excellent combined ratio of 93.1%, our Group's non-life business once again demonstrates the health of Helvetia's insurance portfolio. The fact that the cost ratio was reduced yet again contributed to this result.

Profit trends in the life business also proved to be encouragingly robust. Thanks to very good risk results, stable interest rate margins as well as lower taxes, Group profit even improved slightly compared to the same period of the previous year.

Solid investments

In the first half of 2012, developments on the financial markets were once again largely dominated by the European debt crisis. This situation poses yet another challenge for the Group's investment and risk management policies, but we continue to focus on high-grade investments and consistently pursue our successful strategy of many years' standing.

The broadly diversified investment portfolio generated stable current income as well as substantial unrealised gains in the first half of 2012. The modest decline in value of the government bonds held to cover business liabilities in Italy and Spain was mostly compensated for by the marked increase in value of bonds issued by the Swiss government and other first-class debtors. With a pleasing investment performance of 2.3% after six months and a significant increase in unrealised gains in equity, our investments coped well with the turbulence on the markets.

This solid performance is also reflected in the Solvency I margin of 224%, which forcefully underlines the excellent capital base of our Group.

The good health of Helvetia Group is the result of the ongoing efforts of all our employees and the trust placed in Helvetia by our customers and shareholders, for which we would like to express our heartfelt thanks. We will continue to pursue with vigour and commitment our ambition of dynamically expanding Helvetia's attractive business portfolio from a stable foundation.

Yours sincerely

Stefan Loacker
Chief Executive Officer

Erich Walser
Chairman of the Board of directors

Business development

The 2012 interim report confirms the stability of Helvetia Group. The operating figures are convincing, the investment portfolio is generating stable earnings, and the capital base remains solid. Overall, the foreign markets were also once again able to make higher contributions to the Group result than in the previous year.

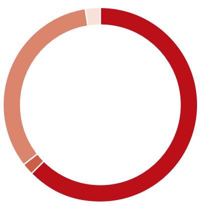
Group result

At CHF 162.7 million, Helvetia Group once again posted a very robust interim profit, even in the current difficult economic and financial situation. Alongside its home market, which is as strong as ever, Helvetia's foreign markets also delivered good results in spite of the difficult environment in Europe. The overall year-on-year decline of around 5% in the result is primarily attributable to the higher burden of claims caused by bad weather such as the winter storm Andrea and by frost and hail damage; claims of this kind hardly occurred in the first half of the previous year. The non-life business nevertheless turned in another excellent performance, with a net combined ratio of 93.1% that betters the Group's target of 94% to 96%.

Continuous portfolio development

The Group's business volume remained stable in the first half of 2012. Following the previous year's strong growth, which was partly driven by acquisitions, premiums declined by 0.7% adjusted for currency effects in the current year. This is due on the one hand to deliberate restraint in the Swiss group life business, and on the other to the difficult economic environment, which dampened demand for single premium life insurance policies in Italy, in particular. In contrast, the non-life business improved by 2.1%. This is particularly encouraging as, compared to the first half of 2011, the Group lost approximately CHF 20 million when it resold the health/accident portfolio acquired through Alba at the end of 2011. Except for Spain, all country markets increased their non-life volumes in original currency. Assumed reinsurance, which pursues an income-oriented policy without any volume targets, reported a premium decline of 2.7% mainly due to the loss of a major business relationship. As a result of the strength of the Swiss franc, the overall decline in the Group currency is 2.4%. The non-life business contracted by 1.3% in Swiss francs due to the strong weighting of the foreign units, while the life business at –3.0% suffered less from currency effects.

Business volume



in CHF million	Growth % in original currency (OC)	30.6.2012	30.6.2011
Gross premiums life	–0.7	2 840.0	2 887.2
Deposits received life	–30.4	85.1	128.9
Gross premiums non-life	2.1	1 490.8	1 509.7
Business volume for direct insurance	–0.6	4 415.9	4 525.8
Assumed reinsurance	–2.7	112.0	115.2
Business volume	**–0.7**	**4 527.9**	**4 641.0**

Solid business performance

In the current challenging market environment, which is shaped by many different macroeconomic factors, the contributions by the country markets to the overall result were particularly encouraging. Even against this backdrop, all markets made a solid contribution to the Group result in the first half. The markedly improved performance of the German and Italian markets is especially gratifying. While Spain is faced with falling demand for non-life products owing to the recession, the low interest rate environment in the Swiss home market in particular poses an enormous challenge to the life business, not only because of the need for higher reserves, but also because of falling yield expectations.

The two operating business areas delivered a robust performance, with the life business generating a profit of CHF 66.3 million and the non-life business turning in a profit of CHF 84.2 million. At 93.1% the net combined ratio for the non-life business is still very strong, and the life business is supported by good risk results and a solid investment performance. The broad diversification of the investment portfolio helped keep current income and the direct yield stable in spite of falling interest rates. Supported by valuation and trading gains, the investment result from Group financial assets and investment property improved by more than CHF 90 million to CHF 543.2 million. This mainly affects the life business. At CHF 12.2 million, the result for the "Other activities" area, which comprises the financing companies, Helvetia Holding, the Corporate Centre and the reinsurance business, was down slightly on the first half of 2011, mainly because of the positive currency effects in the prior-year period.

Capital base remains strong

Helvetia Group successfully expanded its solid capital position. The Solvency I margin improved from 221% at the beginning of the year to 224%, allowing Helvetia to cement its position as one of the best capitalised insurance companies in Europe. Shareholders' equity (without preferred securities) increased by 2.5% to CHF 3,461.2 million since the beginning of the year, mainly through unrealised gains on bonds, thereby more than adequately compensating for the attractive dividend paid out in May. The increase, however, resulted in an annualised return on equity of 8.9%, which is less than the 10.4% reported in the previous year.

In the current challenging market environment, all country markets made very encouraging contributions to the Group result.

‹

Business activities

Stable life business

In the life business, strong growth of 25.5% was posted for individual life and encouraging growth for unit-linked insurance solutions could be achieved as well. The improvement in these two areas was supported by the Swiss, Italian and Spanish markets. Due to low interest rates for new investments in Switzerland, group life business was underwritten much more selectively than in the previous year, which meant deliberately forgoing additional volumes. In the group life business, this led to a decline in the person asset transfers, posted as single premiums of around CHF 200 million, while business financed by regular premiums continued to benefit from the growth momentum started in prior periods. Thanks to a tranche product launched in the first half of the year in the individual life business, this decline was more or less compensated for in Switzerland. Germany had benefited from a large, non-recurring transaction in the previous year and could therefore not equal the single premium volumes of the prior-year period, but business financed by regular premiums remained stable. The situation was similar for Austria, where the decline of 5.2% percent is explained by market-wide sluggish demand for products financed by single premiums. Spain on the other hand posted encouraging growth of 6.6% in life insurance. In Italy, traditional single premium products grew strongly, increasing by 12.1% or CHF 14.8

Group key performance figures

in CHF million	30.6.2012	30.6.2011
Life	66.3	62.0
Non-life	84.2	90.1
Other activities	12.2	19.4
Group profit	**162.7**	**171.5**

million. As this could not, however, compensate for the decline in deposits from investment contracts, new business volume was down year-on-year.

At CHF 17.5 million, the value of new business reflects not only the effect of lower volumes, but also the impact of macroeconomic factors. Because of the sharp downturn in the expected yield on new investments, the profitability of new business declined in spite of generally lower levels of guarantees.

Against the background of a persistently difficult economic climate, the increase in the embedded value of 8.8% underlines the continued solid performance of the life business of Helvetia Group. This performance was shaped by the clearly positive contribution of new business as well as business results that beat the expectations expressed at the beginning of the year. More details are provided on pages 33 to 35, together with the embedded value calculation.

The profitability of our business is reflected in the combined ratio, which is once again very satisfactory.
›

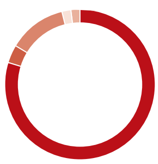
Continuous growth and good results for non-life business

With the exception of Spain, where sales are still in decline owing to the recession, all country markets contributed to the currency-adjusted growth of 2.1% posted for the non-life business. In contrast to the previous year when growth was boosted strongly by two acquisitions in Switzerland, this growth was entirely organic in nature. In spite of the reduction in volume resulting from the scheduled resale of the health/accident portfolio thus acquired, Helvetia Switzerland generated positive growth of 0.4%. The other lines of business were able to completely compensate for this disposal. In the first half of the year, Germany experienced the strongest growth at 8.3% thanks to the intensification of its cooperation partnerships. At 1.8%, the growth posted in Italy was substantially lower than in the same period of the previous year, mostly because of the deliberate application of a stricter selection procedure in the motor vehicle business. Austria also contributed to growth with an increase of 1.5%. The French transport business has bounced back from the economic downturn and posted encouragingly strong growth of 7.8%. This growth trend will be given added momentum by the takeover of the French portfolio of Groupama Transport, which will elevate Helvetia into second position in the French transport business in 2013.

All business lines reported an increase in volumes. The motor vehicle business posted the strongest growth of 5.9%, although the positive seasonal effect that resulted in Switzerland from the change of invoice date to the first half of the year will weaken towards the end of the year. In Germany this business line also improved with the support of successful cooperation partnerships, but the growth reported in Italy was down substantially year-on-year owing to a stricter underwriting policy.

