

20

15

First semester

**Letter to
Shareholders
2015**

30.6.2015 31.12.2014 30.6.2014

Key share data Helvetia Holding AG

| | | | |
|--|-----------|-----------|-----------|
| Group underlying earnings per share in CHF | 20.5 | 46.2 | 21.5 |
| Group profit for the period (IFRS) per share in CHF | 14.6 | 43.0 | 21.5 |
| Consolidated equity per share in CHF | 443.7 | 503.2 | 474.3 |
| Price of Helvetia registered shares at the reporting date in CHF | 534.5 | 474.0 | 407.3 |
| Market capitalisation at the reporting date in CHF million | 5 315.7 | 4 687.6 | 3 523.9 |
| Number of shares issued | 9 945 137 | 9 889 531 | 8 652 875 |

in CHF million

Business volume

| | | | |
|---------------------------------|---------|---------|---------|
| Gross written premiums life | 2 837.9 | 4 614.4 | 3 008.6 |
| Deposits received life | 82.7 | 153.0 | 87.9 |
| Gross written premiums non-life | 2 247.5 | 2 789.2 | 1 621.4 |
| Active reinsurance | 125.5 | 209.9 | 103.8 |
| Business volume | 5 293.6 | 7 766.6 | 4 821.7 |

Key performance figures

| | | | |
|--|-------|---------|-------|
| Underlying earnings life business | 84.9 | 151.2 | 71.9 |
| Underlying earnings non-life business | 158.2 | 272.5 | 108.6 |
| Underlying earnings other activities | -22.2 | -2.0 | 16.4 |
| Underlying earnings of the Group after tax | 220.9 | 421.7 | 196.9 |
| IFRS earnings of the Group after tax | 161.8 | 393.3 | 196.9 |
| Investment result | 609.9 | 1 476.9 | 698.0 |
| of which investment result from Group financial assets and investment property | 521.7 | 1 275.4 | 582.1 |

Key balance sheet figures

| | | | |
|---|----------|----------|----------|
| Consolidated equity (without preferred securities) | 4 391.4 | 4 963.1 | 4 082.6 |
| Provisions for insurance and investment contracts (net) | 41 054.8 | 41 275.0 | 35 580.9 |
| Investments | 46 195.2 | 48 018.0 | 40 887.5 |
| of which Group financial assets and investment property | 43 264.1 | 44 843.4 | 37 976.5 |

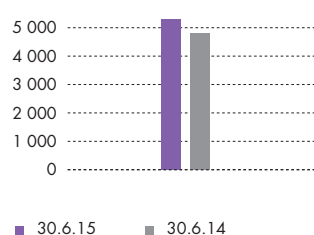
Ratios

| | | | |
|--|-------|-------|-------|
| Return on equity annualised ¹ | 8.6% | 9.6% | 9.3% |
| Combined ratio (gross) | 92.4% | 91.1% | 90.2% |
| Combined ratio (net) | 92.4% | 93.5% | 94.0% |
| Direct yield annualised | 2.3% | 2.5% | 2.7% |
| Investment performance | 0.0% | 7.7% | 3.7% |
| Solvency I | 200% | 216% | 238% |

¹ 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).

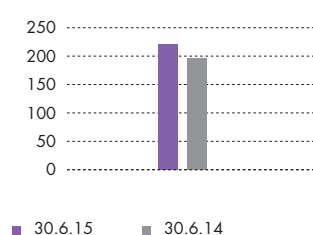
Business volume

in CHF million



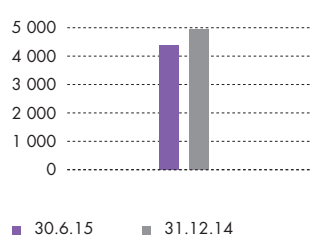
Profit*

in CHF million



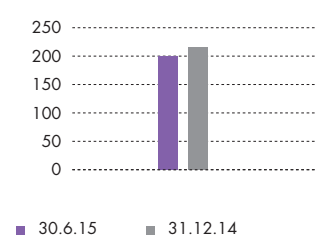
Equity

in CHF million



Solvency I

in %



* underlying earnings

FIRST HALF-YEAR 2015

STRONG INCREASE IN PROFITS



+12%

The Helvetia Group reported convincing results from underlying earnings of CHF 221 million after tax. This represents an increase of 12% over the previous year. The driver of this result was the technically strong non-life business with an increase in profits of around 46%. The life result also improved by 18% over the previous year. The improvements in results in the life and non-life business were supported by the two acquisitions. All market segments contributed to the earnings.

CAPITAL BASE



200%

The capital base remains extremely solid even after the acquisitions with a Solvency I ratio of 200% and an SST ratio (2014 year-end) of between 150% and 200%.

COMBINED RATIO



92.4%

Thanks to a low claims ratio and a stable cost ratio, the net combined ratio improved to 92.4%, once again exceeding the Group's target range of 94–96%.

INTEGRATION



“ON TRACK”

Helvetia can look back on successful and important integrations in the first half of 2015. The common organisational management has been established in all market units. In the second quarter Helvetia completed the legal and financial takeover of Nationale Suisse and the operational legal units in Switzerland have been merged since May. The integrated product range with its attractive insurance and pensions solutions was launched in Switzerland on 1 May 2015 under the Helvetia brand. The joint market launch under a single brand is currently being implemented in stages in Germany and Austria. Italy and Spain will follow from the second half of the year. The legal mergers in the European market units should be completed by the end of 2016. The integration is therefore on course overall and initial synergies of CHF 15 million have already been achieved.

DYNAMIC GROWTH



+15%

In the first half of 2015, the new Helvetia Group achieved a business volume of CHF 5,294 million, an increase of 15% in original currency. The two companies acquired in the 2014 financial year, Nationale Suisse and Basler Austria, made a significant contribution to this growth. Growth was driven by the profitable non-life business, which increased by around 50%. In the life business, in line with the strategy, the investment-linked insurance products and deposits rose by 4.5% overall in original currency, while traditional insurance solutions declined.

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Doris Russi Schurter President ad int of the Board of Directors
Stefan Loacker Chief Executive Officer

Ladies and Gentlemen,

Helvetia Group recorded strong business performance in the first half of 2015, reflecting in the successful acquisitions of National Suisse and Basler Austria.

Underlying earnings increased by 12% to CHF 221 million. Non-life, with a 46% increase in profits, made a particularly significant contribution to this result. Due to an improved technical performance and higher business volumes following the acquisitions, the Group generated a profit of CHF 158 million. The combined ratio improved to 92.4%, the best figure in the past five years. In the life insurance business, underlying earnings increased by 18% to CHF 85 million. Only the result of "Other activities", at CHF –22 million, was below the previous year's figure.

The IFRS result, which was temporarily influenced by significant acquisition accounting effects, was CHF 161.8 million (previous year: CHF 196.9 million).

Due to the two acquisitions, Helvetia increased its business volume by 15% in original currency (OC) to CHF 5,294 million in the first half of 2015; growth driver was predominantly the profitable non-life business, which increased by around 50%. Life insurance business volume fell below the previous year's figure by 3.4% (in OC) to CHF 2,921 million due to the reduction in traditional business, although the trend in investment-linked insurance products was positive.

Helvetia continues to have a strong capital position, with a Solvency I ratio of 200% on 30 June 2015 and an SST ratio of 150% to 200% at year-end 2014. The annualised return on equity based on the half-year underlying earnings amounted to 8.6%.

The integration of Nationale Suisse and Basler Austria into the “new Helvetia” is fully on track and, in Switzerland, all the major milestones have already been reached. This can be seen not only in the uniform legal and visual appearance as Helvetia; the structures and process of the strengthened organisation are also increasingly visible. The joint market launch of the integrated product range took place as scheduled on 1 May 2015. Following the establishment of the new management structure, Helvetia also completed the employee consultation process and implemented a new organisational model for back office and sales force.

There has also been excellent progress in the integration of the country markets in the Europe segment, but this will take somewhat more time to complete due to local regulatory requirements. The legal merger of Basler Austria will be completed shortly. In the other market units the merger concepts have been drawn up and will be implemented by 2016. The rebranding as Helvetia will be largely completed Group-wide by December 2015 and has already taken place in Austria and Germany. In addition, Helvetia now has a largely harmonised range of products on the market in these countries. In Spain and Italy, preparations for the rebranding are in full swing, and market launch will take place gradually beginning in autumn 2015.

The Specialty Markets segment was also reorganised on 1 May 2015, making it possible for Helvetia to successfully complete the market launch in this sector, too. With its specialty lines “marine”, “engineering” and “art” insurance business, as well as active reinsurance, the new market segment is pursuing a strategy focused on profitability. The French entity will further pursue its strategy as a successful niche player in the marine business. In active reinsurance, Helvetia also continues to move forward with its successful approach of global risk diversification.

Overall, the first half of 2015 was an intense and successful period for Helvetia. The “new Helvetia” has developed much more momentum and has solidly positioned itself in the market as one of the leading Swiss insurance groups.

Great respect is owed to the employees of Helvetia for their motivation and highly successful handling of the additional work required by the integration. We would like to sincerely thank our customers for their loyalty to the “new Helvetia”. And to you, our shareholders, many thanks for your confidence and your support for our ambitious strategy.

Yours sincerely,



Doris Russi Schurter
President ad int of the Board of Directors



Stefan Loacker
Chief Executive Officer

Business development

Preliminary remark: In the 2014 financial year, Helvetia acquired the Nationale Suisse Group. The full consolidation took place on 20 October 2014, therefore Nationale Suisse has been included in the consolidated financial statements since this date. Basler Austria, which was also acquired, has been included in the consolidated financial statements since 29 August 2014. The comparative figures for the first half of 2014 therefore do not include either Nationale Suisse or Basler Austria.

Following the acquisitions, the IFRS result generated by Helvetia for the period was temporarily influenced considerably by special effects, including integrations costs, planned amortisation of intangible assets, and additional planned amortisations following the revaluation of interest-bearing securities at market values as required by the specific IFRS accounting regulations for acquisitions.

Up to the end of the 2017 financial year, Helvetia is therefore putting emphasis on the so called "underlying earnings", which eliminate these temporary effects and therefore reflect the operating performance of the new Helvetia Group.

With effect from 1 January 2015, Helvetia also altered its segmentation under IFRS. The new operating segments of Helvetia Group are "Switzerland", "Europe", "Specialty Markets" and "Corporate".

The segment "Switzerland" comprises the Swiss country market. The former segments of Germany, Italy and Spain, together with Austria, have been consolidated into the new segment "Europe". The segment "Specialty Markets" includes marine, engineering and art insurance business in the market units Switzerland/International and France as well as the globally operating active reinsurance. The segment "Corporate" includes all Group activities, the financing companies, Group reinsurance and Helvetia

Holding AG. Helvetia is reporting on the basis of these segments for the first time in the 2015 half-year statement and, additionally, continues to report on the performance of its life, non-life and other business activities. Unlike the previous year, non-life now also includes active reinsurance, which was previously reported under "Other activities".

Helvetia Group's business performance Summary

Helvetia's business activities once again performed positively in the first half of 2015, despite a difficult environment. The companies acquired in 2014, Nationale Suisse and Basler Austria, also made a significant contribution to this. The integration of the two companies went according to plan and major milestones have already been achieved. The joint management organisation has been established in all market units. In the second quarter, Helvetia completed the legal and financial takeover of Nationale Suisse, and the operating entities in Switzerland have been merged since May. In Austria, the merger of Helvetia and Basler will be completed shortly. In Switzerland, the integrated product range with attractive insurance and pension solutions has been sold under the Helvetia brand since 1 May 2015. The joint market launch under a single brand has been implemented in Germany and Austria (Austria non-life only; life from January 2015) since July. Italy and Spain will follow starting in stages from the second half of the year. The legal mergers in these market units and in Germany are planned to be completed by the end of 2016, so the integration is on track. Synergies of CHF 14.7 million have already been achieved in the first six months and initial success of the integration is already reflected in the figures.

