



Interim report

**Helvetia
Holding AG**
2014

Your Swiss insurer.

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Interim results of Helvetia Holding AG

Income statement

	30.6.2014 ¹	31.12.2013 ²	Change
in CHF million			
Dividend income	66.6	84.4	
Loan interest income	0.4	1.4	
Impairment	-47.2	0.0	
Loan interest expenses	-0.8	-2.0	
Fees	0.0	-0.4	
Profit for the period before tax	19.0	83.4	-77.2%
Taxes	-0.1	0.0	
Profit for the period	18.9	83.4	-77.3%

Balance sheet

Assets			
Investments	756.6	803.7	
Loans to Group companies	0.1	1.6	
Non-current assets	756.7	805.3	-6.0%
Cash and cash equivalents	0.0	0.0	
Balances receivable from Group companies	38.7	122.9	
Current assets	38.7	122.9	-68.5%
Total assets	795.4	928.2	-14.3%
Liabilities and equity			
Share capital	0.9	0.9	
Reserve for treasury shares	12.0	11.3	
Reserve from capital contributions	0.9	0.9	
Other statutory reserves	86.1	86.1	
Free reserves	335.1	335.8	
Profit carried forward	190.5	258.5	
Profit for the period	18.9	83.4	
Total equity	644.4	776.9	-17.1%
Bonds	150.0	150.0	
Provisions	0.1	0.1	
Liabilities to Group companies	0.5	0.0	
Accruals	0.4	1.2	
Borrowed capital	151.0	151.3	-0.2%
Total liabilities and equity	795.4	928.2	-14.3%

¹ not audited

² audited

Notes to the interim results

Helvetia Holding AG

The interim financial statements of Helvetia Holding AG have not been audited by auditor.

Introduction

Both the 2013 financial statements and the 2014 interim financial statements of Helvetia Holding AG comply with the provisions of the Swiss Code of Obligations (CO). As a result of applying the transitional provisions (transitional provisions of the amendments from 23 December 2011, Art. 2) of the new Swiss accounting law, these financial statements were prepared in accordance with the previous provisions rather than the new legislation for accounting and financial reporting that came into force on 1 January 2013.

1. Investments

As of 30 June 2014, Helvetia Holding AG owned the following direct investments:

Investments Helvetia Holding AG

	Reported company capital 30.6.2014	Holding as of 30.6.2014	Reported company capital 31.12.2013	Holding as of 31.12.2013
in CHF million				
Helvetia Schweizerische Versicherungs- gesellschaft AG, St.Gallen	77.5	100.00%	77.5	100.00%
Helvetia Schweizerische Lebens- versicherungsgesellschaft AG, Basel	50.0	100.00%	50.0	100.00%
Helvetia Finance Limited, Jersey	0.1	100.00%	0.1	100.00%

2. Dividend income

The dividend income of Helvetia Holding AG represents the dividend paid simultaneously to Helvetia Holding AG by the subsidiaries Helvetia Schweizerische Versicherungsgesellschaft AG and Helvetia Schweizerische Lebensversicherungsgesellschaft AG from their respective net profits for the year. In the first half of 2014 dividend income of CHF 66.6 million was reported as dividends of Helvetia Finance Ltd. At the same time, the carrying value of the investments of Helvetia Finance Ltd was written down by CHF 47.2 million in the first half of 2014.

3. Bonds

On 8 April 2013, Helvetia Holding AG issued a new 1.125% bond 2013–2019 with a par value of CHF 150 million. The bond was subscribed and paid on 8 April 2013 and must be repaid at nominal value on 8 April 2019. The bond has a coupon rate of 1.125% p.a., which will be paid annually on 8 April.

4. Treasury shares

On the balance sheet date of 30 June 2014, subsidiaries of Helvetia Holding AG held 45,276 registered shares of Helvetia Holding AG (31 December 2013: 44,255).

As of 31.12.

	31.12.2013	31.12.2012
Number of treasury shares	45 276	44 255
Reserve for treasury shares in CHF	12 044 708	11 307 058