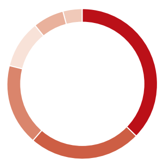
The excellent technical performance and profitability of the non-life business are reflected in the net combined ratio, which is still very healthy at 93.1%. As there were more weather related claims in the reporting period than in the prior-year period, the loss ratio increased by 1.1 percentage points to 65.8%. The portfolio composition and stringent cost controls helped to reduce the cost ratio by another 0.5 percentage points to 27.3%. This development is supported by the large country markets and underscores our efforts to continuously improve our operating efficiency. The combined ratio is 0.6 percentage points higher than in the prior-year period, which was a period of very claims. The increase is primarily attributable to the storms in Switzerland. A slight increase was also recorded for Spain as a result of the recession, and for Austria as a result of a higher burden of claims, while France,

Business volume life



in CHF million	Growth % in OC	30.6.2012
Switzerland	–1.4	2 339.1
Germany	–11.4	113.2
Italy	–2.8	363.5
Spain	6.6	57.9
Austria	–5.2	51.4
Total	**–2.0**	**2 925.1**

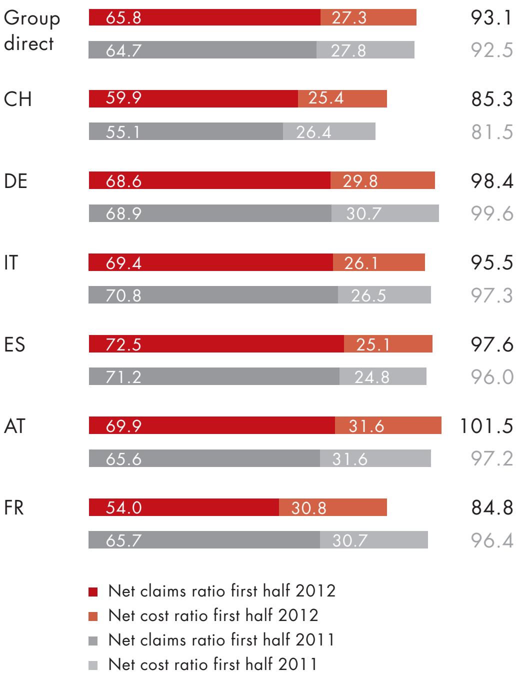
Business volume non-life



in CHF million	Growth % in OC	30.6.2012
Switzerland	0.4	555.0
Germany	8.3	362.2
Italy	1.8	262.7
Spain	–6.3	152.9
Austria	1.5	98.1
France	7.8	59.9
Total	**2.1**	**1 490.8**

Combined Ratio

in %



Italy and Germany managed to reduce their combined ratios. In Germany, the measures implemented in 2011 to improve the claims result and strengthen earnings power have started bearing fruit. More details are provided starting on page 11.

Currency effects weaken further

The "Other activities" business area comprises Helvetia Holding, the financing companies, the Corporate Centre, the Group's investment funds and the reinsurance business. In the previous year, a variety of measures were already successful in reducing the volatility triggered by currency movements. In the reporting period, the stable euro exchange rate meant that this business area reported almost no currency effects. The contraction in profit is nevertheless the result of currency changes, as gains were reported in the previous year that have now fallen away. The contribution of the reinsurance business to the result was more or less on a par with the previous year.

Investments

The euro crisis continued to dominate events on the financial markets in the first half of 2012. Initial relief about the successful restructuring of Greece's debts was soon followed by growing concerns about the lack of solvency of the Spanish banks. As a result, interest rates in Spain and other Southern European countries started rising again after having declined in the first few weeks of the year. In contrast, interest rates in those countries that are seen as safe, including the Swiss Confederation, dropped to new record lows. Although equities were equally affected by this turbulence, the Swiss and overseas stock exchanges managed to end the first half-year in positive territory. The Swiss franc hovered around the currency floor defined by the National Bank.

In this environment, Helvetia Group posted an encouraging investment result. The Group's investment result amounted to CHF 543.2 million, which is substantially higher than in the first half of 2011. At CHF 492.9 million, current investment income is satisfyingly stable: in spite of low interest rates, the yield on fixed-interest investments and real estate declined only slightly, while actually improving somewhat for equities. At 2.9%, the direct yield on the larger investment portfolio is slightly less than the 3.0% reported for the same period of the previous year.

At CHF 50.3 million, gains and losses on group investments also improved. These gains mainly comprise trading gains on the bond portfolio and valuation gains on – mostly Swiss – real estate of CHF 17.7 million gross, which reflect the increased rental income potential. With a very tight risk budget and high level of hedging, Helvetia was also able to participate in the bumpy recovery of the equity markets, and after deduction of the hedging costs, equities made a positive contribution to the Group's investment performance.

As Helvetia primarily invests in regions that are benefiting from the current flight to quality bonds, the unrealised gains in equity also rose sharply, underlining the high quality of our bond portfolio. In the first half of the year, the unrealised gains substantially exceeded the losses reported in equity, and the reserve for unrealised gains and losses increased overall by CHF 229.2 million to CHF 898.7 million. Interest-bearing securities made the biggest contribution by far to this result. In spite of the series of downgrades by the large rating agencies, the average rating of the Group's bond portfolio declined only slightly. AAA-rated bonds continue to dominate the portfolio at around 56%, and more than 94% of the bonds in the portfolio still have at least a single

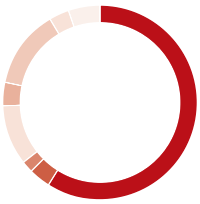
The increase in unrealised gains in equity confirms the high quality of our bond portfolio.

All asset classes contributed to the pleasing investment result of CHF 543.2 million.
›

"A" rating. The direct exposure to Italian and Spanish government bonds of CHF 1,102.2 million serves almost exclusively as cover for insurance liabilities in these countries. The already very small exposure to the other euro periphery countries was reduced even further.

In the current uncertain market environment, we will maintain our tried-and-tested conservative investment policy, which focuses on high-grade individual investments. Even though the Swiss National Bank has been successfully defending the EUR/CHF floor to date, the foreign currency investments nevertheless remain comprehensively hedged.

Investment structure



in CHF million	30.6.2012	Units in %
Bonds	21 561.0	59%
Shares	1 293.9	4%
Investment funds, alternative investments, derivatives	699.7	2%
Mortgages	3 609.3	10%
Loans	1 430.9	4%
Investment property	4 823.2	13%
Money market instruments, associates	1 197.7	3%
Unit-linked investments	1 850.8	5%
Total Investments	**36 466.5**	**100%**

Performance of Group investments

in CHF million	30.6.2012	30.6.2011
Current income from Group financial assets	396.0	393.2
Rental income from Group investment property	96.9	94.3
Current income from Group investments (net)	492.9	487.5
Gains and losses on Group financial assets	32.6	–29.0
Gains and losses on Group investment property	17.7	–4.8
Gains and losses on Group investments (net)	50.3	–33.8
Investment result from Group financial assets and investment property (net)	543.2	453.7
Change in unrealised gains and losses recognised in equity	229.2	–117.3
Total profit from Group financial assets and investment property	**772.4**	**336.4**
Average investment portfolio	33 734.5	32 068.6
Direct yield annualised	2.9%	3.0%
Investment performance	2.3%	1.0%

Business units

All the business units of the Helvetia Group posted robust results in the first half of 2012. The technical results of the units were consistently sound. The foreign units also made a higher overall contribution to the Group result than in the previous year, despite the prevailing economic difficulties in individual country markets.

The weak euro once again had a noticeable influence in the reporting period. Conversion at the average exchange rate significantly muted growth reported in Swiss francs. Unless otherwise stated, the growth rates provided reflect growth in local (original) currency, while volumes are reported in CHF.

A Group-wide improvement in the practice of calculating reserves to cover uncertainties in claims development was implemented, as previously planned, in 2012. The combined ratios reported for the first half of 2011 and 2012 were calculated according to the new method with only a minor impact on the key figures. Please see note 4 concerning this on page 27.

Switzerland

The Swiss business again showed itself to be a solid pillar of the Helvetia Group in the first half of 2012. The strong growth of the previous year is now being followed by a phase of consolidation. The sharp increase in premium income in the last year tailed off by 1.1% to CHF 2,894.1 million as, owing to the low interest rates for new business, Helvetia deliberately applied a considerably more selective underwriting policy in its employee benefits business than in the previous years when growth had been strong. However, the decline in volumes was almost entirely offset by pleasing growth in the other lines of business. Continued robust technical results and sound investment returns enabled a profit of CHF 107.9 million to be reported. This represents a decline of 11.8% on the previous year and is primarily attributable to a greater burden of claims in the non-life insurance sector.

Life business remains robust

The good risk results of the previous years were once again confirmed in both individual life and group life insurance. In terms of business volume, the excellent figures of the prior-year period were not quite matched, with premium income only 1.4% down on the strong previous year at CHF 2,339.1 million. Helvetia Switzerland reported gratifying growth in both the individual life and group life business in terms of regular premiums with an increase of 1.7% and 3.9% respectively, thereby expanding its market position further. In the individual life business, the Helvetia Value Trend tranche product financed by a single premium proved a major success. During the subscription period of just a few weeks a total of over CHF 140 million in single premiums was generated, thereby resulting in growth in the individual life business of 51.4%. The growth rates of the Helvetia Guarantee Plan, launched in 2011, are also pleasing and succeeded in offsetting the demand-driven decline in unit-linked products.

Demand for full insurance solutions in the group life insurance business remains unbroken. Altogether, the premium volume in the group life area declined by 9.6% to CHF 1,837.0 million due to the curbed growth ambitions. While regular premiums rose by 3.9% to CHF 1,061.1 million, single premiums fell as forecast by 23.2% to CHF 775.9 million. In the BVG business, Helvetia Switzerland expanded its range of products in the spring to include the Helvetia BVG Invest pool investment. This semi-autonomous group foundation offers companies with a return-oriented profile an alternative to full insurance. The group foundation can fall back on Helvetia's proven ex-

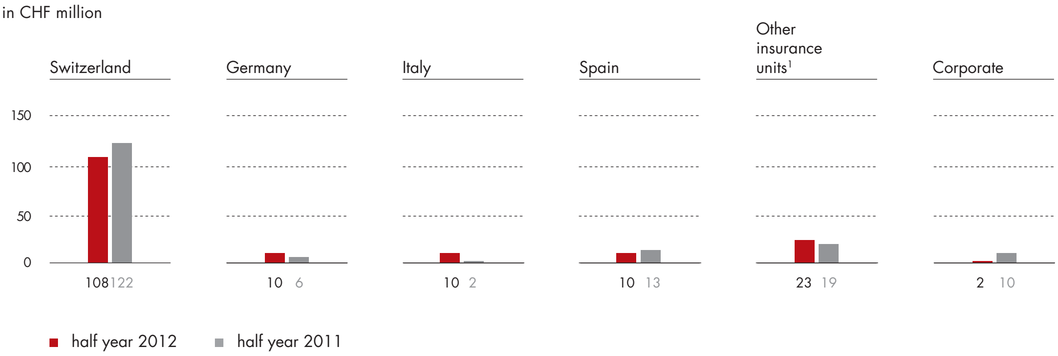
Switzerland

Growth rate

Life	–1.4 %
Non-life	0.4 %

Segment results after taxes

in CHF million



[1] The segment includes the countries Austria, France and assumed reinsurance.