Group business volume: Increase of 15 %
(in OC) as a result of the acquisitions;
currency effects impact negatively on growth
in CHF terms

In the first half of 2015, the new Helvetia Group achieved a business volume of CHF 5,293.6 million, which corresponds to an increase of CHF 471.9 million or 15.1 % in original currency¹ over the previous year (half-year 2014: CHF 4,821.7 million). The two companies acquired in the 2014 financial year, Nationale Suisse and Basler Austria, made a significant contribution to this growth.

In terms of **business areas**, growth was driven by the non-life business which increased by around 50%. In the life business, in line with the strategy, investment-linked insurance solutions and deposits overall grew by 4.5 % (in OC), while traditional insurance solutions declined.

In terms of **segments**, Switzerland showed the greatest increase with growth of CHF 467.1 million or 15.3%. The Europe segment also achieved growth of 9.7% (in OC), but business volume fell by 5.9% when converted into CHF due to negative exchange rate effects linked to the discontinuation of the minimum EUR exchange rate by the Swiss National Bank in January 2015. In the Specialty Markets segment, Helvetia also generated a significantly higher volume compared to the previous year, mainly driven by the first-time consolidation of the Nationale Suisse business (+CHF 90.7 million or 36.7% (in OC)). The performance of the premium volume in the life and non-life businesses is described in detail on pages 9 and 10.

Underlying earnings for the Group: Significant improvement due to the non-life business, improved result in life business in difficult capital market environment

The Helvetia Group recorded impressive underlying earnings² of CHF 220.9 million after taxes. This corresponds to an increase of CHF 24 million or 12.2 % over the previous year (half-year 2014: CHF 196.9 million³).

Viewed by **business areas**, the non-life result (+CHF 49.6 million or 45.6%) and the life result (+CHF 13.0 million or 18%) increased over the previous year. Both businesses were supported by the acquisitions, and the major contribution to the improved result at Group level was due to the technically strong non-life business. In contrast, the result of the "Other activities" de-

¹ Original currency, abbreviated to OC

² Underlying earnings have been adjusted for integration costs and for amortisation on intangible assets, additional scheduled depreciation due to the revaluation of interest-bearing securities, and other one-time effects from the acquisitions. Underlying earnings is not an IFRS key figure. However it has been derived from the IFRS figures.

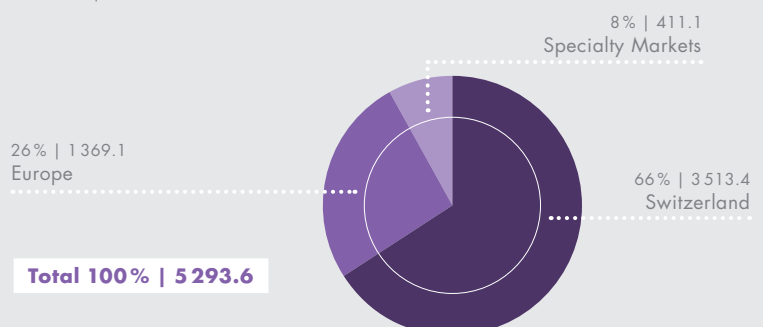
³ Because there were no significant special effects from acquisitions in the previous year, the previous year's result has not been adjusted.

Helvetia Group key figures

| | HY 1 2015 | HY 1 2014 | Growth in % (CHF) | Growth in % (OC) |
|--|----------------|----------------|----------------------|---------------------|
| in CHF million | | | | |
| Business volume | 5 293.6 | 4 821.7 | 9.8 | 15.1 |
| Gross premiums written life | 2 837.9 | 3 008.6 | -5.7 | -3.7 |
| Deposits received life | 82.7 | 87.9 | -5.9 | 5.9 |
| Total life | 2 920.6 | 3 096.5 | -5.7 | -3.4 |
| Gross premiums written non-life | 2 373.0 | 1 725.2 | 37.5 | 48.2 |

Business volume by segment

Units in % | in CHF million



clined, mainly due to the lower result from Group reinsurance which was primarily attributable to severe weather losses and major claims in Germany. There were also lower gains and losses on Group investments (net). In addition, the higher cost base due to the acquisitions, higher financing costs and the discontinuation of dividends from Nationale Suisse compared to the previous year had a negative impact.

Viewed by **segment**, the underlying earnings in Switzerland rose by CHF 53.1 million or 45.8%. The result in Europe and in Specialty Markets also improved over the previous year by CHF 2.4 million or 4.8% and by CHF 6.3 million or 46.0% respectively.

The following pages offer a detailed description of performance in the individual life, non-life and other activities businesses, as well as in the IFRS segments Switzerland, Europe, Specialty Markets and Corporate.

The underlying earnings include realised synergies of CHF 14.7 million. CHF 8.4 million of this

can be attributed to personnel cost savings and CHF 6.3 million to other cost reductions. 232 FTEs left the company on 30 June 2015 and therefore can be classified as personnel synergies. The personnel reductions were primarily achieved via natural fluctuation.

Helvetia Group's profit for the period reported under IFRS was CHF 161.8 million for the first half of 2015 – compared to CHF 196.9 in the previous year. The Group profit under IFRS was significantly influenced by the effects of the acquisitions. It includes integration costs of CHF 26.7 million, amortisation on intangible assets and further planned amortisation due to the revaluation of interest-bearing securities of CHF 51.0 million.

Capital base and solvency remain solid

Helvetia also has a solid capital position after the two acquisitions. This can also be seen in the Solvency I ratio of 200% on 30 June 2015. The SST ratio was in the range of 150%–200% as of the end of 2014. Equity⁴ fell from CHF 4,963.1 million to CHF 4,391.4 million compared to the end of 2014. This was due to the decrease in unrealised gains and losses recognised in equity, currency effects in the translation of equity of the European market units, and the change to the pension liabilities in Switzerland following the lowering of the discount rate. The annualised return on equity based on the interim underlying earnings was 8.6%.

Overall, Helvetia can look back over a successful first half of 2015.

Reconciliation to the IFRS Group profit for the period

| | HY 1 2015 | HY 1 2014 | Growth in % (CHF) |
|--|--------------|--------------|----------------------|
| in CHF million | | | |
| Underlying earnings for the Group after taxes[*] | 220.9 | 196.9 | 12.2 |
| of which: life | 84.9 | 71.9 | 18.0 |
| of which: non-life | 158.2 | 108.6 | 45.6 |
| of which: other activities | -22.2 | 16.4 | n.a. |
| Integration costs | -26.7 | - | |
| Amortisation of intangible assets | -29.8 | - | |
| Additional depreciation due to revaluation at market values | -21.2 | - | |
| Additional tax effects and other | 18.6 | - | |
| IFRS Group profit for the period | 161.8 | 196.9 | -17.8 |
| [*] Underlying earnings includes: | | | |
| Synergies before tax, CHF million | 14.7 | - | |
| Financing costs before tax, CHF million | -6.6 | - | |

⁴ Consolidated equity without preferred securities

Development of business areas

Non-life

Non-life business volume: Strong growth through acquisitions (+ approximately 50% in OC), growth driven by the motor vehicle, property and accident/health insurance business lines

Premiums for **the non-life area** increased in the first half of 2015, mainly due to the acquisitions, to CHF 2,373.0 million (half-year 2014: CHF 1,725.2 million). Year-on-year, this equates to an increase of CHF 647.8 million or 48.2% (in OC). The growth rate was lower in CHF terms, at +37.5%, due to exchange rate effects relating to the foreign units.

In terms of **segments**, Switzerland grew the most, at CHF 477.6 million or 88.2%, due to the acquisitions. Premiums also rose in Europe compared to the first half of 2014 by CHF 79.5 million or 27.3% (in OC), with all market units contributing to this increase. Growth was highest in Austria, at 70.2%. Premiums in Helvetia's Specialty Markets segment increased year-on-year by CHF 90.7 million or 36.7%, with Switzerland/International again contributing most to this growth.

In terms of **insurance lines**, the major business lines property (+CHF 227.4 million or +50.9% (in OC)) and motor (+CHF 213.8 million or 46.4% (in OC)), mainly contributed to premium growth. Helvetia also generated CHF 128.7 million or 155.8% (in OC) higher premiums year-on-year in its accident/health insurance business. This growth was mainly due to the accident/health insurance portfolio acquired from Nationale Suisse.

Underlying earnings: Earnings increase by 45.6% due to better technical results and the acquisitions

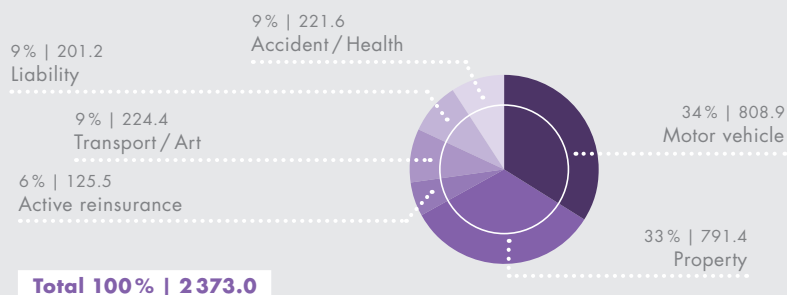
Underlying earnings in the non-life business were CHF 158.2 million (half-year 2014: CHF 108.6 million). The earnings increase of CHF 49.6 million or 45.6% was due to a better technical result and was also supported by the volumes contributed by the two acquisitions. Exchange rate effects had a negative effect on earnings growth in CHF.

Non-life business volume by segment

| | HY 1 2015 | HY 1 2014 | Growth in % (CHF) | Growth in % (OC) |
|------------------------------|---------------|---------------|----------------------|---------------------|
| in CHF million | | | | |
| Group business volume | 2373.0 | 1725.2 | 37.5 | 48.2 |
| Switzerland | 1019.0 | 541.4 | 88.2 | 88.2 |
| Europe | 942.9 | 863.4 | 9.2 | 27.3 |
| Germany | 371.6 | 352.4 | 5.5 | 23.0 |
| Italy | 264.6 | 254.4 | 4.0 | 21.3 |
| Spain | 155.3 | 152.9 | 1.6 | 18.4 |
| Austria | 151.4 | 103.7 | 46.0 | 70.2 |
| Specialty Markets | 411.1 | 320.4 | 28.3 | 36.7 |
| Switzerland/International | 130.4 | 34.5 | 278.0 | 281.9 |
| France | 155.2 | 182.1 | -14.8 | -0.7 |
| Active reinsurance | 125.5 | 103.8 | 21.0 | 21.0 |

Non-life business volume by sector

Units in % | in CHF million



Combined ratio

in %

| | Net claims ratio first half of 2015 | Net cost ratio first half of 2015 | Net claims ratio first half of 2014 | Net cost ratio first half of 2014 |
|-------------------|-------------------------------------|-----------------------------------|-------------------------------------|-----------------------------------|
| Group direct | 62.8 | 29.6 | 64.4 | 29.6 |
| CH | 60.0 | 26.7 | 58.3 | 25.9 |
| Europe | 65.0 | 31.2 | 66.9 | 30.8 |
| Specialty Markets | 64.1 | 32.1 | 65.4 | 31.0 |
| | | | | |
| | | | | |

Net combined ratio: once again significantly below Group's target range of a net combined ratio of 94 % to 96 %

The **net combined ratio** improved from 94.0 % in the first half of 2014 to 92.4 % in the first half of 2015. As the claims experience improved, the claims ratio decreased from 64.4 % in the first half of 2014 to 62.8 % in the year under review. The cost ratio remained unchanged at 29.6 %. As a result, Helvetia once again clearly bettered its combined ratio target of between 94 % and 96 %.

Group profit for the period under IFRS was CHF 116.5 million (half-year 2014: CHF 108.6 million). The differences compared to the underlying earnings are due to the planned amortisation on intangible assets and additional amortisation on interest-bearing securities under IFRS acquisition accounting, as well as the integration costs incurred.

Life

Life business volumes: Positive performance of investment-linked insurance products and deposits, reduction in traditional business

The business volume of the new Helvetia Group was at CHF 2,920.6 million, CHF 175.9 million or 3.4 % (in OC) below the previous year's figure (half-year 2014: CHF 3,096.5 million). The volumes were negatively affected by exchange rate effects in CHF terms.

Helvetia is focusing on the sale of modern, capital efficient products and conversely reducing the sale of traditional products with guaranteed interest rates. In line with the strategy, modern investment-linked products and deposits performed very positively in the period under review. The premiums from traditional insurance solutions were lower on a year-on-year comparison, – however, this reduction was not fully compensated, despite the good performance of the modern products.

