Helvetia Group Conference Call
Monday 1 September 2014

Half-year financial statements 2014

The spoken word takes precedence)

Philipp Gmür, CEO Switzerland

Ladies and Gentlemen

I am able to report yet another successful year for our Swiss business.

We were able to improve technical results and also generate a solid increase in profit thanks to our stable capital market returns.

(Slide 21) Swiss market

The premium volumes fell slightly mainly due to the single premium business in the life insurance segment. The continued growth in regular premiums as well as the strong business in the non-life segment merely made up for the decline. Despite renewed increases in reserves, we were able to increase the earnings by 8% to CHF 120 million. In doing so, our net combined ratio increased by 1.5% to a very good 83.9%.

(Slide 22) Highlights: Life business Switzerland

The decline in gross premiums in the life business is due to the performance in single premium products. In the single life segment, the decline was due to the exceptionally high premium volumes generated in the previous year. Also of note, our "Value Trend" tranche product launched in May with a volume of almost CHF 90 million was not entirely included in the first-half report. A large share of the income will be recorded in the second half. Regular premiums, however, are more important for long-term business performance. And these have increased substantially. Our performance-based products especially – and particularly the guarantee plan – enjoyed growing demand.

Regular premiums in the group life business also grew significantly. The decline in single premiums is primarily attributable to the outsourcing of the Swisscanto pension business. Since 1 January 2014, these pensions have been handled directly by Swisscanto instead of by Helvetia. At the same time, under a group life agreement with Swisscanto, Helvetia will continue to handle coverage for death and disability. Demand for full insurance products remains unchanged.

The solid technical result makes it possible for us to strengthen reserves and bonus reserves in both lines of the life business. Thus our customers in the private and professional pension business can also profit from our earnings strength.

Our own sales force remains our most important distribution channel. Broker distribution and Raiffeisen also make a material contribution to our success**.**

(Slide 23) Highlights: non-life business Switzerland

We were able to increase the premium volume in the non-life sector by a notable 2.8% to CHF 576 million. Growth thus exceeded that of the general market[1] which according to the Swiss Insurance Association increased by 1.9% in the product lines we offer. Another positive factor is that the property line increased along with the motor vehicle business. Both the claims and the cost ratio were again reduced, which led to further improvement in the net combined ratio to an excellent 83.9%.

Claims from storms in July and August are, of course, not yet included in the figures presented. Based on the damage reports received thus far, we forecast costs in the single-digit millions, which means no significant impact on the results for the second half.

In H2, we expect continued satisfactory growth in the non-life business. Individual life insurance premium trends will depend on whether and when the capital market environment will allow us to launch another product in the "Helvetia Value Trend" tranche.

In summary, we can look back on a successful first half and are optimistic that this trend will continue in the future.

With that, I'll pass you back to Stefan Loacker. >>>

[1] The non-life market increased in H1 by 1.3% according to SIA data. Based on the sectors we sell in the SIA market grew by 1.9% and Helvetia by 2.8%.