Germany

Growth rate

Life	–11.4 %
Non-life	8.3 %

pertise in occupational benefit schemes in terms of administration and investments.

Non-life business remains profitable

The non-life business also benefited in 2011 from the acquisition effect following the takeover of Alba and Phenix. Despite the successful resale of the health/accident portfolio acquired in this connection, Helvetia Switzerland was able to improve further in the non-life business. Premium volume increased by 0.4% to CHF 555.0 million in a highly competitive market. The renewed surge in growth of 9.5% in the motor vehicle business is explained, among other things, by an invoicing changeover of the policies acquired and should tail off towards the end of the year.

In non-life insurance, a slight increase in the burden of claims is to be reported following the record lows in claims ratios in previous years. Storms, frost and hail as well as some larger individual losses pushed the claims ratio up by 4.8 percentage points. By contrast, the cost ratio was reduced by a further percentage point once more. Altogether this gives rise to a still excellent net combined ratio of 85.3%.

Even better customer service

Following the expansion of its portfolio and distribution network due to the integration of Alba and Phenix, Helvetia is gaining further momentum. Innovative products and services and further efforts to promote "active customer relation management" aim to satisfy customer needs in an even more targeted manner. Following the successful launch of the protective forest projects in St. Moritz and Lauterbrunnen, Visp is shortly to follow. Further campaigns of this kind are undergoing evaluation. They are an expression of sustained commitment to customer relations and our environment.

Germany

With a business volume of CHF 475.4 million, Helvetia Germany posted 2.8% growth in original currency in the first half of the year (–2.5% in CHF due to exchange rate differences). It started the first half of 2012 with strong growth in the non-life business, while in the life business a year-on-year decline was recorded due to a fall in single premiums. With a profit of CHF 10.3 million, the contribution to the result of the German business is pleasing and clearly higher than in the first half of 2011. The cost trend and improved investment result both had a positive effect. The claims result in the non-life business remains stable compared with the first half of 2011 and is significantly better than that for 2011 as a whole. Helvetia Germany has also again achieved top marks for its services to brokers in 2012. In the life business, Helvetia came first for the second time in succession.

Growth in life business down due to market circumstances

The trend in the life business was subdued in the first half of 2012. At CHF 113.2 million, the volume of business fell by 11.4% (–16.0% in CHF) despite an increase in regular premiums of almost 6%. This is due on the one hand to the good end-of-year business in 2011, which gave rise, as expected, to a downturn in demand in the first half of the reporting year. On the other hand, a deliberately cautious approach was taken to the acceptance of larger single premiums in view of the tense investment market situation and in particular the low interest rate for low-risk investments. As a result, the volume of new business is also down on the previous year.

In May 2012 the renowned rating agency Franke & Bornberg gave the quality of the Helvetia occupational disability supplementary insurance product a top rating, while the services provided to the broker channel have repeatedly garnered awards. As the brokers account for a significant share of around 80% of the volume of life business at Helvetia Germany, we consider the renewed number one ranking received in the broker survey carried out by the Versicherungsmagazin to be particularly pleasing and a confirmation of our consistently good performance.

Non-life business proceeding well

In non-life insurance, the volume of business increased markedly by 8.3% in original currency (2.7% in CHF). This is equivalent to a volume of CHF 362.2 million for the first half of the year. At 16.5%, the motor vehicle business recorded the largest growth, which in view of the improving margin situation in the German car insurance market we consider encouraging. As well as new tariffs, this was also brought about by successful distribution cooperations. Given the stable domestic economy, the corporate customer and transport business also enjoyed good growth again.

The majority of measures launched in the previous year to reduce risks and strengthen earnings power due to the high burden of claims were implemented in the first half of the year and displayed initial positive effects. The associated effects on premium and earnings trends are largely expected in 2013.

Claims experience in 2012 was shaped by a period of intense cold in February and a small number of large claims; there were no major natural disasters. At 68.6%, the net claims ratio is 0.3 percentage points down year on year. Compared with the claims ratio for 2011 as a whole, a significant improvement was achieved.

Developments in the cost area are also pleasing: The administration cost ratio was reduced by another 0.9 percentage points due to further savings and the positive volume growth. Thanks to the growth recorded for business lines that are subject to lower commission rates, the acquisition cost ratio is below that of the previous year. At 98.4%, the net combined ratio is therefore slightly better year-on-year.

Growth, profitability and customer loyalty

In consistent application of the "Helvetia 2015+" strategy, Helvetia is laying the foundation for further profitable growth by strengthening its earnings power and launching new products. The long-term focus of the product range on earnings-related growth is also being continued in 2012. For instance, the range of non-life products has been largely revised within the scope of a product offensive for private customers and new products geared particularly towards young families have been introduced in order to support growth in this low-risk area. As regards customer loyalty, Helvetia Germany continues to do its utmost to ensure that it receives top marks from its customers and partners.

Italy

In view of the difficult economic climate that is also exerting pressure on the Italian insurance market, the result achieved by the Italian business units is very pleasing. At CHF 626.2 million, the exchange-rate-adjusted business volume is only 0.9% (–6.0% in CHF due to exchange rate differences) below the volume achieved in the first half of the previous year, representing a continuation in the trend of the previous periods: While Helvetia's non-life business recorded further growth, the decreasing ability of households to save gave rise to a downward trend in volumes across the life insurance market, which Helvetia was also unable to escape. The trend in profits is pleasing. At CHF 10.2 million, the country result has risen sharply year on year. This is mainly attributable to a lower burden of claims and an improved investment result. Furthermore, the tax ratio, which in the previous year was burdened by one-off effects, fell this year.

Life business on course

Compared with the market, which recorded a double-digit decline in the first quarter and for which a fall in premiums of around 5% is expected in 2012, Helvetia held firm with a decline in volume of just 2.8% (–7.7% in CHF) to CHF 363.5 million. This comparatively good result is partly attributable to the successful placement of an index-linked tranche product with a volume of EUR 50 million as well as to the growth of 10% in traditional insurance solutions, which account for around three quarters of the life insurance portfolio. Owing to the capital market turbulence, the demand for insurance solutions where the customer bears the entire investment risk is falling sharply. Deposits from investment contracts have decreased accordingly. In the second half of the year, it is hoped that the new multimarket product, which was already launched successfully in Switzerland and Spain in 2011, will also stimulate new growth in Italy. The renewed upturn in the investment result and cost savings measures each contributed to a positive overall profit trend in the life business.

Non-life business holding firm

The impact of the euro crisis was unable to knock Helvetia's non-life business in Italy off course. Premiums rose by 1.8% (–3.5% in CHF) to CHF 262.7 million compared with the first half of 2011, while a decline is expected for the market as a whole. This is not least attributable to the diverse distribution channels.

The net combined ratio also developed positively and at 95.5% is two percentage points be-

Italy

Growth rate

Life	–2.8%
Non-life	1.8%

low that for the same period of the previous year. The lower claims ratio of 69.4% particularly reflects trends in the pricing of motor vehicle insurance, and a claims experience that proved positive for Helvetia despite heavy snowfall at the start of the year and the earthquake in Northern Italy. The efficient reinsurance coverage contributed significantly to this. Helvetia Italy also made further progress in the cost area, which is reflected in a reduction of the administration cost ratio. The cost ratio as of 30 June was 26.1%.

Looking ahead

The difficult economic situation will continue to determine the course of events in the insurance sector during the remainder of the year. In this environment, Helvetia is concentrating in Italy on the profitability of the business and its good relationships with customers and sales partners. The non-life portfolio is to be consolidated at its current level, so that we are generally aiming towards a reduction in growth in favour of portfolio quality. In the longer term, we view the effects of national austerity programs and government pension reforms as an opportunity in the area of private pension provision for which Helvetia Italy is well positioned.

Spain
Growth rate

Life	6.6 %
Non-life	–6.3 %

Spain

Spain's economy remains in recession. Owing to the fall in consumer purchasing power and the persistently high pressure on prices, the insurance market is shrinking in certain areas. However, in view of the challenging environment, the profitability of the Spanish market remains good. At CHF 10.0 million, the country result for Helvetia Spain is also pleasing despite lower investment income, impairment charges on the real estate portfolio and falling average premiums in the non-life business. However, at CHF 210.8 million the business volume generated by Helvetia Spain was 3.1% down on the sales for the first half of 2011 on an exchange-rate-adjusted basis (–8.0% in CHF due to exchange rate differences).

Life business proves robust

The good portfolio mix, comprising savings and risk products, as well as efficiency improvements contributed to the positive performance of the life business. A slight deterioration of the risk result in the disability area is roughly offset by a renewed positive effect from the market-wide interest rate adjustment prescribed by the regulator.

Thanks to the varied sales channels, the group life business emerged as a growth driver again in the first half of 2012, with an upturn of 8.4%. Unit-linked insurance solutions also grew strongly thanks to new, attractive tranche products that were able to entirely compensate for the decline in traditional products. Altogether a volume of CHF 57.9 million was generated. This represents an exchange-rate-adjusted increase of 6.6% (1.1% in CHF). The positioning of Helvetia Spain as a solvent and professional Swiss insurance provider will continue to support the sale of pension solutions in the life business in the current uncertain environment.