In terms of **segments**, the volume generated in the Swiss country market remained stable in a very difficult interest rate environment, at CHF 2,494.4 million (half-year 2014: CHF 2,504.9 million).

On the other hand, Helvetia's volumes declined overall in the Europe segment – despite very high demand for investment-linked insurance solutions (+ CHF 8 million or 26.4 % in OC) and deposits (+ CHF 7.8 million or 33.2 %) – mainly due to the reduction in traditional business in Italy and Germany.

Viewed by **insurance lines**, premium volume in group life business fell slightly overall on a year-on-year comparison (–3.1 % in OC). In Switzerland, single premiums were lower in the first half of 2015 (–10.4 %) due to the usual fluctuations in this business. Helvetia is pursuing a cautious underwriting policy in the important group life business in the current low interest rate environment, which can lead to intra-year fluctuations in single premiums. However, regular premiums, which are important for assessing business development, rose in the first half of 2015 by 2.5 % on a year-on-year comparison.

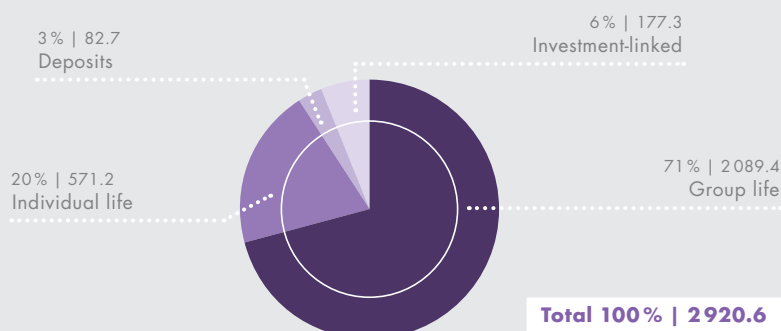
In individual life business, business volume was also below the previous year's level (–4.2 % in OC). Due to the difficult capital market environment, Helvetia has reduced its traditional insurance business. In contrast, investment-linked insurance products and deposits showed overall growth of 4.5 % (in OC), but only partly managed to offset the planned reduction in traditional business.

Life business volume by segment

| | HY 1 2015 | HY 1 2014 | Growth in % (CHF) | Growth in % (OC) |
|------------------------------|----------------|----------------|----------------------|---------------------|
| in CHF million | | | | |
| Group business volume | 2 920.6 | 3 096.5 | –5.7 | –3.4 |
| Switzerland | 2 494.4 | 2 504.9 | –0.4 | –0.4 |
| Europe | 426.2 | 591.6 | –28.0 | –16.0 |
| Germany | 121.0 | 146.1 | –17.2 | –3.4 |
| Italy | 176.1 | 324.1 | –45.7 | –36.7 |
| Spain | 53.2 | 57.7 | –7.8 | 7.5 |
| Austria | 75.9 | 63.7 | 19.2 | 39.0 |

Life business volume by sector

Units in % | in CHF million



Underlying earnings: Good earnings growth in difficult investment environment

The underlying earnings for the life business were CHF 84.9 million – a year-on-year increase of CHF 13.0 million or 18.0%. The analysis by profit source shows that the risk result was stable, while the savings and investment result for the account of the shareholders fell. The profit increase was mainly driven by the overall lower expenses for additional interest-related reserves year-on-year, which have to be made in Switzerland, Germany and Austria.

Group profit for the period under IFRS was CHF 72.9 million (half-year 2014: CHF 71.9 million). The IFRS result includes integration costs, as well as planned additional amortisation due to the revaluation of interest-bearing securities under IFRS acquisition accounting.

Embedded Value

On 30 June 2015, the embedded value of Helvetia Group was CHF 2,901.4 million, which represents an increase of CHF 91.0 million or 3.2% compared to the first half of 2014. However, compared to the beginning of the year, the embedded value of Helvetia Group decreased by CHF 77.9 million or 2.6%. This decrease is mainly due to negative differences in economic performance, as in Switzerland the decision of the Swiss National Bank to stop supporting the CHF exchange rate against the EUR led to sharp falls in investment returns and negative foreign exchange differences. In addition, dividend payments in the first half of the year led to a reduction in the shareholder value of the life insurance portfolio. This was offset by the positive contribution of new business.

Other activities

In addition to Corporate (financing companies, Corporate Centre, centrally managed investments (funds) and Group reinsurance business), “Other activities” also includes various foreign service companies that cannot be allocated to life or non-life business.

“Other activities” contributed underlying earnings of –CHF 22.2 million, below the previous year’s figure of CHF 16.4 million. This was mainly due to lower earnings from Group reinsurance, which was primarily attributable to severe weather losses and major claims in Germany. There were also lower gains and losses on investments (net) on a year-on-year comparison. In addition to a higher cost base and financing costs due to the acquisitions, there was no Nationale Suisse dividend due to the 100% acquisition. Group profit for the period under IFRS was –CHF 27.6 million (half-year 2014: CHF 16.4 million).

Investments

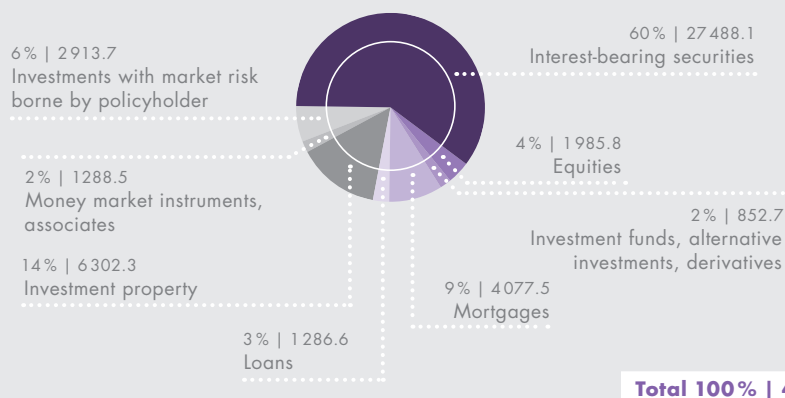
The biggest economic impact to affect Switzerland in the first half of 2015 came when the EUR exchange rate was unpegged on 15 January 2015. This caused the EUR to slump suddenly to below parity; and the currency only recovered slightly, to around 1.04, over the course of the reporting period. At the same time, Swiss share prices lost more than 10% within the first few days, but soon regained lost ground in the wake of the boom on Europe’s stock exchanges. The latter were only marginally influenced by the uncertainties surrounding developments in Greece. The scenario was driven by economic recovery in Europe, which also included the periphery countries, and the bond purchase programme put in place by the European Central Bank, which is flooding the financial markets with liquidity.

Investment result from Group financial assets and investment property (net) of CHF 522 million did not match those of the previous year (half-year 2014: CHF 582 million). Helvetia did not manage to avoid the effects of the unpegging of the EUR. Although currency risks are continuously managed, they were generally not fully hedged.

Direct income stood at CHF 503 million; a slight decrease over the first half of 2014. Direct yield fell by around 40 basis points to an annualised 2.3%. This performance is mainly due to the extremely low yields on new investment or re-investment in fixed-interest securities.

Investment structure (30.6.2015)

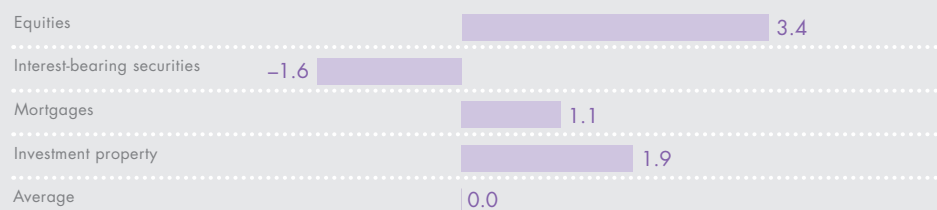
Units in % | in CHF million

**Performance of Group investments**

| | 30.6.2015 | 30.6.2014 |
|---|---------------|---------------|
| in CHF million | | |
| Current income from Group financial assets | 384.0 | 405.9 |
| Rental income from Group investment property | 119.2 | 104.2 |
| Current income from Group investments (net) | 503.2 | 510.1 |
| Gains and losses on Group financial assets | 14.2 | 65.6 |
| Gains and losses on Group investment property | 4.3 | 6.4 |
| Gains and losses on Group investments (net) | 18.5 | 72.0 |
| Investment result from Group financial assets and investment property (net) | 521.7 | 582.1 |
| Change in unrealised gains and losses recognised in equity | - 539.2 | 776.4 |
| Total profit from Group financial assets and investment property | - 17.5 | 1 358. |
| Average investment portfolio | 43 946.3 | 37 297.3 |
| Direct yield annualised | 2.3% | 2.7% |
| Investment performance | 0.0% | 3.7% |

Investment performance*

in %



* not annualised

At CHF 19 million, gains recognised and achieved were below those of the previous year. Higher gains on bonds and shares were largely offset by currency losses.

Overall performance was zero percent, again mainly as a result of the slump in the exchange rate. Bond performance benefited from further decreases in CHF interest rates, whereas interest rates abroad rose slightly. The valuation reserves for interest-bearing investments decreased by CHF 539 million, due partly to rising interest rates abroad and partly to extensive shifts away from EUR fixed-interest securities, which were yielding ever less, towards USD securities that appear more attractive at present.

The credit quality of the investments is still very high, with 87% of fixed-interest investments having a rating of at least A; of these, 42% are high quality government bonds and "Pfandbriefe" with a rating of AAA. Of the 13% of bonds with a rating below A, 55% are Italian and Spanish government bonds which Helvetia holds to cover its business in these two countries.

New investment or reinvestment is an enormously challenging task when interest rates in Switzerland are zero or even negative, even over longer terms. There does not yet seem to be any sign of a sustained turnaround in interest rates. Since the maturities of our fixed-interest investments are very well matched to our liabilities, there is little pressure to identify new investments for our existing business. Good returns on property investments continue to support the total yield, as does mortgage business where we have been able to increase the volume of new loans granted at slightly increasing margins while observing the same strict tendering procedures.

Segment business development Switzerland

Summary

Helvetia Switzerland can look back on a successful first half of 2015. Premiums for non-life policies rose by CHF 477.6 million or 88.2% on a year-on-year comparison, mainly due to the acquisition of Nationale Suisse. The life business remained stable in a continuing very difficult interest rate environment. Total business volume rose by CHF 480.1 million or 15.3% to CHF 3,513.4 million.

Underlying earnings were CHF 169.1 million and therefore CHF 53.1 million or 45.8% above the comparable figure for the previous year. Both life and, particularly, non-life business contributed to this satisfying earnings performance. In non-life, the improvement in the result was mainly due to the higher volume as a result of the acquisitions. The life result rose on a year-on-year comparison due to lower expenses for additional reserves. The risk results in the death and disability business lines together with lower policyholder participation partly offset the falling interest result.

The IFRS result reported for the Swiss country market for the period increased despite integration costs and the negative effects of the acquisitions (amortisation of intangible assets, additional planned amortisation due to the revaluation of interest-bearing securities at market values and other one-off acquisition effects) by CHF 8.1 million or 7.1% to CHF 124.1 million (half-year 2014: CHF 116.0 million).

Key figures Switzerland

| | HY 1 2015 | HY 1 2014 | Growth in % |
|----------------------------|----------------|----------------|---------------|
| in CHF million | | | |
| Business volume | 3 513.4 | 3 046.3 | 15.3 |
| Life | 2 494.4 | 2 504.9 | -0.4 |
| Non-life | 1 019.0 | 541.4 | 88.2 |
| | | | 2.5% |
| Combined ratio | 86.7% | 84.2% | points |
| Underlying earnings | 169.1 | 116.0 | 45.8 |
| IFRS result | 124.1 | 116.0 | 7.1 |

Non-life: Acquisition of Nationale Suisse is a significant growth driver (+88.2 %)

The expected positive effects of the acquisition of Nationale Suisse can also be seen in non-life. Premiums rose on a year-on-year comparison by CHF 477.6 million or 88.2%. Growth was particularly driven by the motor (+ CHF 189.9 million or 77.8%) and property insurance (+ CHF 125.0 million or 56.2%) business lines, and by the newly added accident / health portfolio (+ CHF 124.6 million). All distribution channels contributed to this growth. The most important distribution channel in Switzerland is still Helvetia's own field sales force. However, Helvetia also showed satisfying gains via its online sales channel smile.direct.