Change in year
under review

Date	Number	Type of shares	CHF
11.4.2014	1 021	Registered shares	737 650

- 5. Shareholders with interests of more than 3%**
- On the balance sheet date of 30 June 2014, the following shareholders owning more than 3% of the share capital were recorded in the share register: Patria Genossenschaft 30.1% (previous year: 30.1%), Vontobel Beteiligungen AG 4.0% (previous year: 4.0%), Raiffeisen Switzerland 4.0% (previous year: 4.0%) and UBS Fund Management (Switzerland) AG 3.02%.
- On the balance sheet date, the shareholder pool comprised the following shareholders:
- Patria Genossenschaft, Basel, with 30.1 %;
 - Vontobel Beteiligungen AG with 4.0 %;
 - Raiffeisen Switzerland with 4.0 %.
- 6. Additional information for companies listed on the stock exchange (transparency law)**
- The information on payments to and investments of the members of the Board of Directors and the Executive Management required under Art. 663b bis and Art. 663c (3) of the Swiss Code of Obligations is provided in the notes to the 2013 consolidated financial statements of the Helvetia Group in Note 16.
- 7. Guarantee und contingent liabilities**
- Helvetia Holding AG belongs to the VAT group of Helvetia Schweizerische Lebensversicherungsgesellschaft AG and is therefore jointly and severally liable for VAT debts.
- Helvetia Holding AG has issued a subordinate and unsecured guarantee of CHF 300 million vis-à-vis the bond creditors of Helvetia Schweizerische Versicherungsgesellschaft AG. This is connected with the subordinate bond issued in November 2010.
- 8. Notes on the risk assessment**
- All data are from the 2013 Annual Report of Helvetia Holding.
- Risk management helps to ensure that the fundamental company objectives are achieved and contributes to the effective safeguarding of Helvetia's capital base. Risk management is part of the systematic risk management process of Helvetia Group and comprises all Group companies.
- The risk management process includes all activities related to the systematic assessment of risks. The essential components of this process include the identification, analysis and management of risks, the operational monitoring of the success of the risk management measures, the monitoring of the effectiveness and appropriateness of the risk management measures, and reporting and communication.
- Helvetia distinguishes between the following types of risk that are included in the risk management process: market risks (including the interest rate and currency risks associated with the liabilities and long-term liquidity risks), medium- and short-term liquidity risks, counterparty risks, technical risks, operational risks, strategic and emerging risks. The risk management process also puts particular emphasis on the operational risks, which are defined as the risk of losses resulting from the inappropriateness or failure of internal procedures, people and systems, or from external events. Operational risk includes the impact of reputational risks.
- The risk management process is carried out by Helvetia Group's risk management organisation.
- Helvetia Holding AG is fully integrated into the risk management process of Helvetia Group. This Group-wide risk management process and organisation also takes account of the type and scope of the business activities and specific risks of Helvetia Holding AG.
- The Board of Directors of Helvetia Holding AG and the Group Executive Management are the supreme risk owners of Helvetia Group and its Group companies. The Board of Directors of Helvetia Holding AG is responsible for establishing and maintaining appropriate internal controls and the risk management organisation of Helvetia Group and its Group companies. It is the Board's responsibility in particular to:
- set risk policy principles that support the development of risk awareness and a risk and control culture in the Group companies;
 - ensure appropriate monitoring of the effectiveness of the internal control systems by the Group Executive Management;

- ensure the implementation and application of a comprehensive risk management approach, including an internal control system that guarantees the efficient allocation of risk capital and systematic control of risks by the Executive Management;
- determine a risk strategy / partial risk strategies that cover the risk management objectives of all essential business activities;
- set risk tolerance limits and monitor the risk profile of the Group and the individual business units.

Within the stipulated parameters, the Board of Directors delegates operational aspects of risk management. For example, the monitoring of the Group's risk profile and in particular the monitoring of the market, liquidity, counterparty and insurance risks are delegated to the Investment and Risk Committee. The structural aspects of risk management (structure of the risk management organisation and the internal control system) and the monitoring of operational risks in particular are delegated to the Audit Committee. The strategic risks are monitored by the Strategy and Governance Committee.

The Executive Management of Helvetia Group is responsible for implementing and complying with the strategies, business principles and risk limits determined by the Board of Directors for Helvetia Group and its Group companies. The Risk Committee supports the Executive Management in an advisory capacity. It coordinates, monitors and assesses the risk decisions and financing and hedging measures of all business units. The Risk Committee meets at least once a quarter and is chaired by the Head of Risk & Capital Management. Other permanent members are the Chief Executive Officer (CEO), the Chief Financial Officer (CFO), the Chief Investment Officer (CIO), the Head of Group Portfolio Strategy, and the Group actuaries for life and non life. Other specialists can be invited to attend a meeting when required and depending on the topic. The Risk & Capital Management department, which reports to the CFO and exercises the Group's risk monitoring function, ensures the necessary risk transparency by, among other things, preparing a quarterly risk and capital report.

The risk management process and risk management organisation at Group level are copied at the level of the individual business units. Responsibility for the implementation of and compliance with the strategies, business principles and risk limits at business unit level is delegated by the Group Executive Management to the local Executive Management teams.

The internal audit unit of Helvetia Group, an independent in-house team reporting directly to the Chairman of the Board of Directors of Helvetia Holding AG, monitors the course of operations and business, the internal control system and the efficiency of the risk management system of the Group and its Group companies. While the risk controlling functions are responsible for the ongoing monitoring of the Group's risk management system, the internal audit unit monitors the effectiveness, appropriateness and efficiency of the risk management measures at irregular intervals and identifies weaknesses.