Non-life business profitable despite impact of recession

The fall in purchasing power was particularly felt in terms of sales of non-life insurance products in the first few months of the year. With a volume of CHF 152.9 million, Helvetia experienced a decrease of 6.3% (–11.1% in CHF). The volume declines were particularly sharp in motor vehicle insurance and in the business with corporate customers. On a positive note, the pleasing development of the property insurance business is to be underlined.

The overall decline in the premium basis that has now been observed for several periods is resulting in an intensification of competition and falling average premiums. Despite the savings actually achieved, this is giving rise to a slight increase in both the claims and cost ratios. The claims ratio rose by 1.3 percentage points to 72.5% and the cost ratio by 0.3 percentage points to 25.1%.

Altogether the net combined ratio comes to 97.6% compared with 96.0% in the same period of the previous year.

Intact outlook thanks to sound and profitable basis

Despite the persistently difficult market environment, we expect the Spanish country market to improve its performance again in the medium to long term. We are underlining this by intensifying the implementation of the initiatives within the framework of the "Helvetia 2015+" strategy. These include further expansion in strategic sales regions (Madrid, Catalonia, the Basque region), improvements in customer service and cross-selling with a 360-degree view of the customer (CRM) as well as efficiency improvements in sales management. Furthermore, as part of the annual strategy update, we are actively seeking other possibilities for utilising the opportunities that have arisen in the difficult market environment.

Austria

In the first half of 2012, premium growth in the overall Austrian insurance market was curbed. Helvetia therefore also sustained a decline in volume of 0.9% in original currency (–6.0% in CHF due to exchange rate differences) to CHF 149.5 million. Sales of life insurance were harder hit by the economic conditions, while solid growth continued to be achieved in the non-life business. In accordance with the strategy, attractive product improvements should continue to stimulate growth. Profitability is to be improved by means of the broker portal solution launched in 2011 and further process automation.

Life business proves robust

Despite a –5.2% slump in premium trends (–10.0% in CHF) and a generated volume of CHF 51.4 million, Helvetia Austria held up well in the life business in the first half of 2012. Unlike the market, Helvetia Austria managed to maintain or even slightly increase its regular premium volume. However, single premiums remained well below those of the very good previous year. The decline in volumes was strongly influenced by the limitation of tax advantages in this area. By contrast, the trend in capital-efficient insurance solutions proved positive and was in line with the strategy. As in the previous year, growth was stimulated by unit-linked life insurance which recorded growth of 45.0% with an innovative fund savings plan. This success is partly attributable to the high product quality and innovation. For example, Helvetia Austria won three podium places in the Goldmünze 2012 financial product contest, one of them in the unit-linked insurance category with the "CleVesto" product line that has been very successful for some years, and which is intended to further develop the capital-efficient life business in the Austrian market in line with the strategy.

Non-life business shaped by bad weather

The trend in volumes in the non-life business proved highly positive. Although the first half of the year was shaped by a more selective underwriting policy in motor vehicle insurance and the complete discontinuation of a major business relationship, Helvetia Austria achieved an exchange-rate-adjusted increase of 1.5% (–3.7% in CHF), with a volume of CHF 98.1 million. This positive trend was primarily borne by the company's own sales force, which achieved above-market growth rates in all sectors of the non-life business. However, sales via distribution partners/brokers were dominated by aggressive competition in terms of conditions, in which the Helvetia

Austria
Growth rate

Life	–5.2 %
Non-life	1.5 %

France
Growth rate

Non-life	7.8 %

business applied a very selective underwriting policy. Austria was hit more by weather related claims again in the first half of the year. Frost claims in the late winter, an accumulation of local bad weather events and some fire claims led to an increase in the claims incurred and hence to a claims ratio after reinsurance of 69.9%, up from 65.6% in the previous year. In view of the severe bad weather in July, there is no sign as yet of a recovery in the claims situation. With a stable cost ratio of 31.6%, Helvetia therefore reports a net combined ratio slightly above 100% for the first six months of the year.

Efficiency and innovation

In the first half of 2012 all customer processes in the claims/accident area were analysed in terms of speed, quality and efficiency. The main focus here was placed on services for customers and distribution partners, which are to be enhanced further in order to strengthen our competitiveness and support our growth targets.

The focus of the second half of the year will be on continuing the claims/accident process analysis and improving technical pricing in order to improve the income from the claims/accident business. The strengthening of sales access to major brokers and banks aims to deliver additional support to sales in the present fiercely fought market.

France

In France, Helvetia specialises in transport insurance and provides traditional transport and accidental damage insurance for utility vehicles. Helvetia currently ranks as number five in the French transport market. Through the takeover announced in July 2012 of the French transport insurance portfolio of Gan Eurocourtage, a subsidiary of Groupama SA, Helvetia will in future position itself in this market as a strong number two. Subject to the approval of the responsible supervisory bodies the transaction will be completed in the second half of 2012.

Successful first half-year

The performance of the transport insurance business depends strongly on the economic situation and the volume of transported goods. Despite a challenging overall environment, Helvetia France succeeded in increasing premium income to CHF 59.9 million. This represents a rise of 7.8% (2.3% in CHF due to exchange rate differences). The positive increase is attributable to cross-selling activities between transport and accidental damage insurance sales as well as the successful initial launch of marine insurance products.

The burden of claims trend in the first half of 2012 is particularly pleasing. Owing to a prudent underwriting policy, a lack of major claims and an increase in average premiums – in particular in the accidental damage insurance sector – the net claims ratio fell to 54.0%. The cost trend was stable, so that the net combined ratio fell below the 90% mark again to 84.8%.

Helvetia becomes number two

The existing market position of Helvetia will be significantly boosted by the announced portfolio takeover, thereby facilitating even more comprehensive insurance coverage for the French transport industry. The business of Gan Eurocourtage, which is domiciled in Le Havre, comprised a premium volume of EUR 150 million in 2011. This will thus triple the existing portfolio of Helvetia France, which reported a premium volume of EUR 82.5 million at the end of 2011. Helvetia is accordingly carrying out its second expansion step in the French market only a short time after the purchase of L'Européenne d'Assurance Transport (CEAT) in 2009. The management and employees of Gan Eurocourtage enjoy an excellent reputation in the market. As well as stimulating growth, this acquisition will strengthen the know-how and innovative power of our French transport specialist.

Assumed reinsurance

At USD 12 billion, global insured claims from natural disasters in the first half of 2012 were significantly below the ten-year average of USD 19 billion and well below the USD 50 billion registered in the very costly previous year. 85% of claims were incurred in the US and only around 10% in Europe. Noteworthy insurance events in Europe were the winter storm Andrea, the two earthquakes in Northern Italy and the floods in the UK. Thanks to a generally low burden of claims combined with a slight increase in reinsurance prices, the reinsurance industry is able to post good technical results across the board for the first half of the year. This also applies to the assumed reinsurance of Helvetia.

Good interim result

The premium volume of assumed reinsurance for the first half of 2012 has fallen slightly by 2.7% year on year to CHF 112.0 million. This reduction is primarily due to the loss of a major business relationship. Altogether, however, a stable and successful renewal round was recorded for 2012. Unlike previous years, the development of the key foreign currencies of the reinsurance unit no longer caused any additional premium losses.

The net burden of claims in 2012 was significantly reduced compared with the previous year. This is due to a better overall claims experience on the one hand, and greater reimbursements from retrocession cover compared with the previous year on the other. The combined ratio was therefore clearly below the 100% mark and a pleasing interim result was once again achieved overall.

Market trends in 2012

The reinsurance market remains well capitalised and has sufficient capacity. The persistently low interest environment is still giving rise to disciplined underwriting behaviour, which is resulting in stable terms and conditions. However, there are still no signs of a general and broad hardening of the market. Catastrophes still remains the main driver of rate changes in reinsurance.

Within the scope of renewals during the year, we renewed our positive existing business as much as possible and parted from the business that does not meet our profitability expectations. In terms of new business, we continued to take a restrictive stance in the current market environment.

Investor information

Helvetia share

Ticker symbol	HELN
Nominal value	CHF 0.10
Security number	1227168
Listed on	SIX

In the first half of 2012, the developments on the financial markets were once again dominated by the European debt crisis, which triggered much volatility on the equity markets. In the first quarter, the markets were boosted by the European Central Bank's intervention in the form of its LTRO (long term refinancing operation), but by March the positive sentiment started deteriorating. The accelerating banking crisis in Spain was the focus of particular attention. Equity prices declined and bond prices for countries considered to be safe increased. In this environment, the Swiss Market Index strengthened by 2.2% as of 30 June, while the Euro Stoxx 50 lost about the same percentage.

After initially trending upwards and reaching a high of CHF 344.00 in mid-March, the Helvetia share lost value again under pressure of general market trends and closed at CHF 286.00 on 30 June. With this decline of 3% since the beginning of the year, our share proved itself to be comparatively resistant but still did not quite manage to match the sector performance, which was strongly affected by the development of reinsurance stocks.