The **net combined ratio** was at a very good level of 86.7% (half-year 2014: 84.2%). Both the cost ratio and the claims ratio rose slightly on a year-on-year comparison due to the different portfolio structure following the acquisition of Nationale Suisse. However, Helvetia sees additional opportunities for measures to achieve efficiency gains during the integration, with the corresponding potential to reduce costs. Both the cost and claims ratios would have improved further without the acquisitions.

Life: Stable business volume in a challenging environment, sustainable group life, growth in individual life business

Life business volume was more or less unchanged year-on-year in a continued challenging low interest rate environment.

The volume generated by **group life business** (occupational pension business) was CHF 68.3 million or 3.2% below the figure for the half-year 2014 due to lower single premiums. Helvetia continues to see high demand for full insurance solutions, but is pursuing a cautious underwriting policy in the current low interest rate environment. Single premiums fluctuate accordingly. The regular premiums – which are key to assessing business performance – increased nevertheless by CHF 29.0 million or 2.5%.

In contrast, Helvetia recorded growth of CHF 57.8 million or 15.2% in **individual life business**, mainly due to the acquisition of Nationale Suisse.

In terms of sales of modern, single premium insurance solutions, Helvetia was not able to continue to build on the good results of the previous periods. The extremely low interest rate environment made it practically impossible to design tranche products for customers of similar attractiveness to those in the previous year.

Europe

Summary

The expected positive effects of the acquisitions can also be seen in the European country markets in the first half of 2015. The business volumes of the "new Helvetia" rose in original currency terms by 9.7% to CHF 1,369.1 million. Growth was driven by non-life, which showed significant double-digit growth in all market units in terms of original currency. Translated into CHF, business volumes were 5.9% below the previous year due to the foreign currency effects.

Underlying earnings rose by CHF 2.4 million or 4.8% to CHF 53.6 million (half-year 2014: CHF 51.2 million). The unpegging of the EUR to the Swiss franc had a significant effect, reducing the converted earnings in the Group currency (CHF) by 8.9 million.

Viewed by **business areas**, the non-life half-year result was CHF 38.3 million (half-year 2014: CHF 34.3 million), which was primarily due to a better technical result and to the contributions to earnings of Basler Austria and Nationale Suisse. The life result in the Europe segment was CHF 15.1 million and thus CHF 1.5 million or 9.1% below the previous year's figure (half-year 2014: CHF 16.6 million). This was mainly due to the low interest rate environment and the resulting reserve increases in the German and Austrian market units, and to an impairment write-down.

Viewed by **market units**, all units contributed to the earnings of the Europe segment. Due to the good non-life performance, total earnings for Germany and Austria, in particular, showed satisfying gains.

The IFRS result reported for Europe was CHF 44.9 million, 12.4% below the previous half-year (half-year 2014: CHF 51.2 million). The decline was due to the integration costs and the planned amortisations on intangible assets and further planned amortisation due to the revaluation of interest-bearing securities at market value, resulting from IFRS acquisition accounting.

Non-life: Growth driven substantially by the acquisition of Nationale Suisse (+27.3%)

The premium income generated by non-life business in the segment Europe rose to CHF 942.9 million (half-year 2014: CHF 863.4 million). The satisfying increase of CHF 79.5 million or 27.3% (in OC) was primarily due to the acquisition of Nationale Suisse and Basler Austria.

All **market units** allocated to this segment showed satisfying double-digit growth rates in terms of original currency. The largest growth was achieved by our Austrian subsidiary. Due to the acquisition of Basler Austria, the non-life premium volume increased by CHF 47.7 million or 70.2% (in OC) to CHF 151.4 million.

Viewed by **insurance lines**, the increase was mainly driven by the major insurance lines of motor (+CHF 29.8 million or 27.1% in OC), property (+CHF 27.8 million or 26.8% in OC) and marine (+CHF 14 million or 55.2% in OC). In Germany, growth in motor vehicle insurance was supported by increases in existing rates. Motor insurance in Austria also developed very satisfactorily. Helvetia also generated higher premiums in accident/health in the first half of 2015 compared to the previous year, with an increase of +CHF 4.1 million or 21.7% (in OC).

Key figures Europe

| | HY 1 2015 | HY 1 2014 | Growth in % (CHF) | Growth in % (OC) |
|------------------------------|----------------|----------------|----------------------|---------------------|
| in CHF million | | | | |
| Group business volume | 1 369.1 | 1 455.0 | -5.9 | 9.7 |
| Life | 426.2 | 591.6 | -28.0 | -16.0 |
| Germany | 121.0 | 146.1 | -17.2 | -3.4 |
| Italy | 176.1 | 324.1 | -45.7 | -36.7 |
| Spain | 53.2 | 57.7 | -7.8 | 7.5 |
| Austria | 75.9 | 63.7 | 19.2 | 39.0 |
| Non-life | 942.9 | 863.4 | 9.2 | 27.3 |
| Germany | 371.6 | 352.4 | 5.5 | 23.0 |
| Italy | 264.6 | 254.4 | 4.0 | 21.3 |
| Spain | 155.3 | 152.9 | 1.6 | 18.4 |
| Austria | 151.4 | 103.7 | 46.0 | 70.2 |
| Underlying earnings | 53.6 | 51.2 | 4.8 | 22.2 |
| Germany | 14.0 | 7.9 | 76.8 | 106.1 |
| Italy | 13.9 | 18.9 | -26.4 | -14.1 |
| Spain | 12.0 | 12.7 | -5.8 | 9.9 |
| Austria | 13.7 | 11.7 | 17.6 | 37.1 |
| IFRS result | 44.9 | 51.2 | -12.4 | 2.1 |

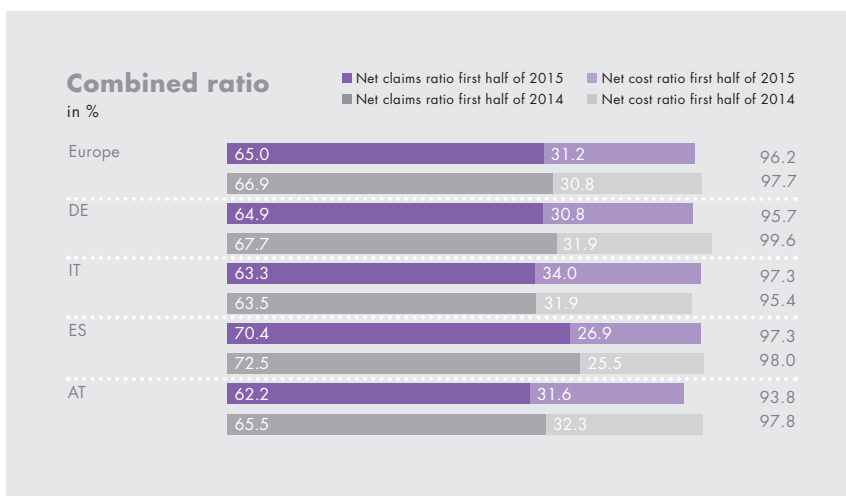
This growth is mainly due to the accident / health portfolio transferred from Basler Austria.

The **net combined ratio** for the segment Europe improved on a year-on-year comparison from 97.7% to 96.2%. While the claims ratio fell by 1.9 percentage points on a year-on-year comparison, the cost ratio rose by 0.4 percentage points. All market units had net combined ratios below 100%. The performance in Austria was particularly satisfying, with an improvement in net combined ratio of 4 percentage points. Only Italy saw a slight rise in the net combined ratio as a result of the portfolio of the former Nationale Suisse.

Life: Individual life declines, satisfying growth in modern insurance solutions does not fully offset decline in traditional products

Life business volume decreased by CHF 165.4 million or 16.0% (in OC) from CHF 591.6 million in the first half of 2014 to CHF 426.2 million. In terms of **market units**, this decline was mainly due to a scaling back of volumes of traditional life insurance in Italy and Germany, which was not totally offset by growth in modern insurance solutions. Year-on-year, all other market units reported increases in business volume.

In terms of **insurance lines**, capital-efficient investment-linked insurance products and deposits recorded satisfying overall growth of 28.8% (in OC), helped by higher premiums for unit-linked life insurance products in Germany, Austria and Spain, as well as successful marketing of our burial insurance in Spain. Traditional individual life business declined due to the aforementioned reduction of volume in Italy and Germany.



Key figures for Specialty Markets

| | HY 1 2015 | HY 1 2014 | Growth in % (CHF) | Growth in % (OC) |
|-----------------------------|--------------|--------------|----------------------|---------------------|
| in CHF million | | | | |
| Business volume | 411.1 | 320.4 | 28.3 | 36.7 |
| Non-life | | | | |
| Switzerland / International | 130.4 | 34.5 | 278.0 | 281.9 |
| France | 155.2 | 182.1 | -14.8 | -0.7 |
| Active reinsurance | 125.5 | 103.8 | 21.0 | 21.0 |
| Underlying earnings | 20.1 | 13.8 | 46.0 | n.a. |
| IFRS result | 20.1 | 13.8 | 46.0 | 51.9 |

Specialty Markets

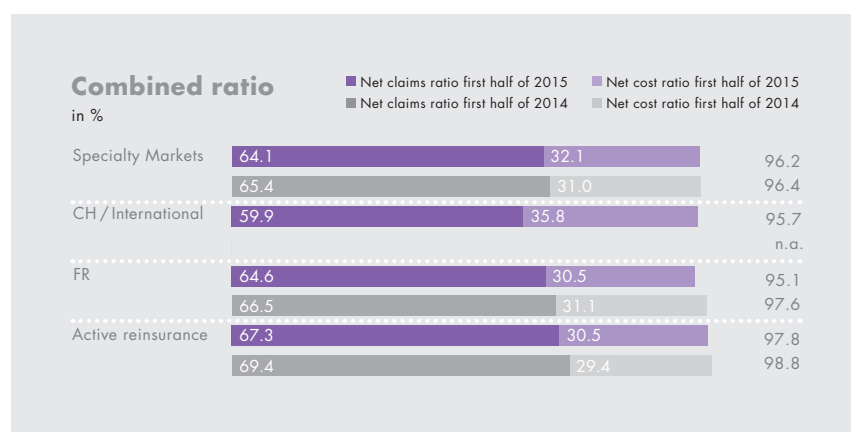
The premium volume generated in the segment Specialty Markets rose from CHF 320.4 million in the first half of 2014 to CHF 411.1 million in the period under review – an increase of CHF 90.7 million or 36.7% (in OC). Growth was driven by Switzerland/International, which includes the Specialty Lines business in Switzerland and international markets. This growth is mainly due to the first-time consolidation of the former Nationale Suisse business. In France, Helvetia generated premiums at the previous year's level in OC. Converted into CHF, premium volume was negative due to foreign currency effects. Active reinsurance achieved growth of CHF 21.7 million or 21.0% and generated a premium volume of CHF 125.5 million (half-year 2014: CHF 103.8 million). This growth is due to targeted diversification by region and business line, and due to the selective development of existing business relationships.

Helvetia's underwriting policy in Specialty Markets is profit-oriented.

The **net combined ratio** was 96.2% (half-year 2014: 96.4%). Improved combined ratios of 2.5 respectively 1.1 percentage points, were particularly achieved in France and in the active reinsurance. This positive performance was due to lower claims ratios on a year-on-year comparison, together with an improved cost ratio in France.

Corporate

The Corporate segment comprises the Corporate Centre and Group reinsurance in addition to the financing companies and the holding company. The Corporate segment contributed underlying earnings of –CHF 21.9 million, which was below the previous year's figure of CHF 16.0 million. The decline in earnings was due to a weaker result from Group reinsurance, higher acquisition-related costs, a lower investment result and the financing costs. Group profit for the period under IFRS was –CHF 27.3 million (half-year 2014: CHF 15.9 million).



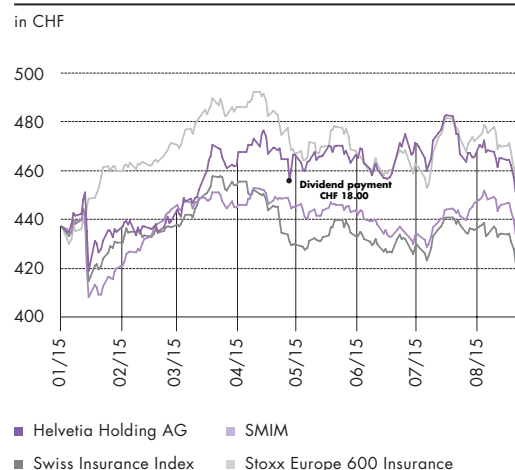
Investor information

Helvetia shares

| | |
|-----------------|-----------|
| Ticker symbol | HELN |
| Nominal value | CHF 0.10 |
| Security number | 1 227 168 |
| Listed on | SIX |

The continuing loose monetary policy persisted in influencing share prices on the stock markets. Driven by the European Central Bank's bond purchase programme, the stock markets – especially in Europe – posted attractive share price gains. After the EUR exchange rate was unpegged on 15 January 2015, the Swiss market slumped dramatically, but regained the lost ground remarkably quickly, although it continued to lag behind most European markets at mid-year. Insurance indices largely reflected events on the overall markets. The European insurance index (DJ Euro-Stoxx Insurance) achieved a total return of 12.3% compared to the 0% posted by the Swiss Insurance Index. Helvetia shares performed excellently in these conditions, gaining 16.7%.

Market trend 1.1.2015 – 25.8.2015



Key share data Helvetia Holding AG

| | 30.6.2015 | 31.12.2014 |
|--|-----------|------------|
| in CHF million | | |
| Consolidated equity (without preferred securities) | 4 391.4 | 4 963.1 |
| Consolidated equity per share in CHF | 443.7 | 503.2 |
| Group underlying earnings per share in CHF (as per 30.6.) | 20.5 | 21.5 |
| Group profit for the period (IFRS) per share in CHF (as per 30.6.) | 14.6 | 21.5 |
| Price of Helvetia registered shares in CHF | 534.5 | 474.0 |
| Market capitalisation | 5 315.7 | 4 687.6 |

Stable core shareholder base

Compared to the end of 2014, there was no change in the composition of the core shareholder base. As of 30 June 2015, the following major shareholders were listed in the share register of Helvetia Holding AG:

| | |
|--------------------------|-------|
| – Patria Genossenschaft | 30.1% |
| – Vontobel | 4.0% |
| – Raiffeisen Switzerland | 4.0% |

The free float is unchanged at 61.9%.

There were 12 904 shareholders on 30 June 2015. Compared with the end of 2014, this is equivalent to an increase of around 8%, thereby confirming the trend of the last few years. The majority of registered shareholders are based in Switzerland. Excluding the above core shareholders, 61.6% are domiciled in Switzerland while 38.4% are based abroad. By investor type, private investors accounted for 26.7% and banks and insurance companies for 19.5% of the shareholder base, with other institutional investors accounting for the remaining 53.8%.

Both the numbers of traded shares and the trading volume increased considerably in the first half of this year. On average, 20 831 Helvetia shares were traded every day, equivalent to an increase of 102% on a year-on-year comparison. The daily trading volume also rose year on year, by 134% to CHF 10 533 442.

Consolidated interim financial statements

Consolidated income statement (unaudited)

| Six months ending on | 30.6.2015 | 30.6.2014 |
|--|--------------|--------------|
| in CHF million | | reclassified |
| Income | | |
| Gross premiums written | 5 210.9 | 4 733.8 |
| Reinsurance premiums ceded | -218.0 | -190.8 |
| Net premiums written | 4 992.9 | 4 543.0 |
| Net change in unearned premium reserve | -1 039.7 | -873.2 |
| Net earned premiums | 3 953.2 | 3 669.8 |
| Current income from Group investments (net) | 503.2 | 510.1 |
| Gains and losses on Group investments (net) | 18.5 | 72.0 |
| Income investments with market risk for the policyholder | 87.1 | 116.1 |
| Share of profit or loss of associates | 1.1 | -0.2 |
| Other income | 87.6 | 31.8 |
| Total operating income | 4 650.7 | 4 399.6 |
| Expenses | | |
| Claims incurred including claims handling costs (non-life) | -1 174.4 | -846.8 |
| Claims and benefits paid (life) | -1 897.8 | -2 772.9 |
| Change in actuarial reserves ¹ | -462.5 | 154.2 |
| Reinsurers' share of benefits and claims | 63.1 | 41.5 |
| Policyholder dividends and bonuses ¹ | -36.2 | -56.1 |
| Income attributable to deposits for investment contracts | -35.4 | -51.6 |
| Net benefits to policyholders and claims | -3 543.2 | -3 531.7 |
| Acquisition costs | -497.4 | -403.2 |
| Reinsurers' share of acquisition costs | 32.2 | 24.6 |
| Operating and administrative expenses | -286.7 | -203.1 |
| Interest payable | -9.5 | -12.1 |
| Other expenses | -123.7 | -26.6 |
| Total operating expenses | -4 428.3 | -4 152.1 |
| Profit or loss from operating activities | 222.4 | 247.5 |
| Financing costs | -13.4 | -6.2 |
| Profit or loss before tax | 209.0 | 241.3 |
| Income taxes | -47.2 | -44.4 |
| Profit or loss for the period | 161.8 | 196.9 |
| Attributable to: | | |
| Shareholders of Helvetia Holding AG | 160.6 | 195.8 |
| Minority interests | 1.2 | 1.1 |
| Earnings per share: | | |
| Basic earnings per share (in CHF) | 14.6 | 21.5 |
| Diluted earnings per share (in CHF) | 14.6 | 21.5 |

¹ Change in presentation (see section 4 on page 26)

Consolidated statement of comprehensive income (unaudited)

| Six months ending on in CHF million | 30.6.2015 | 30.6.2014 |
|---|---------------|--------------|
| Profit or loss for the period | 161.8 | 196.9 |
| Other comprehensive income | | |
| May be reclassified to income | | |
| Change in unrealised gains and losses on investments | -537.4 | 773.1 |
| Share of associates' net profit recognised directly in equity | 0.7 | - |
| Change from net investment hedge | 60.6 | -1.0 |
| Foreign currency translation differences | -269.2 | -10.3 |
| Change in liabilities for contracts with participation features | 245.7 | -466.7 |
| Deferred taxes | 74.0 | -80.1 |
| Total that may be reclassified to income | -425.6 | 215.0 |
| Will not be reclassified to income | | |
| Revaluation from reclassification of property and equipment | -1.9 | 3.2 |
| Revaluation of benefit obligations | -140.7 | 0.3 |
| Change in liabilities for contracts with participation features | 18.0 | 0.0 |
| Deferred taxes | 25.2 | 2.6 |
| Total that will not be reclassified to income | -99.4 | 6.1 |
| Total other comprehensive income | -525.0 | 221.1 |
| Comprehensive income | -363.2 | 418.0 |
| Attributable to: | | |
| Shareholders of Helvetia Holding AG | -361.9 | 416.2 |
| Minority interests | -1.3 | 1.8 |

Consolidated balance sheet (unaudited)

| | 30.6.2015 | 31.12.2014 |
|--|-----------------|-----------------|
| in CHF million | | reclassified |
| Assets | | |
| Property and equipment | 522.4 | 545.6 |
| Goodwill and other intangible assets | 1 191.1 | 1 273.2 |
| Investments in associates | 17.4 | 39.9 |
| Investment property | 6 302.3 | 6 317.8 |
| Group financial assets | 36 961.8 | 38 525.6 |
| Investments with market risk for the policyholder | 2 913.7 | 3 134.7 |
| Receivables from insurance business | 1 651.0 | 1 281.5 |
| Deferred acquisition costs | 518.8 | 504.4 |
| Reinsurance assets | 702.2 | 636.6 |
| Deferred tax assets | 25.6 | 23.3 |
| Current income tax assets | 44.3 | 28.6 |
| Other assets | 281.4 | 272.4 |
| Accrued investment income | 293.2 | 394.9 |
| Cash and cash equivalents | 2 137.7 | 2 090.4 |
| Total assets | 53 562.9 | 55 068.9 |
| Liabilities and equity | | |
| Share capital | 1.0 | 1.0 |
| Capital reserves | 662.2 | 657.8 |
| Treasury shares | -6.5 | -8.2 |
| Unrealised gains and losses (net) | 221.4 | 321.7 |
| Foreign currency translation differences | -528.0 | -322.2 |
| Retained earnings | 2 883.4 | 2 997.6 |
| Valuation reserves for contracts with participation features | 1 143.7 | 1 261.1 |
| Equity of Helvetia Holding AG shareholders | 4 377.2 | 4 908.8 |
| Minority interests | 14.2 | 54.3 |
| Equity (without preferred securities) | 4 391.4 | 4 963.1 |
| Preferred securities | 700.0 | 700.0 |
| Total equity | 5 091.4 | 5 663.1 |
| Actuarial reserves (gross) ¹ | 32 945.6 | 33 420.9 |
| Provision for future policyholder participation ¹ | 1 825.8 | 2 135.3 |
| Loss reserves (gross) | 4 537.5 | 4 863.9 |
| Unearned premium reserve (gross) | 2 401.8 | 1 434.7 |
| Financial liabilities from financing activities | 910.6 | 913.8 |
| Financial liabilities from insurance business | 2 023.3 | 2 240.3 |
| Other financial liabilities | 253.0 | 222.6 |
| Liabilities from insurance business | 1 539.0 | 2 040.4 |
| Non-technical provisions | 120.4 | 168.3 |
| Employee benefit obligations | 829.5 | 750.8 |
| Deferred tax liabilities | 768.4 | 878.2 |
| Current income tax liabilities | 22.6 | 33.2 |
| Other liabilities and accruals | 294.0 | 303.4 |
| Total liabilities | 48 471.5 | 49 405.8 |
| Total liabilities and equity | 53 562.9 | 55 068.9 |

¹ Change in presentation (see section 4 on page 26)

Consolidated statement of equity (unaudited)

| | Share capital | Capital reserves | Treasury shares | Unrealised gains and losses (net) |
|--|---------------|------------------|-----------------|-----------------------------------|
| in CHF million | | | | |
| Balance as of 1 January 2014 | 0.9 | 128.8 | -11.3 | 198.4 |
| Profit or loss for the period | - | - | - | - |
| Income and expense that may be reclassified to income | - | - | - | 73.4 |
| Income and expense that will not be reclassified to income | - | - | - | 2.3 |
| Total other comprehensive income | - | - | - | 75.7 |
| Comprehensive income | - | - | - | 75.7 |
| Transfer from / to retained earnings | - | - | - | - |
| Change in minority interests | - | - | - | - |
| Purchase of treasury shares | - | - | -7.5 | - |
| Sale of treasury shares | - | -2.7 | 6.8 | - |
| Share-based payment | - | -0.4 | - | - |
| Dividends | - | - | - | - |
| Share capital increase | - | - | - | - |
| Shareholders' contributions | - | 45.0 | - | - |
| Allocation of shareholders' contributions | - | -45.0 | - | - |
| Balance as of 30 June 2014 | 0.9 | 125.7 | -12.0 | 274.1 |
| Balance as of 1 January 2015 | 1.0 | 657.8 | -8.2 | 321.7 |
| Profit or loss for the period | - | - | - | - |
| Income and expense that may be reclassified to income | - | - | - | -99.1 |
| Income and expense that will not be reclassified to income | - | - | - | -1.4 |
| Total other comprehensive income | - | - | - | -100.5 |
| Comprehensive income | - | - | - | -100.5 |
| Transfer from / to retained earnings | - | - | - | - |
| Change in minority interests | - | - | - | 0.2 |
| Purchase of treasury shares | - | - | -9.2 | - |
| Sale of treasury shares | - | 3.1 | 10.9 | - |
| Share-based payment | - | 1.3 | - | - |
| Dividends | - | - | - | - |
| Share capital increase | 0.0 | - | - | - |
| Shareholders' contributions | - | 45.0 | - | - |
| Allocation of shareholders' contributions | - | -45.0 | - | - |
| Balance as of 30 June 2015 | 1.0 | 662.2 | -6.5 | 221.4 |