Key share data Helvetia Holding AG

	30.6.2012	31.12.2011
in CHF million		
Consolidated equity (without preferred securities)	3 461.2	3 377.9
Consolidated equity per share in CHF	401.9	392.0
Group profit for the period per share in CHF (as per 30.6.)	17.4	19.1
Price of Helvetia registered shares in CHF	286.0	295.0
Market capitalisation	2 474.7	2 552.6

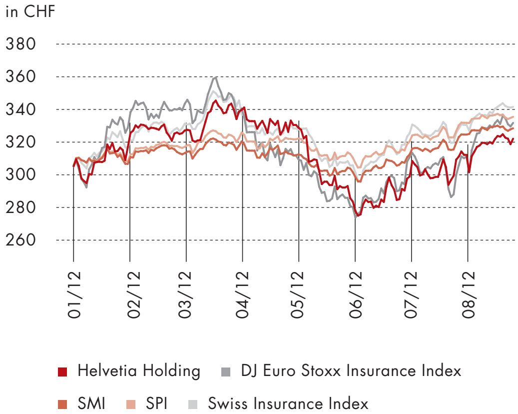
Constantly growing shareholder base

Helvetia's shareholder base has been growing constantly for several periods in series. On 30 June 2012, 9,187 shareholders were entered in the share register of Helvetia Holding, which is almost 6% more than at the end of 2011. Measured by shareholdings, around 80% of registered shareholders are based in Switzerland. At just under 20%, there was a barely noticeable decline in the percentage of shareholders domiciled abroad since the end of last year. On 30 June 2012, once again only the three members of our shareholder pool were entered in the share register of Helvetia Holding AG with investments of more than 3%:

- Patria Mutual 30.1%
- Vontobel 4.0%
- Raiffeisen Switzerland 4.0%

Excluding the above core shareholders, the shareholder base as of 30 June 2012 consisted of 24% private investors, 21% banks and insurance companies, and 55% other institutional investors. The free float was unchanged at 61.9%. The average traded volume of Helvetia shares for the first half of 2012 was 10% higher than in the prior-year period at approximately 13,300 shares per trading day.

Market trend 1.1.2012–27.8.2012



Interim financial statements

Consolidated income statement (unaudited)

Six months ending on	30.6.2012	30.6.2011
in CHF million		adjusted
Income		
Gross premiums written	4 442.8	4 512.1
Reinsurance premiums ceded	–193.4	–202.5
Net premiums written	4 249.4	4 309.6
Net change in unearned premium reserve	–761.1	–731.5
Net earned premiums	3 488.3	3 578.1
Current income from Group investments (net)	492.9	487.5
Gains and losses on Group investments (net)	50.3	–33.8
Income from unit-linked investments	51.8	–28.1
Share of profit or loss of associates	–1.6	0.2
Other income	27.6	46.9
Total operating income	4 109.3	4 050.8
Expenses		
Claims incurred including claims handling costs (non-life)[1]	–832.7	–824.4
Claims and benefits paid (life)	–1 676.5	–1 615.2
Change in actuarial reserves	–766.9	–820.0
Reinsurers´ share of benefits and claims	50.5	37.8
Policyholder dividends and bonuses	–52.4	–16.9
Net insurance benefits and claims	–3 278.0	–3 238.7
Acquisition costs	–375.8	–380.9
Reinsurer's share of acquisition costs	26.0	31.9
Operating and administrative expenses	–178.3	–181.1
Interest payable	–13.8	–14.7
Other expenses	–77.9	–49.7
Total operating expenses	–3 897.8	–3 833.2
Profit or loss from operating activities	211.5	217.6
Financing costs	–1.9	–1.7
Profit or loss before tax	209.6	215.9
Income taxes[1]	–46.9	–44.4
Profit or loss for the period	**162.7**	**171.5**
Attributable to:		
Shareholders of Helvetia Holding AG	161.2	170.7
Minority interests	1.5	0.8
Earnings per share:		
Basic earnings per share (in CHF)	17.4	19.1
Diluted earnings per share (in CHF)	17.4	19.1

[1] Adjustments of prior-year figures, see section 4 on page 27.

Consolidated statement of comprehensive income (unaudited)

Six months ending on	30.6.2012	30.6.2011
in CHF million		adjusted
Profit or loss for the period[1]	**162.7**	**171.5**
Other comprehensive income		
Change in unrealised gains and losses on investments	229.0	–117.2
Share of associates' net profit recognised directly in equity	0.0	0.0
Revaluation from reclassification of property and equipment	0.2	–0.1
Change from net investment hedge	–2.6	24.1
Foreign currency translation differences[1]	–4.4	–44.8
Change in liabilities for contracts with participation features	–124.5	55.6
Deferred taxes	–26.6	14.7
Total other comprehensive income	71.1	–67.7
Comprehensive income	**233.8**	**103.8**
Attributable to:		
Shareholders of Helvetia Holding AG	228.8	104.3
Minority interests	5.0	–0.5

[1] Adjustments of prior-year figures, see section 4 on page 27.

Consolidated balance sheet (unaudited)

in CHF million	30.6.2012	31.12.2011 adjusted	1.1.2011 adjusted
Assets			
Property and equipment	359.6	368.9	381.8
Goodwill and other intangible assets	279.4	284.5	303.8
Investments in associates	46.7	48.7	48.4
Investment property	4 823.2	4 763.5	4 479.5
Group financial assets	29 745.8	28 214.5	27 173.1
Investments for unit-linked contracts	1 850.8	1 812.3	1 886.1
Receivables from insurance business	1 206.6	1 041.7	963.7
Deferred acquisition costs	395.1	367.4	362.6
Reinsurance assets	533.3	402.8	479.1
Deferred tax assets[1]	23.2	29.4	24.9
Current income tax assets	21.0	17.7	21.6
Other assets	178.1	205.4	158.1
Accrued investment income	292.8	339.6	325.4
Cash and cash equivalents	831.9	1 250.5	942.0
Total assets	**40 587.5**	**39 146.9**	**37 550.1**
Liabilities and equity			
Share capital	0.9	0.9	0.9
Capital reserves	247.9	316.6	385.0
Treasury shares	–9.8	–8.4	–6.9
Unrealised gains and losses (net)	145.8	106.1	86.9
Foreign currency translation differences[1]	–306.4	–299.8	–296.3
Retained earnings[1]	2 527.5	2 473.7	2 325.2
Valuation reserves for contracts with participation features	822.9	760.9	654.1
Equity of Helvetia Holding AG shareholders	3 428.8	3 350.0	3 148.9
Minority interests	32.4	27.9	32.1
Equity (without preferred securities)	3 461.2	3 377.9	3 181.0
Preferred securities	300.0	300.0	300.0
Total equity	3 761.2	3 677.9	3 481.0
Actuarial reserves (gross)	26 524.2	25 808.5	24 506.4
Provision for future policyholder participation	1 029.5	899.7	667.4
Loss reserves (gross)[1]	2 813.0	2 799.6	2 844.0
Unearned premium reserve (gross)	1 780.0	970.7	957.2
Financial liabilities from financing activities	213.4	182.3	185.4
Financial liabilities from insurance business	2 225.4	2 306.1	2 425.1
Other financial liabilities	49.4	74.7	96.0
Liabilities from insurance business	1 108.3	1 344.6	1 347.5
Non-actuarial provisions	68.0	96.7	92.1
Employee benefit obligations	254.9	265.2	263.1
Deferred tax liabilities[1]	524.9	491.4	474.5
Current income tax liabilities	31.0	41.0	59.4
Other liabilities and accruals	204.3	188.5	151.0
Total liabilities	36 826.3	35 469.0	34 069.1
Total liabilities and equity	**40 587.5**	**39 146.9**	**37 550.1**

[1] Adjustments of prior-year figures, see section 4 on page 27.

Consolidated statement of equity (unaudited)

in CHF million	Share capital	Capital reserves	Treasury shares	Unrealised gains and losses (net)
Balance as of 1 January 2011	0.9	385.0	–6.9	86.9
Effects of changes in accounting and valuation principles[1]	-	-	-	-
Balance as of 1 January 2011 restated	0.9	385.0	–6.9	86.9
Profit or loss for the period	-	-	-	-
Revaluation of investments	-	-	-	–72.5
Change from net investment hedge	-	-	-	-
Foreign currency translation differences	-	-	-	-
Change in liabilities for contracts with participation features	-	-	-	54.8
Deferred taxes	-	-	-	–1.4
Total other comprehensive income	-	-	-	–19.1
Comprehensive income	-	-	-	–19.1
Transfer from/to retained earnings	-	-	-	-
Purchase of treasury shares	-	-	–5.8	-
Sale of treasury shares	-	–0.7	4.3	-
Share-based payment	-	1.1	-	-
Dividends	-	–69.2	-	-
Share capital increase	-	-	-	-
Shareholders' contributions	-	42.0	-	-
Allocation of shareholders' contributions	-	–42.0	-	-
Balance as of 30 June 2011	**0.9**	**316.2**	**–8.4**	**67.8**
Balance as of 1 January 2012 restated	0.9	316.6	–8.4	106.1
Profit or loss for the period	-	-	-	-
Revaluation of investments	-	-	-	156.2
Change from net investment hedge	-	-	-	-
Foreign currency translation differences	-	-	-	-
Change in liabilities for contracts with participation features	-	-	-	–116.7
Deferred taxes	-	-	-	0.2
Total other comprehensive income	-	-	-	39.7
Comprehensive income	-	-	-	39.7
Transfer from/to retained earnings	-	-	-	-
Purchase of treasury shares	-	-	–5.6	-
Sale of treasury shares	-	–0.7	4.2	-
Share-based payment	-	1.2	-	-
Dividends	-	–69.2	-	-
Share capital increase	-	-	-	-
Shareholders' contributions	-	42.0	-	-
Allocation of shareholders' contributions	-	–42.0	-	-
Balance as of 30 June 2012	**0.9**	**247.9**	**–9.8**	**145.8**

[1] See section 4 on page 27.