| Foreign currency translation differences | Retained earnings | Valuation reserves for contracts with participation features | Equity of Helve- tia Holding AG shareholders | Minority interests | Equity (without preferred securities) | Preferred securities | Total equity |
|---|----------------------|--|--|-----------------------|--|-------------------------|----------------|
| -302.7 | 2 939.0 | 863.5 | 3 816.6 | 14.6 | 3 831.2 | 300.0 | 4 131.2 |
| - | 169.8 | 26.0 | 195.8 | 1.1 | 196.9 | - | 196.9 |
| -11.1 | - | 152.0 | 214.3 | 0.7 | 215.0 | - | 215.0 |
| - | 3.8 | 0.0 | 6.1 | 0.0 | 6.1 | - | 6.1 |
| -11.1 | 3.8 | 152.0 | 220.4 | 0.7 | 221.1 | - | 221.1 |
| -11.1 | 173.6 | 178.0 | 416.2 | 1.8 | 418.0 | - | 418.0 |
| - | -10.8 | -0.4 | -11.2 | - | -11.2 | 11.2 | - |
| - | - | - | - | - | - | - | - |
| - | - | - | -7.5 | - | -7.5 | - | -7.5 |
| - | - | - | 4.1 | - | 4.1 | - | 4.1 |
| - | - | - | -0.4 | - | -0.4 | - | -0.4 |
| - | -150.2 | - | -150.2 | -1.4 | -151.6 | -11.2 | -162.8 |
| - | - | - | - | - | - | - | - |
| - | - | - | 45.0 | - | 45.0 | - | 45.0 |
| - | - | - | -45.0 | - | -45.0 | - | -45.0 |
| -313.8 | 2 951.6 | 1 041.1 | 4 067.6 | 15.0 | 4 082.6 | 300.0 | 4 382.6 |
| -322.2 | 2 997.6 | 1 261.1 | 4 908.8 | 54.3 | 4 963.1 | 700.0 | 5 663.1 |
| - | 144.2 | 16.4 | 160.6 | 1.2 | 161.8 | - | 161.8 |
| -205.9 | - | -118.1 | -423.1 | -2.5 | -425.6 | - | -425.6 |
| - | -69.0 | -29.0 | -99.4 | 0.0 | -99.4 | - | -99.4 |
| -205.9 | -69.0 | -147.1 | -522.5 | -2.5 | -525.0 | - | -525.0 |
| -205.9 | 75.2 | -130.7 | -361.9 | -1.3 | -363.2 | - | -363.2 |
| - | -16.7 | -0.1 | -16.8 | - | -16.8 | 16.8 | 0.0 |
| 0.1 | 5.1 | 13.4 | 18.8 | -37.5 | -18.7 | - | -18.7 |
| - | - | - | -9.2 | - | -9.2 | - | -9.2 |
| - | - | - | 14.0 | - | 14.0 | - | 14.0 |
| - | - | - | 1.3 | - | 1.3 | - | 1.3 |
| - | -177.8 | - | -177.8 | -1.3 | -179.1 | -16.8 | -195.9 |
| - | - | - | 0.0 | - | 0.0 | - | 0.0 |
| - | - | - | 45.0 | - | 45.0 | - | 45.0 |
| - | - | - | -45.0 | - | -45.0 | - | -45.0 |
| -528.0 | 2 883.4 | 1 143.7 | 4 377.2 | 14.2 | 4 391.4 | 700.0 | 5 091.4 |

Consolidated cash flow statement (unaudited)

| Six months ending on in CHF million | 30.6.2015 | 30.6.2014 reclassified |
|---|-----------|---------------------------|
| Cash flow from operating activities | | |
| Profit before tax | 209.0 | 241.3 |
| Reclassifications to investing and financing activities (affecting cash) | | |
| Realised gains and losses on property, equipment and intangible assets | -2.4 | -0.6 |
| Dividends from associates | -0.4 | -0.4 |
| Adjustments | | |
| Depreciation / amortisation of property, equipment and intangible assets | 63.3 | 20.5 |
| Realised gains and losses on financial instruments and investment property | -287.3 | -36.7 |
| Unrealised gains and losses on investments in associates | -0.8 | 0.5 |
| Unrealised gains and losses on investment property | -4.2 | -5.3 |
| Unrealised gains and losses on financial instruments | -126.1 | -143.2 |
| Share-based payments for employees | 1.3 | -0.4 |
| Foreign currency gains and losses | 370.6 | 17.5 |
| Other income and expenses not affecting cash ¹ | 33.4 | 44.6 |
| Change in operating assets and liabilities | | |
| Deferred acquisition costs | -44.5 | -32.9 |
| Reinsurance assets | -119.9 | -107.7 |
| Actuarial reserves ² | 462.5 | -154.2 |
| Provisions for future policyholder participation ² | -69.9 | -21.7 |
| Loss reserves | 16.8 | -7.9 |
| Unearned premium reserve | 1 093.1 | 925.4 |
| Financial liabilities from insurance business | -63.6 | -45.1 |
| Changes in other operating assets and liabilities | -909.4 | -733.7 |
| Cash flow from investments and investment property | | |
| Purchase of investment property | -92.3 | -102.4 |
| Sale of investment property | 38.7 | 17.7 |
| Purchase of interest-bearing securities | -2 973.4 | -2 028.9 |
| Repayment / sale of interest-bearing securities | 3 009.9 | 1 407.1 |
| Purchase of shares, investment funds and alternative investments | -600.0 | -416.6 |
| Sale of shares, investment funds and alternative investments | 746.1 | 388.4 |
| Purchase of structured products | -7.2 | -7.3 |
| Sale of structured products | 0.4 | 0.3 |
| Purchase of derivatives | -8 319.4 | -4 033.4 |
| Sale of derivatives | 8 433.6 | 4 036.6 |
| Origination of mortgages and loans | -283.7 | -180.6 |
| Repayment of mortgages and loans | 222.0 | 159.0 |
| Purchase of money market instruments | -2 170.6 | -2 507.5 |
| Repayment of money market instruments | 1 759.8 | 2 826.5 |
| Cash flow from operating activities (gross) | 385.4 | -481.1 |
| Income taxes paid | -68.9 | -60.8 |
| Cash flow from operating activities (net) | 316.5 | -541.9 |

| Six months ending on in CHF million | 30.6.2015 | 30.6.2014 reclassified |
|--|---------------|---------------------------|
| Cash flow from investing activities | | |
| Purchase of property and equipment | -11.1 | -13.3 |
| Sale of property and equipment | 2.4 | 1.3 |
| Purchase of intangible assets | -11.3 | -9.6 |
| Sale of intangible assets | 1.7 | 0.0 |
| Purchase of investments in associates | 0.0 | - |
| Dividends from associates | 0.4 | 0.4 |
| Cash flow from investing activities (net) | -17.9 | -21.2 |
| Cash flow from financing activities | | |
| Increase of share capital | 0.0 | - |
| Sale of treasury shares | 14.0 | 4.1 |
| Purchase of treasury shares | -9.2 | -7.5 |
| Shareholders' contributions | 45.0 | 45.0 |
| Purchase of investments in subsidiaries | -18.7 | - |
| Issuance of debt instruments | 9.5 | 8.4 |
| Repayment of debt | -2.7 | -2.0 |
| Dividends paid | -200.4 | -165.9 |
| Lease payments under finance lease | -1.1 | -1.2 |
| Cash flow from financing activities (net) | -163.6 | -119.1 |
| Effect of exchange rate differences on cash and cash equivalents | -87.7 | -5.1 |
| Total change in cash and cash equivalents | 47.3 | -687.3 |
| Cash and cash equivalents | | |
| Cash and cash equivalents as of 1 January | 2090.4 | 1708.1 |
| Change in cash and cash equivalents | 47.3 | -687.3 |
| Cash and cash equivalents as of 30 June | 2137.7 | 1020.8 |

¹ Other income and expenses not affecting cash primarily contains the change to interest-accruing profit participation of owners of contracts with discretionary participation features.

² Change in presentation (see section 4 on page 26)

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 26 August 2015.

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 following changes, the accounting policies used in preparing the interim financial statements correspond to the policies applied to the 2014 consolidated financial statements. The interim financial statements must therefore be read in conjunction with the 2014 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 the Helvetia Group for the first time on 1 January 2015:

- Amendments to IAS 19 Employee benefits: Defined benefit plans: Employee contributions
- Annual improvements to IFRS (cycle 2010–2012)
- Annual improvements to IFRS (cycle 2011–2013)

The adoption of these amendments did not have any material impact on Helvetia Group's consolidated financial statements.

New and amended sector-relevant standards and interpretations that have been published but not yet applied in preparing the consolidated interim financial statements due to their effective date are listed in the table below.

The effects of IFRS 9 cannot yet be predicted. The other amendments are not expected to have any material impact on the financial statements.

4. Change in presentation

Provisions for future terminal bonuses and constant surplus annuities will now no longer be considered in the actuarial reserves, but reported as provisions for future policyholder participation.

Future terminal bonuses are defined as a participation of the policyholder in the free reserves which have been formed over the term and which are credited to the policyholder when the policy expires.

Current annuity insurance policies sometimes receive a constant supplementary annuity as a surplus whose amount is not guaranteed. A reserve is formed for this constant surplus annuity.

According to actuarial opinion, as both the above two items are like a profit participation in nature, it was decided to reclassify these items from the actuarial reserve to policyholder participation in order to improve the quality of the presentation.

The previous reporting periods have been restated accordingly. The table on the following page summarises the impact of these amendments on the consolidated balance sheet and income statement.

The operating segments of Helvetia Group were redefined on 1 January 2015 (see section 6, page 27).

Changes in accounting policies

to be applied for annual periods beginning on or after:

| | |
|---|----------------|
| Annual improvements to IFRS (cycle 2012–2014) | 1 January 2016 |
| Initiative to improve disclosure requirements (Changes in IAS 1 Presentation of Financial Statements) | 1 January 2016 |
| IFRS 10/IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | 1 January 2016 |
| IFRS 11: Acquisitions of Interests in Joint Operations | 1 January 2016 |
| IFRS 15: Revenue from Contracts with Customers | 1 January 2017 |
| IFRS 9: Financial Instruments | 1 January 2018 |

| | Initially reported | Adjustments | After adjustments |
|---|--------------------|-------------|-------------------|
| in CHF million | | | |
| Consolidated balance sheet | 31.12.2014 | | |
| Liabilities and equity | | | |
| Actuarial reserves (gross) | 33 530.3 | - 109.4 | 33 420.9 |
| Provision for future policyholder participation | 2 025.9 | 109.4 | 2 135.3 |
| Consolidated income statement | 30.6.2014 | | |
| Change in actuarial reserves | 159.3 | - 5.1 | 154.2 |
| Policyholder dividends and bonuses | - 61.2 | 5.1 | - 56.1 |
| Profit or loss for the period | 196.9 | - | 196.9 |
| Earnings per share | 30.6.2014 | | |
| Basic earnings per share (in CHF) | 21.50 | - | 21.50 |
| Diluted earnings per share (in CHF) | 21.50 | - | 21.50 |

5. Scope of consolidation

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

In the reporting period, the Group increased its investment in the Nationale Suisse Group from 98.5 % to 100 %.

The branch office Helvetia Swiss Insurance Company Ltd, Singapore, was established on 6 January 2015.

Helvetia Schweizerische Versicherungsgesellschaft AG, St. Gallen, and Schweizerische National-Versicherungs-Gesellschaft AG, Basel, merged on 30 April 2015. The merged entity operates as Helvetia Schweizerische Versicherungsgesellschaft AG, St. Gallen.

On 1 May 2015, Swiss National Insurance Company Ltd, Kuala Lumpur, was renamed Helvetia Swiss Insurance Company Ltd, and Nationale Suisse Latin America LLC, Miami, was renamed Helvetia Latin America LLC.

Helvetia Schweizerische Lebensversicherungsgesellschaft AG, Basel, and Schweizerische National Leben AG, Bottmingen, merged on 4 May 2015. The merged entity operates as Helvetia Schweizerische Lebensversicherungsgesellschaft AG, Basel.