Foreign currency translation differences	Retained earnings	Valuation reserves for contracts with participation features	Equity of Helvetia Holding AG shareholders	Minority interests	Equity (without preferred securities)	Preferred securities	Total equity
adjusted	adjusted		adjusted		adjusted		adjusted
−296.3	2 301.8	654.1	3 125.5	32.1	3 157.6	300.0	3 457.6
-	23.4	-	23.4	-	23.4	-	23.4
−296.3	2 325.2	654.1	3 148.9	32.1	3 181.0	300.0	3 481.0
-	148.4	22.3	170.7	0.8	171.5	-	171.5
-	-	−43.3	−115.8	−1.5	−117.3	-	−117.3
24.1	-	-	24.1	-	24.1	-	24.1
−43.9	-	-	−43.9	−0.9	−44.8	-	−44.8
-	-	-	54.8	0.8	55.6	-	55.6
-	-	15.8	14.4	0.3	14.7	-	14.7
−19.8	-	−27.5	−66.4	−1.3	−67.7	-	−67.7
−19.8	148.4	−5.2	104.3	−0.5	103.8	-	103.8
-	−6.5	-	−6.5	-	−6.5	6.5	0.0
-	-	-	−5.8	-	−5.8	-	−5.8
-	-	-	3.6	-	3.6	-	3.6
-	-	-	1.1	-	1.1	-	1.1
-	−67.7	-	−136.9	−2.6	−139.5	−6.5	−146.0
-	-	-	-	3.5	3.5	-	3.5
-	-	-	42.0	-	42.0	-	42.0
-	-	-	−42.0	-	−42.0	-	−42.0
−316.1	**2 399.4**	**648.9**	**3 108.7**	**32.5**	**3 141.2**	**300.0**	**3 441.2**
−299.8	2 473.7	760.9	3 350.0	27.9	3 377.9	300.0	3 677.9
-	136.1	25.1	161.2	1.5	162.7	-	162.7
-	-	59.3	215.5	13.7	229.2	-	229.2
−2.6	-	-	−2.6	-	−2.6	-	−2.6
−4.0	-	-	−4.0	−0.4	−4.4	-	−4.4
-	-	-	−116.7	−7.8	−124.5	-	−124.5
-	-	−24.8	−24.6	−2.0	−26.6	-	−26.6
−6.6	-	34.5	67.6	3.5	71.1	-	71.1
−6.6	136.1	59.6	228.8	5.0	233.8	-	233.8
-	−13.6	2.4	−11.2	-	−11.2	11.2	0.0
-	-	-	−5.6	-	−5.6	-	−5.6
-	-	-	3.5	-	3.5	-	3.5
-	-	-	1.2	-	1.2	-	1.2
-	−68.7	-	−137.9	−0.5	−138.4	−11.2	−149.6
-	-	-	-	-	-	-	-
-	-	-	42.0	-	42.0	-	42.0
-	-	-	−42.0	-	−42.0	-	−42.0
−306.4	**2 527.5**	**822.9**	**3 428.8**	**32.4**	**3 461.2**	**300.0**	**3 761.2**

Consolidated cash flow statement (unaudited)

Six months ending on	30.6.2012	30.6.2011
in CHF million		adjusted
Cash flow from operating activities		
Profit before tax[1]	209.6	215.9
Reclassifications to investing and financing activities (affecting cash)		
Realised gains and losses on property, equipment and intangible assets	–0.3	0.0
Realised gains and losses on sale of affiliated and associated companies	0.0	-
Dividends from associates	–0.5	–0.6
Adjustments		
Depreciation/amortisation of property, equipment and intangible assets	20.1	22.8
Realised gains and losses on financial instruments and investment property	–2.1	–12.6
Unrealised gains and losses on investments in associates	2.2	0.5
Unrealised gains and losses on investment property	–17.6	3.7
Unrealised gains and losses on financial instruments	–42.4	14.9
Share-based payments for employees	1.2	1.1
Foreign currency gains and losses[1]	11.2	44.9
Other income and expenses not affecting cash[2]	48.5	9.8
Change in operating assets and liabilities		
Deferred acquisition costs	–29.4	–29.3
Reinsurance assets	–135.1	–111.4
Actuarial reserves	766.9	820.0
Provisions for future policyholder participation	–36.3	–66.0
Loss reserves[1]	27.8	43.0
Unearned premium reserve	815.5	781.3
Financial liabilities from insurance business	–112.4	–33.5
Changes in other operating assets and liabilities	–373.2	–476.2
Cash flow from investments and investment property		
Purchase of investment property	–46.8	–89.7
Sale of investment property	2.7	12.4
Purchase of bonds	–2 913.9	–2 823.4
Repayment/sale of bonds	1 820.9	1 825.3
Purchase of shares, investment funds and alternative investments	–521.1	–754.4
Sale of shares, investment funds and alternative investments	570.3	672.4
Purchase of structured products	–6.8	-
Sale of structured products	0.0	-
Purchase of derivatives	–4 028.4	–5 795.4
Sale of derivatives	3 969.2	5 877.7
Origination of mortgages and loans	–252.0	–320.9
Repayment of mortages and loans	185.0	200.7
Purchase of money market instruments	–19 034.5	–18 733.3
Repayment of money market instruments	18 833.5	18 690.2
Cash flow from operating activities (gross)	–268.2	–10.1
Income taxes paid	–55.5	–49.1
Cash flow from operating activities (net)	–323.7	–59.2

Six months ending on	30.6.2012	30.6.2011
in CHF million		adjusted
Cash flow from investing activities		
Purchase of property and equipment	–3.4	–2.8
Sale of property and equipment	2.0	0.1
Purchase of intangible assets	–8.3	–5.2
Sale of intangible assets	-	0.1
Sale of investments in associates	0.0	-
Purchase of investments in subsidiaries, net of cash and cash equivalents	-	0.0
Dividends from associates	0.5	0.6
Cash flow from investing activities (net)	–9.2	–7.2
Cash flow from financing activities		
Increase of share capital	-	3.5
Sale of treasury shares	3.5	3.6
Purchase of treasury shares	–5.6	–5.8
Shareholders' contributions	42.0	42.0
Issuance of debt instruments	32.2	-
Dividends paid	–152.7	–147.7
Lease payments under finance lease	–1.4	–0.8
Cash flow from financing activities (net)	–82.0	–105.2
Effect of exchange rate differences on cash and cash equivalents	–3.7	–4.9
Total change in cash and cash equivalents	**–418.6**	**–176.5**

Cash and cash equivalents		
Cash and cash equivalents as of 1 January	1 250.5	942.0
Change in cash and cash equivalents	–418.6	–176.5
Cash and cash equivalents as of 30 June	**831.9**	**765.5**

[1] Adjustments of prior-year figures, see section 4 on page 27.

[2] "Other income and expenses not affecting cash" primarily contains the change to interest-accruing profit participation of owners of contracts with discretionary participation features.

Condensed notes

1. General information

The Board of Directors approved the condensed consolidated interim financial statements and released them for publication at its meeting of 27 August 2012.

2. Summary of significant accounting policies

The consolidated interim financial statements were prepared in accordance with International Accounting Standard (IAS) 34, Interim financial reporting. With the exception of the changes listed below, the accounting policies used in preparing the interim financial statements correspond to the policies applied to the 2011 consolidated financial statements. The interim financial statements must therefore be read in conjunction with the 2011 financial statements.

3. Changes in accounting policies

The following published sector-relevant standards (IAS/IFRS), interpretations (IFRIC) and amendments to the standards were applied by Helvetia Group for the first time from 1 January 2012:

– Amendments to IFRS 7: Disclosures – derecognition of financial assets
– Amendments to IAS 12: Deferred taxes – recovery of underlying assets.

The adoption of these amendments did not have any material impact on Helvetia Group's financial position and financial performance.

Amendments to IFRS 7: Disclosures – derecognition of financial assets

The amendments to IFRS 7 concern additional disclosure requirements on the transfer of financial assets. These will improve transparency with regard to the impact of such transactions on the risk exposure and therefore the financial position of a company.

Amendments to IAS 12: Deferred taxes – recovery of underlying assets

The amendments to IAS 12 concern the fact that the measurement of deferred taxes depends on whether an entity expects to recover the carrying amount of an asset through use or sale.

The improvement to IAS 12 introduces a presumption that the carrying amount of investment property will normally be recovered through sale. This presumption can be rebutted for depreciable investment properties.

Helvetia rebuts this presumption, as the investment properties of Helvetia Group are held for rental purposes and all of the economic benefits will be consumed over time rather than being recovered through sale.

As the tax rate for amortised cost is still used to calculate the deferred taxes, the amendment to IAS 12 does not have any effect on the tax rate used to calculate deferred taxes for investment properties.

Changes in accounting policies not yet applied

Due to the effective dates on which they enter into force, the published sector-relevant standards and interpretations listed in the table below were not applied to the consolidated interim financial statements.

The amendments to IAS 19 have a material impact on the recognition of employee benefits. These cannot be quantified definitively yet. The most important changes are the following:

– Actuarial gains and losses must be recognised immediately in the statement of comprehensive income and the option to defer recognition of gains and losses (the "corridor" approach) is no longer allowed. This is expected to increase the volatility of the balance sheet and the statement of comprehensive income.
– All past service cost must be recognised in the period of the plan amendment and can no

Changes in accounting policies

	to be applied for annual periods beginning on/after:
Amendment to IAS 1: Presentation of OCI	1.7.2012
Amendment to IAS 19: Employee benefits	1.1.2013
IAS 28 Associates and joint ventures	1.1.2013
IFRS 10 Consolidated financial statements	1.1.2013
IFRS 11 Joint arrangements	1.1.2013
IFRS 12 Disclosure of interests in other entities	1.1.2013
IFRS 13 Fair value measurement	1.1.2013
Annual IFRS improvements (2009-2011)	1.1.2013
Amendments to IFRS 7: Disclosures – Offsetting financial assets and financial liabilities	1.1.2013
Amendments to IAS 32: Offsetting financial assets and financial liabilities	1.1.2014
IFRS 9 Financial instruments: Classification and measurement and corresponding changes to IFRS 7	1.1.2015

longer be allocated over the period until the benefits become vested.
– Net interest may in future only be determined by applying the discount rate to the net defined benefit asset. This is expected to lead to an increased P&L charge, as the expected return on assets is usually estimated to be higher than the discount rate.

The effects of IFRS 9 cannot yet be anticipated.

The other new amendments to standards and interpretations are not expected to have any material impact on the financial statements.