On 7 May 2015, Schweizerische National-Versicherungs-Gesellschaft in Liechtenstein AG, Vaduz, was renamed Helvetia Schweizerische Versicherungsgesellschaft in Liechtenstein AG.

Helvetia Vita S.p.A., Milan, and Chiara Vita S.p.A., Milan, merged on 1 June 2015. The merged entity operates as Helvetia Vita S.p.A., Milan.

On 19 June 2015, Helvetia sold the travel insurance portfolio of its Belgian subsidiary Com-

pagnie Européenne d'Assurance des Marchandises et des Bagages S.A. to Mapfre Asistencia. The profit from the sale of CHF 0.5 million was recognised in other income.

In the reporting period, the Group increased its investment in its associate fvv-Vorarlberger Versicherungsmakler GmbH, Götzis, from 26 % to 30 %.

Since the beginning of the reporting period, 4IP European Real Estate Fund of Funds, Luxembourg, has not been reported as an associate but as a financial investment.

6. Segment information

The operating segments of Helvetia Group were redefined on 1 January 2015 and now consist of the segments "Switzerland", "Europe", "Specialty Markets" and "Corporate".

The "Switzerland" segment includes the country market Switzerland.

The former segments Germany, Italy and Spain are now included in the "Europe" segment along with Austria.

The "Specialty Markets" segment includes marine, art and engineering insurance policies in the Switzerland / International and France market units, as well as the global active reinsurance business.

The "Corporate" segment includes all Group activities, the financing companies, Group reinsurance and Helvetia Holding AG.

In the additional information by business activity, non-life now includes active reinsurance which was previously reported under other activities.

6.1. Segment information

| Six months ending on in CHF million | Switzerland | | Europe | |
|--|--------------|--------------------------|-------------|--------------------------|
| | 30.06.15 | 30.06.14 reclassified | 30.06.15 | 30.06.14 reclassified |
| Income | | | | |
| Gross premiums written | 3 493.9 | 3 013.2 | 1 306.5 | 1 400.2 |
| Reinsurance premiums ceded | - 107.2 | - 99.9 | - 199.1 | - 111.0 |
| Net premiums written | 3 386.7 | 2 913.3 | 1 107.4 | 1 289.2 |
| Net change in unearned premium reserve | - 862.2 | - 719.8 | - 99.7 | - 96.4 |
| Net earned premiums | 2 524.5 | 2 193.5 | 1 007.7 | 1 192.8 |
| Current income on Group investments (net) | 386.2 | 376.6 | 101.3 | 112.4 |
| Gains and losses on Group investments (net) | 23.0 | 30.1 | 36.9 | 45.5 |
| Income investments with market risk for the policyholder | - 5.9 | 37.4 | 93.0 | 78.7 |
| Share of profit or loss of associates | 0.9 | 0.0 | 0.2 | - 0.2 |
| Other income | 17.1 | 6.8 | 17.2 | 17.8 |
| Total operating income | 2 945.8 | 2 644.4 | 1 256.3 | 1 447.0 |
| of which transactions between geographical segments | 52.8 | 44.0 | 139.3 | 54.7 |
| Total revenues from external customers | 2 998.6 | 2 688.4 | 1 395.6 | 1 501.7 |
| Expenses | | | | |
| Claims incurred including claims handling costs (non-life) | - 396.2 | - 185.6 | - 570.9 | - 492.5 |
| Claims and benefits paid (life) | - 1 539.9 | - 2 387.8 | - 357.9 | - 384.6 |
| Change in actuarial reserves ¹ | - 403.4 | 344.0 | - 68.8 | - 189.2 |
| Reinsurers' share of benefits and claims | - 3.9 | 1.0 | 150.1 | 51.3 |
| Policyholder dividends and bonuses ¹ | - 37.6 | - 47.1 | 3.3 | - 9.7 |
| Income attributable to deposits for investment contracts | - 1.3 | - 2.1 | - 34.1 | - 49.5 |
| Net benefits to policyholders and claims | - 2 382.3 | - 2 277.6 | - 878.3 | - 1 074.2 |
| Acquisition costs | - 184.6 | - 125.4 | - 237.0 | - 213.4 |
| Reinsurers' share of acquisition costs | 16.8 | 14.4 | 43.3 | 15.6 |
| Operating and administrative expenses | - 156.1 | - 98.3 | - 86.9 | - 85.7 |
| Interest payable | - 8.3 | - 10.0 | - 4.4 | - 2.7 |
| Other expenses | - 77.7 | - 6.2 | - 25.0 | - 14.4 |
| Total operating expenses | - 2 792.2 | - 2 503.1 | - 1 188.3 | - 1 374.8 |
| Profit or loss from operating activities | 153.6 | 141.3 | 68.0 | 72.2 |
| Financing costs | - | - | 0.0 | - 0.1 |
| Profit or loss before tax | 153.6 | 141.3 | 68.0 | 72.1 |
| Income taxes | - 29.5 | - 25.3 | - 23.1 | - 20.9 |
| Profit or loss for the period | 124.1 | 116.0 | 44.9 | 51.2 |

¹ Change in presentation (see section 4 on page 26)

| Specialty Markets | | Corporate | | Elimination | | Total | |
|-------------------|--------------------------|--------------|--------------------------|-------------|--------------------------|--------------|--------------------------|
| 30.06.15 | 30.06.14 reclassified | 30.06.15 | 30.06.14 reclassified | 30.06.15 | 30.06.14 reclassified | 30.06.15 | 30.06.14 reclassified |
| 411.1 | 320.4 | 227.3 | 105.3 | -227.9 | -105.3 | 5 210.9 | 4 733.8 |
| -35.9 | -16.5 | -102.9 | -68.7 | 227.1 | 105.3 | -218.0 | -190.8 |
| 375.2 | 303.9 | 124.4 | 36.6 | -0.8 | 0.0 | 4 992.9 | 4 543.0 |
| -68.2 | -54.6 | -10.4 | -2.4 | 0.8 | 0.0 | -1 039.7 | -873.2 |
| 307.0 | 249.3 | 114.0 | 34.2 | 0.0 | 0.0 | 3 953.2 | 3 669.8 |
| 10.6 | 6.7 | 9.6 | 15.2 | -4.5 | -0.8 | 503.2 | 510.1 |
| -40.9 | -1.3 | -0.5 | -2.3 | - | - | 18.5 | 72.0 |
| - | - | - | - | - | - | 87.1 | 116.1 |
| - | - | - | - | - | - | 1.1 | -0.2 |
| 46.1 | 6.0 | 9.3 | 1.4 | -2.1 | -0.2 | 87.6 | 31.8 |
| 322.8 | 260.7 | 132.4 | 48.5 | -6.6 | -1.0 | 4 650.7 | 4 399.6 |
| 15.1 | 0.1 | -216.8 | -99.9 | 9.6 | 1.1 | - | - |
| 337.9 | 260.8 | -84.4 | -51.4 | 3.0 | 0.1 | 4 650.7 | 4 399.6 |
| -225.6 | -169.3 | -131.1 | -36.4 | 149.4 | 37.0 | -1 174.4 | -846.8 |
| 0.0 | -0.5 | -5.9 | -3.6 | 5.9 | 3.6 | -1 897.8 | -2 772.9 |
| 7.2 | -0.7 | 6.9 | 2.5 | -4.4 | -2.4 | -462.5 | 154.2 |
| 23.5 | 6.7 | 46.3 | 22.7 | -152.9 | -40.2 | 63.1 | 41.5 |
| -1.8 | 0.7 | -0.1 | - | - | - | -36.2 | -56.1 |
| - | - | - | - | - | - | -35.4 | -51.6 |
| -196.7 | -163.1 | -83.9 | -14.8 | -2.0 | -2.0 | -3 543.2 | -3 531.7 |
| -75.8 | -64.4 | -56.6 | -22.3 | 56.6 | 22.3 | -497.4 | -403.2 |
| 5.7 | 0.9 | 21.5 | 14.0 | -55.1 | -20.3 | 32.2 | 24.6 |
| -31.4 | -15.6 | -12.7 | -3.5 | 0.4 | 0.0 | -286.7 | -203.1 |
| -0.4 | 0.0 | -3.0 | -0.4 | 6.6 | 1.0 | -9.5 | -12.1 |
| -0.2 | -3.4 | -20.9 | -2.6 | 0.1 | 0.0 | -123.7 | -26.6 |
| -298.8 | -245.6 | -155.6 | -29.6 | 6.6 | 1.0 | -4 428.3 | -4 152.1 |
| 24.0 | 15.1 | -23.2 | 18.9 | 0.0 | 0.0 | 222.4 | 247.5 |
| - | - | -13.4 | -6.1 | - | - | -13.4 | -6.2 |
| 24.0 | 15.1 | -36.6 | 12.8 | 0.0 | 0.0 | 209.0 | 241.3 |
| -3.9 | -1.3 | 9.3 | 3.1 | 0.0 | 0.0 | -47.2 | -44.4 |
| 20.1 | 13.8 | -27.3 | 15.9 | 0.0 | 0.0 | 161.8 | 196.9 |

Details on the Europe segment

| Six months ending on in CHF million | Germany | | Italy | |
|--|-------------|--------------------------|-------------|--------------------------|
| | 30.06.15 | 30.06.14 reclassified | 30.06.15 | 30.06.14 reclassified |
| Income | | | | |
| Gross premiums written | 492.6 | 498.5 | 378.1 | 523.7 |
| Reinsurance premiums ceded | -71.1 | -44.4 | -69.8 | -50.4 |
| Net premiums written | 421.5 | 454.1 | 308.3 | 473.3 |
| Net change in unearned premium reserve | -75.6 | -71.4 | -0.9 | 2.7 |
| Net earned premiums | 345.9 | 382.7 | 307.4 | 476.0 |
| Current income on Group investments (net) | 31.1 | 36.6 | 41.0 | 42.8 |
| Gains and losses on Group investments (net) | 12.5 | 9.7 | 15.6 | 16.1 |
| Income investments with market risk for the policyholder | 48.8 | 14.9 | 34.4 | 49.5 |
| Share of profit or loss of associates | - | - | - | - |
| Other income | 2.2 | 2.1 | 10.4 | 12.5 |
| Total operating income | 440.5 | 446.0 | 408.8 | 596.9 |
| of which transactions between geographical segments | 0.3 | 0.3 | - | - |
| Total revenues from external customers | 440.8 | 446.3 | 408.8 | 596.9 |
| Expenses | | | | |
| Claims incurred including claims handling costs (non-life) | -219.4 | -177.5 | -160.7 | -155.2 |
| Claims and benefits paid (life) | -60.0 | -65.8 | -196.8 | -225.0 |
| Change in actuarial reserves ¹ | -112.6 | -96.9 | 64.5 | -65.2 |
| Reinsurers' share of benefits and claims | 72.4 | 16.9 | 38.7 | 24.7 |
| Policyholder dividends and bonuses ¹ | -2.2 | -1.2 | -0.9 | -3.0 |
| Income attributable to deposits for investment contracts | - | - | -34.1 | -49.5 |
| Net benefits to policyholders and claims | -321.8 | -324.5 | -289.3 | -473.2 |
| Acquisition costs | -83.0 | -86.6 | -65.7 | -57.2 |
| Reinsurers' share of acquisition costs | 13.9 | 5.7 | 13.0 | 6.9 |
| Operating and administrative expenses | -25.9 | -26.4 | -31.4 | -32.4 |
| Interest payable | -1.6 | -1.5 | -2.2 | -1.0 |
| Other expenses | -3.4 | -3.3 | -13.8 | -10.5 |
| Total operating expenses | -421.8 | -436.6 | -389.4 | -567.4 |
| Profit or loss from operating activities | 18.7 | 9.4 | 19.4 | 29.5 |
| Financing costs | - | - | 0.0 | -0.1 |
| Profit or loss before tax | 18.7 | 9.4 | 19.4 | 29.4 |
| Income taxes | -5.8 | -1.5 | -8.4 | -10.5 |
| Profit or loss for the period | 12.9 | 7.9 | 11.0 | 18.9 |