4. Voluntary changes to accounting and valuation principles

Actuarial methods derived from many years of claims experience are applied to determine the required loss reserves for non-life insurance. In the past, the inherent uncertainties associated with claims development were taken into account when calculating the loss reserves through reserve increases based on Group-wide assumptions. The reserve increases served primarily to cover large claims that had not yet been notified.

From 1 January 2012, Helvetia Group replaced the previous methodology to cover uncertainties in claims development with actuarially calculated reserves to cover large claims incurred but not yet reported. This model is based on the number of large claims observed over the last decades and the average claim amount, applying country- and sector-specific assumptions. To make the actuarial models for these needs-based reserves more exact, the definition of large claims, in particular, was adjusted across the Group.

The use of actuarial methods to calculate needs-based reserves, which are in line with the current process for setting up reserves, guarantees a more reliable and relevant reserving process. Earlier reporting periods have been adjusted accordingly.

The table below summarises the effects on the consolidated balance sheet and income statement:

	Initially reported	Adjustments	After adjustments	Initially reported	Adjustments	After adjustments
in CHF million						
Consolidated balance sheet	**1.1.2011**			**31.12.2011**		
Assets						
Reinsurance assets	479.1	-	479.1	402.8	-	402.8
Deferred tax assets	25.1	–0.2	24.9	29.7	–0.3	29.4
Liabilities and equity						
Foreign currency translation differences	–296.3	-	–296.3	–300.2	0.4	–299.8
Retained earnings	2301.8	23.4	2325.2	2449.1	24.6	2473.7
Loss reserves (gross)	2868.8	–24.8	2844.0	2827.0	–27.4	2799.6
Deferred tax liabilities	473.3	1.2	474.5	489.3	2.1	491.4
Consolidated income statement				**30.6.2011**		
Claims incurred including claims handling costs (non-life)				–826.0	1.6	–824.4
Reinsurers´ share of benefits and claims				37.8	-	37.8
Income taxes				–43.9	–0.5	–44.4
Profit or loss for the period				**170.4**	**1.1**	**171.5**
Earnings per share				**30.6.2011**		
Basic earnings per share (in CHF)				18.9	0.2	19.1
Diluted earnings per share (in CHF)				18.9	0.2	19.1

5. Segment information

Six months ending on	Switzerland 30.6.2012	Switzerland 30.6.2011	Germany 30.6.2012	Germany 30.6.2011	Italy 30.6.2012	Italy 30.6.2011
in CHF million		adjusted		adjusted		adjusted
Income						
Gross premiums written	2 894.1	2 925.6	475.4	487.5	541.1	537.3
Reinsurance premiums ceded	–98.5	–94.1	–42.3	–40.9	–48.7	–47.7
Net premiums written	2 795.6	2 831.5	433.1	446.6	492.4	489.6
Net change in unearned premium reserve	–656.6	–617.1	–73.5	–68.7	0.2	–18.5
Net earned premiums	2 139.0	2 214.4	359.6	377.9	492.6	471.1
Current income on Group investments (net)	357.8	342.9	36.3	39.6	50.4	50.0
Gains and losses on Group investments (net)	17.0	–26.5	5.3	–2.2	17.0	–0.6
Income from unit-linked investments	10.6	–16.2	13.8	–8.8	26.6	–2.9
Share of profit or loss of associates	–1.8	–0.1	-	-	-	-
Other income	6.6	8.1	1.8	1.7	14.6	14.4
Total operating income	2 529.2	2 522.6	416.8	408.2	601.2	532.0
of which transactions between geographical segments	44.7	45.0	30.3	29.4	10.5	14.3
Total revenues from external customers	2 573.9	2 567.6	447.1	437.6	611.7	546.3
Expenses						
Claims incurred including claims handling costs (non-life)[1]	–210.7	–195.6	–189.9	–180.8	–181.8	–174.7
Claims and benefits paid (life)	–1 371.5	–1 266.3	–58.3	–57.2	–134.4	–164.8
Change in actuarial reserves	–545.8	–663.6	–70.3	–68.2	–160.9	–112.9
Reinsurers' share of benefits and claims[1]	10.0	–1.4	21.7	14.9	32.7	28.6
Policyholder dividends and bonuses	–49.2	–17.0	2.6	–0.4	–4.6	–0.1
Net insurance benefits and claims	–2 167.2	–2 143.9	–294.2	–291.7	–449.0	–423.9
Acquisition costs	–132.1	–127.5	–86.1	–87.3	–49.6	–50.7
Reinsurers' share of acquisition costs	14.0	12.7	6.3	7.3	5.8	6.0
Operating and administrative expenses	–93.1	–94.3	–23.2	–24.1	–30.1	–30.1
Interest payable	–11.1	–11.9	–1.7	–1.9	–1.3	–1.4
Other expenses	–10.0	–8.9	–4.2	–3.2	–56.3	–23.1
Total operating expenses	–2 399.5	–2 373.8	–403.1	–400.9	–580.5	–523.2
Profit or loss from operating activities	129.7	148.8	13.7	7.3	20.7	8.8
Financing costs	-	-	-	-	–0.2	–0.3
Profit or loss before tax	129.7	148.8	13.7	7.3	20.5	8.5
Income taxes[1]	–21.8	–26.5	–3.4	–1.7	–10.3	–6.8
Profit or loss for the period	**107.9**	**122.3**	**10.3**	**5.6**	**10.2**	**1.7**

[1] Adjustments of prior-year figures, see section 4 on page 27.

Spain		Other insurance units		Corporate		Elimination		Total	
30.6.2012	30.6.2011 adjusted	30.6.2012	30.6.2011 adjusted	30.6.2012	30.6.2011	30.6.2012	30.6.2011 adjusted	30.6.2012	30.6.2011 adjusted
210.8	229.2	421.3	433.0	-	-	−99.9	−100.5	4 442.8	4 512.1
−11.4	−18.5	−92.3	−102.0	-	-	99.8	100.7	−193.4	−202.5
199.4	210.7	329.0	331.0	-	-	−0.1	0.2	4 249.4	4 309.6
−16.9	−14.8	−14.4	−12.2	-	-	0.1	−0.2	−761.1	−731.5
182.5	195.9	314.6	318.8	-	-	-	-	3 488.3	3 578.1
11.9	13.1	30.6	36.0	7.4	7.7	−1.5	−1.8	492.9	487.5
0.7	2.1	10.1	−18.8	0.2	12.2	-	-	50.3	−33.8
−0.2	0.1	1.0	−0.3	0.0	0.0	-	-	51.8	−28.1
0.2	0.3	-	-	-	-	-	-	−1.6	0.2
2.2	2.3	2.8	19.4	0.0	1.5	−0.4	−0.5	27.6	46.9
197.3	213.8	359.1	355.1	7.6	21.4	−1.9	−2.3	4 109.3	4 050.8
8.8	11.6	−95.8	−102.2	−0.4	−0.4	1.9	2.3	-	-
206.1	225.4	263.3	252.9	7.2	21.0	-	-	4 109.3	4 050.8
−93.6	−107.0	−199.8	−188.2	-	-	43.1	21.9	−832.7	−824.4
−45.4	−41.9	−70.0	−88.5	-	-	3.1	3.5	−1 676.5	−1 615.2
5.3	2.3	6.4	22.8	-	-	−1.6	−0.4	−766.9	−820.0
2.1	6.1	30.3	16.2	-	-	−46.3	−26.6	50.5	37.8
-	-	−1.2	0.6	-	-	-	-	−52.4	−16.9
−131.6	−140.5	−234.3	−237.1	-	-	−1.7	−1.6	−3 278.0	−3 238.7
−39.4	−44.1	−90.8	−94.6	-	-	22.2	23.3	−375.8	−380.9
2.8	4.4	17.7	23.2	-	-	−20.6	−21.7	26.0	31.9
−14.3	−15.2	−19.7	−19.5	2.0	2.1	0.1	0.0	−178.3	−181.1
0.0	0.0	−0.5	−0.4	−1.1	−1.4	1.9	2.3	−13.8	−14.7
−0.5	−0.7	−2.9	−3.3	−4.0	−10.5	0.0	0.0	−77.9	−49.7
−183.0	−196.1	−330.5	−331.7	−3.1	−9.8	1.9	2.3	−3 897.8	−3 833.2
14.3	17.7	28.6	23.4	4.5	11.6	0.0	0.0	211.5	217.6
-	-	-	-	−1.7	−1.4	-	-	−1.9	−1.7
14.3	17.7	28.6	23.4	2.8	10.2	0.0	0.0	209.6	215.9
−4.3	−5.2	−6.4	−4.1	−0.7	−0.1	0.0	0.0	−46.9	−44.4
10.0	**12.5**	**22.2**	**19.3**	**2.1**	**10.1**	**0.0**	**0.0**	**162.7**	**171.5**

6. Additional information by business activities

Six months ending on	Life 30.6.2012	Life 30.6.2011	Non-life 30.6.2012	Non-life 30.6.2011
in CHF million				adjusted
Income				
Gross premiums written	2 840.0	2 887.2	1 490.7	1 510.0
Reinsurance premiums ceded	–50.0	–47.9	–159.6	–167.0
Net premiums written	2 790.0	2 839.3	1 331.1	1 343.0
Net change in unearned premium reserve	–502.3	–479.8	–256.8	–250.2
Net earned premiums	2 287.7	2 359.5	1 074.3	1 092.8
Current income on Group investments (net)	434.3	424.9	53.3	54.7
Gains and losses on Group investments (net)	46.3	–30.1	4.3	1.4
Income from unit-linked investments	51.8	–28.1	-	-
Share of profit or loss of associates	–1.8	–0.1	0.2	0.3
Other income	16.8	22.4	12.8	9.9
Total operating income	2 835.1	2 748.5	1 144.9	1 159.1
Expenses				
Claims incurred including claims handling costs (non-life)[1]	-	-	–766.0	–758.7
Claims and benefits paid (life)	–1 672.0	–1 611.2	-	-
Change in actuarial reserves	–770.4	–821.3	-	-
Reinsurers' share of benefits and claims[1]	10.4	8.9	58.9	50.4
Policyholder dividends and bonuses	–51.8	–18.1	–0.6	1.2
Net insurance benefits and claims	–2 483.8	–2 441.7	–707.7	–707.1
Acquisition costs	–113.1	–105.9	–235.1	–248.6
Reinsurers' share of acquisition costs	4.0	4.8	25.8	30.5
Operating and administrative expenses	–79.6	–77.6	–97.1	–101.9
Interest payable	–16.6	–17.7	–4.3	–4.9
Other expenses	–63.7	–29.4	–13.3	–13.1
Total operating expenses	–2 752.8	–2 667.5	–1 031.7	–1 045.1
Profit or loss from operating activities	82.3	81.0	113.2	114.0
Financing costs	-	-	–0.2	–0.3
Profit or loss before tax	82.3	81.0	113.0	113.7
Income taxes[1]	–16.0	–19.0	–28.8	–23.6
Profit or loss for the period	**66.3**	**62.0**	**84.2**	**90.1**

[1] Adjustments of prior-year figures, see section 4 on page 27.

Other activities		Elimination		Total	
30.6.2012	30.6.2011	30.6.2012	30.6.2011 adjusted	30.6.2012	30.6.2011 adjusted
217.7	221.9	–105.6	–107.0	4 442.8	4 512.1
–89.3	–94.7	105.5	107.1	–193.4	–202.5
128.4	127.2	–0.1	0.1	4 249.4	4 309.6
–2.1	–1.4	0.1	–0.1	–761.1	–731.5
126.3	125.8	-	-	3 488.3	3 578.1
13.3	16.9	–8.0	–9.0	492.9	487.5
–0.3	–5.1	-	-	50.3	–33.8
0.0	0.0	-	-	51.8	–28.1
-	-	-	-	–1.6	0.2
1.6	18.5	–3.6	–3.9	27.6	46.9
140.9	156.1	–11.6	–12.9	4 109.3	4 050.8
–111.8	–88.5	45.1	22.8	–832.7	–824.4
–8.0	–7.5	3.5	3.5	–1 676.5	–1 615.2
5.1	1.7	–1.6	–0.4	–766.9	–820.0
30.0	6.1	–48.8	–27.6	50.5	37.8
-	-	-	-	–52.4	–16.9
–84.7	–88.2	–1.8	–1.7	–3 278.0	–3 238.7
–50.4	–50.7	22.8	24.3	–375.8	–380.9
17.3	19.2	–21.1	–22.6	26.0	31.9
–1.7	–1.6	0.1	0.0	–178.3	–181.1
–1.3	–1.6	8.4	9.5	–13.8	–14.7
–4.1	–10.6	3.2	3.4	–77.9	–49.7
–124.9	–133.5	11.6	12.9	–3 897.8	–3 833.2
16.0	22.6	0.0	0.0	211.5	217.6
–1.7	–1.4	-	-	–1.9	–1.7
14.3	21.2	0.0	0.0	209.6	215.9
–2.1	–1.8	0.0	0.0	–46.9	–44.4
12.2	**19.4**	**0.0**	**0.0**	**162.7**	**171.5**

7. Scope of consolidation

The following events in the interim reporting period led to changes in the scope of consolidation of Helvetia Group:

In the reporting period, the Group increased its investment in the associated company Tertianum AG, Berlingen from 20.0% to 21.13%. The associated company Gesnorte de Servicios S.A. in Madrid was liquidated.

On 3 April 2012, Helvetia Group purchased additional shares in Sersanet S.A., Madrid to increase its investment to 25%. As a result, Helvetia Group now exercises significant influence over Sersanet S.A. The investment is no longer recognised as a financial instrument, but is carried as an investment in an associate.

8. Seasonal influences

In principle, income and expenses are recognised as they arise. In the consolidated interim financial statements, income and expenses are only brought forward or deferred if this would also be appropriate at the end of the financial year.

9. Contingent liabilities, contingent receivables and capital commitments

Since the last reporting date, Group management has not become aware of any facts or circumstances that could lead to any material changes to the contingent liabilities, contingent receivables and capital commitments of Helvetia Group and could thereby have a material impact on the Group's financial position and financial performance.

10. Equity

The Shareholders' Meeting of 4 May 2012 approved a dividend of CHF 16.00 per share for the 2011 financial year. The total dividend payout amounted to CHF 138.4 million.

In the first half of the year, Patria Genossenschaft paid CHF 42.0 million into the bonus reserves of Helvetia Schweizerische Lebensversicherungsgesellschaft AG. This was credited to equity without affecting profit or loss and allocated in total to "Provision for future policyholder participation" under liabilities in accordance with its objective.

11. Events after the reporting date

No important events occurred before or on 27 August 2012, the date on which these consolidated interim financial statements were completed, that are likely to have a material impact on the interim financial statements as a whole.

Embedded value

The development of Helvetia Group's life business remains solid. The value of the portfolio continued to rise, while the new business margin dropped under pressure of substantially lower interest rates for new investments.

Embedded value measures the shareholder value of the life insurance portfolio and is made up of
– the adjusted equity;
– plus the value of the insurance portfolio;
– less solvency costs.

The adjusted equity comprises the statutory equity and the shareholders´ interest in the valuation reserves. The value of the insurance portfolio corresponds to the present value of all expected future statutory earnings after tax from the life insurance portfolio as of the reporting date. Solvency costs, i.e. the costs of solvency capital provided by the shareholder, are deducted from the embedded value.

In order to calculate embedded value, different best estimate assumptions are made, notably concerning return on investments, costs, claims experience and policyholder profit participation. The key assumptions are listed in a table on the following page. Also included is the risk discount rate, which was previously calculated separately for Switzerland and as a combined rate for the EU countries. Due to the strongly diverging interest environment in Europe, Helvetia has been using a separate risk discount rate for each EU country market since the end of 2011. The risk discount rates for Italy and Spain are therefore higher than in the first half of 2011 and also take account of the higher credit risk, while we have reduced the risk discount rates for Switzerland, Germany and Austria from the previous semester to reflect the lower interest rates in these countries. The embedded value published here by Helvetia was calculated in accordance with the traditional method, which delivers values and sensitivities that differ from the market consistent embedded value according to the CFO Forum and also reacts differently to economic changes.

The volume of new business fell compared to the first half of 2011, as single premiums for employee benefits insurance in Switzerland were written much more selectively than in previous years and demand in the foreign markets for life insurance declined in the current difficult economic environment. Compared to the first half of 2011, the value of new business written in 2012 dropped by just over one-third due to lower new business volumes and the sharp drop in the yield on new investments. As a result, the profitability of new business – derived from the volume and value of new business – declined year-on-year to 0.9%.

On 30 June 2012, the embedded value of Helvetia Group amounted to CHF 2,459.6 million, which represents a rise of CHF 197.9 million or 8.8% since the beginning of the year. This increase can be attributed to the still noticeably positive contribution by new business as well as better than expected economic results. On the other hand the embedded value was reduced by dividend payments and currency effects. Against the background of a consistently difficult economic climate, the increase in embedded value underlines the still solid performance of Helvetia Group's life business.

in CHF million	30.6.2012	30.6.2011
Embedded Value after tax		
Switzerland	**2 131.8**	**1 876.4**
of which value of insurance portfolio	1 507.2	1 347.4
of which adjusted equity	1 307.7	1 224.7
of which solvency costs	–683.1	–695.7
EU	**327.8**	**367.1**
of which value of insurance portfolio	248.2	278.9
of which adjusted equity	230.1	228.7
of which solvency costs	–150.5	–140.5
Total[1]	**2 459.6**	**2 243.5**
of which value of insurance portfolio	1 755.4	1 626.3
of which adjusted equity	1 537.8	1 453.4
of which solvency costs	–833.6	–836.2

1 of which minority interests CHF 27.1 million as of 30.6.2012

Assumptions		
Switzerland		
Risk Discount Rate	5.5%	6.5%
Yield on bonds	1.1%-2.1%	2.1%-2.8%
Yield on equities	6.5%	6.5%
Yield on real estate	4.5%	4.5%
EU		
Risk Discount Rate	7.0%-10.0%	8.0%
Yield on bonds	4.0%-5.6%	4.1%-5.2%
Yield on equities	7.5%	7.5%
Yield on real estate	4.9%	3.9%

in CHF million	30.6.2012	30.6.2011
Development of embedded value after tax		
Embedded value as of 1 January	2 261.7	2 248.0
Operationg profit from insurance portfolio and adjusted equity	71.8	85.8
Value of new business	17.5	27.9
Economic changes, including changes to unrealisied gains and losses on investments (equity and real estate)	133.6	–91.2
Dividends and movement of capital	–21.6	–18.3
Foreign currency translation differences	–3.4	–8.7
Embedded value as of 30 June	**2 459.6**	**2 243.5**

in CHF million		
New Business		
Switzerland		
Value of new business	13.8	20.0
Annual Premium Equivalent (APE)	139.1	146.7
Value of new business (APE) in %	9.9%	13.6%
Present value of new business premiums (PVNBP)	1 502.8	1 561.1
Value of new business (PVNBP) in %	0.9%	1.3%
EU		
Value of new business	3.7	7.9
Annual Premium Equivalent (APE)	56.4	61.5
Value of new business (APE) in %	6.6%	12.8%
Present value of new business premiums (PVNBP)	509.5	577.9
Value of new business (PVNBP) in %	0.7%	1.4%
Total		
Value of new business	17.5	27.9
Annual Premium Equivalent (APE)	195.5	208.2
Value of new business (APE) in %	9.0%	13.4%
Present value of new business premiums (PVNBP)	2 012.3	2 139.0
Value of new business (PVNBP) in %	0.9%	1.3%