¹ Change in presentation (see section 4 on page 26)

| Spain | | Austria | | Elimination | | Total Europe | |
|-------------|--------------|------------|--------------|-------------|--------------|--------------|--------------|
| 30.06.15 | 30.06.14 | 30.06.15 | 30.06.14 | 30.06.15 | 30.06.14 | 30.06.15 | 30.06.14 |
| | reclassified | | reclassified | | reclassified | | reclassified |
| 208.5 | 210.6 | 227.6 | 167.7 | -0.3 | -0.3 | 1306.5 | 1400.2 |
| -20.7 | -9.8 | -37.8 | -6.7 | 0.3 | 0.3 | -199.1 | -111.0 |
| 187.8 | 200.8 | 189.8 | 161.0 | 0.0 | 0.0 | 1107.4 | 1289.2 |
| -14.6 | -19.3 | -8.6 | -8.4 | 0.0 | 0.0 | -99.7 | -96.4 |
| 173.2 | 181.5 | 181.2 | 152.6 | - | - | 1007.7 | 1192.8 |
| 10.4 | 12.4 | 18.8 | 20.6 | - | - | 101.3 | 112.4 |
| 3.4 | 5.7 | 5.4 | 14.0 | - | - | 36.9 | 45.5 |
| 0.8 | 3.4 | 9.0 | 10.9 | - | - | 93.0 | 78.7 |
| 0.2 | -0.2 | - | - | - | - | 0.2 | -0.2 |
| 2.2 | 2.2 | 2.4 | 1.0 | - | - | 17.2 | 17.8 |
| 190.2 | 205.0 | 216.8 | 199.1 | - | - | 1256.3 | 1447.0 |
| - | - | -0.3 | -0.3 | 139.3 | 54.7 | 139.3 | 54.7 |
| 190.2 | 205.0 | 216.5 | 198.8 | 139.3 | 54.7 | 1395.6 | 1501.7 |
| -102.1 | -98.6 | -88.8 | -61.3 | 0.1 | 0.1 | -570.9 | -492.5 |
| -37.2 | -39.1 | -63.9 | -54.7 | - | - | -357.9 | -384.6 |
| 5.0 | -5.1 | -25.7 | -22.0 | - | - | -68.8 | -189.2 |
| 16.3 | 7.3 | 22.8 | 2.5 | -0.1 | -0.1 | 150.1 | 51.3 |
| -0.3 | - | 6.7 | -5.5 | - | - | 3.3 | -9.7 |
| - | - | - | - | - | - | -34.1 | -49.5 |
| -118.3 | -135.5 | -148.9 | -141.0 | - | 0.0 | -878.3 | -1074.2 |
| -44.8 | -39.6 | -43.5 | -30.0 | 0.0 | 0.0 | -237.0 | -213.4 |
| 5.8 | 2.3 | 10.6 | 0.7 | 0.0 | 0.0 | 43.3 | 15.6 |
| -13.6 | -15.0 | -16.0 | -11.9 | 0.0 | 0.0 | -86.9 | -85.7 |
| -0.2 | 0.0 | -0.4 | -0.2 | - | - | -4.4 | -2.7 |
| -1.1 | 0.5 | -6.7 | -1.1 | 0.0 | 0.0 | -25.0 | -14.4 |
| -172.2 | -187.3 | -204.9 | -183.5 | 0.0 | 0.0 | -1188.3 | -1374.8 |
| 18.0 | 17.7 | 11.9 | 15.6 | 0.0 | 0.0 | 68.0 | 72.2 |
| - | - | - | - | - | - | 0.0 | -0.1 |
| 18.0 | 17.7 | 11.9 | 15.6 | 0.0 | 0.0 | 68.0 | 72.1 |
| -6.5 | -5.0 | -2.4 | -3.9 | 0.0 | 0.0 | -23.1 | -20.9 |
| 11.5 | 12.7 | 9.5 | 11.7 | 0.0 | 0.0 | 44.9 | 51.2 |

6.2. Additional information by business activities

| Six months ending on in CHF million | Life | | Non-life | |
|--|-------------|---------------------------|--------------|---------------------------|
| | 30.6.2015 | 30.6.2014 reclassified | 30.6.2015 | 30.6.2014 reclassified |
| Income | | | | |
| Gross premiums written | 2 838.0 | 3 008.6 | 2 373.8 | 1 725.5 |
| Reinsurance premiums ceded | -45.8 | -45.6 | -296.7 | -182.1 |
| Net premiums written | 2 792.2 | 2 963.0 | 2 077.1 | 1 543.4 |
| Net change in unearned premium reserve | -570.2 | -560.9 | -459.9 | -309.9 |
| Net earned premiums | 2 222.0 | 2 402.1 | 1 617.2 | 1 233.5 |
| Current income on Group investments (net) | 439.6 | 446.2 | 65.9 | 56.5 |
| Gains and losses on Group investments (net) | 30.8 | 50.0 | -11.2 | 24.4 |
| Income investments with market risk for the policyholder | 87.1 | 116.1 | - | - |
| Share of profit or loss of associates | -0.1 | 0.0 | 1.2 | -0.2 |
| Other income | 12.2 | 17.9 | 67.5 | 12.5 |
| Total operating income | 2 791.6 | 3 032.3 | 1 740.6 | 1 326.7 |
| Expenses | | | | |
| Claims incurred including claims handling costs (non-life) | - | - | -1 192.8 | -847.5 |
| Claims and benefits paid (life) | -1 897.8 | -2 772.4 | 0.0 | -0.5 |
| Change in actuarial reserves ¹ | -472.3 | 154.9 | 7.3 | -0.7 |
| Reinsurers' share of benefits and claims | 0.9 | 5.5 | 168.9 | 53.5 |
| Policyholder dividends and bonuses ¹ | -37.1 | -56.8 | 1.0 | 0.7 |
| Income attributable to deposits for investment contracts | -35.4 | -51.6 | - | - |
| Net benefits to policyholders and claims | -2 441.7 | -2 720.4 | -1 015.6 | -794.5 |
| Acquisition costs | -120.7 | -111.0 | -376.6 | -292.2 |
| Reinsurers' share of acquisition costs | 4.1 | 1.9 | 61.7 | 29.0 |
| Operating and administrative expenses | -94.2 | -83.5 | -179.6 | -116.4 |
| Interest payable | -13.8 | -15.4 | -6.3 | -4.2 |
| Other expenses | -30.1 | -15.1 | -73.7 | -9.3 |
| Total operating expenses | -2 696.4 | -2 943.5 | -1 590.1 | -1 187.6 |
| Profit or loss from operating activities | 95.2 | 88.8 | 150.5 | 139.1 |
| Financing costs | - | - | 0.0 | -0.1 |
| Profit or loss before tax | 95.2 | 88.8 | 150.5 | 139.0 |
| Income taxes | -22.3 | -16.9 | -34.0 | -30.4 |
| Profit or loss for the period | 72.9 | 71.9 | 116.5 | 108.6 |

¹ Change in presentation (see section 4 on page 26)

| Other activities | | Elimination | | Total | |
|------------------|---------------------------|-------------|------------|--------------|---------------------------|
| 30.6.2015 | 30.6.2014 reclassified | 30.6.2015 | 30.6.2014 | 30.6.2015 | 30.6.2014 reclassified |
| 227.3 | 105.3 | -228.2 | -105.6 | 5 210.9 | 4 733.8 |
| -102.9 | -68.7 | 227.4 | 105.6 | -218.0 | -190.8 |
| 124.4 | 36.6 | -0.8 | 0.0 | 4 992.9 | 4 543.0 |
| -10.4 | -2.4 | 0.8 | 0.0 | -1 039.7 | -873.2 |
| 114.0 | 34.2 | - | - | 3 953.2 | 3 669.8 |
| 9.7 | 15.3 | -12.0 | -7.9 | 503.2 | 510.1 |
| -1.1 | -2.4 | - | - | 18.5 | 72.0 |
| - | - | - | - | 87.1 | 116.1 |
| - | - | - | - | 1.1 | -0.2 |
| 10.8 | 2.5 | -2.9 | -1.1 | 87.6 | 31.8 |
| 133.4 | 49.6 | -14.9 | -9.0 | 4 650.7 | 4 399.6 |
| -131.1 | -36.3 | 149.5 | 37.0 | -1 174.4 | -846.8 |
| -5.9 | -3.6 | 5.9 | 3.6 | -1 897.8 | -2 772.9 |
| 6.9 | 2.5 | -4.4 | -2.5 | -462.5 | 154.2 |
| 46.3 | 22.7 | -153.0 | -40.2 | 63.1 | 41.5 |
| -0.1 | - | - | - | -36.2 | -56.1 |
| - | - | - | - | -35.4 | -51.6 |
| -83.9 | -14.7 | -2.0 | -2.1 | -3 543.2 | -3 531.7 |
| -56.6 | -22.3 | 56.5 | 22.3 | -497.4 | -403.2 |
| 21.4 | 14.0 | -55.0 | -20.3 | 32.2 | 24.6 |
| -13.3 | -3.3 | 0.4 | 0.1 | -286.7 | -203.1 |
| -3.5 | -0.6 | 14.1 | 8.1 | -9.5 | -12.1 |
| -20.8 | -3.1 | 0.9 | 0.9 | -123.7 | -26.6 |
| -156.7 | -30.0 | 14.9 | 9.0 | -4 428.3 | -4 152.1 |
| -23.3 | 19.6 | 0.0 | 0.0 | 222.4 | 247.5 |
| -13.4 | -6.1 | - | - | -13.4 | -6.2 |
| -36.7 | 13.5 | 0.0 | 0.0 | 209.0 | 241.3 |
| 9.1 | 2.9 | 0.0 | 0.0 | -47.2 | -44.4 |
| -27.6 | 16.4 | 0.0 | 0.0 | 161.8 | 196.9 |

7. Equity

For the 2014 financial year, a dividend of CHF 18.00 per share, in total CHF 179.0 million, was approved at the Shareholders' Meeting of 24 April 2015.

In connection with the increased investment in Nationale Suisse, 55,606 new Helvetia shares were issued. This increased the equity of Helvetia Holding AG to a nominal value of CHF 5,561.

In the first half of the year, Patria Genossenschaft paid CHF 45.0 million into the bonus reserves of Helvetia Schweizerische Lebensversicherungsgesellschaft AG. This was credited to equity without affecting the profit or loss and allocated in total to "Provisions for future policyholder participation" in line with its purpose.

8. Financial instruments at fair value

Fair value is the price at which an asset could be exchanged in an active market between knowledgeable, willing parties in an arm's length transaction.

If a market value on an active market is available, the asset is allocated to the "Level 1" valuation category. Otherwise the fair value is determined using valuation methods. Such methods are considerably influenced by assumptions, which can lead to differing fair value estimates.

Financial instruments for which the model assumptions are based on observable market data are allocated to the "Level 2" valuation category. This category of valuation methods includes comparisons with current market transactions, references to transactions with similar instruments, and option pricing models. In particular, interest-bearing securities without an active market, derivatives and financial liabilities belong in the "Level 2" category.

The fair value of interest-bearing securities in the "Level 2" category is based on rates set by brokers or banks, which are validated through comparison with current market transactions and with reference to transactions with similar instruments, or determined by means of the discounted cash flow method.

The fair value of equity, interest-rate and currency options is determined using option pricing models (Black-Scholes option pricing), while the market value of forward exchange rate agreements is determined on the basis of the forward exchange rate on the reporting date. The fair value of interest rate swaps is calculated using the present value of future payments. The fair value of minority interests in own funds and deposits for investment contracts is derived from the fair value of the underlying assets.

If the valuation assumptions are not based on observable market data, the asset falls into the "Level 3" valuation category. This applies in particular to alternative investments.

Alternative investments are valued based on their underlying investments. This is usually the total of all current valuations of the underlying portfolio companies, any existing cash positions and other outstanding balances less liabilities.

Helvetia includes transfers between the levels at the end of the reporting period in which the changes occurred.

In the reporting period, investments of CHF 5.1 million (previous year: CHF 102.2 million) were transferred from "Level 1" to "Level 2", as there was no longer a sufficiently active market for these securities.

A total loss of CHF 2.2 million was realised on last year's portfolio of "Level 3" investments, which were valued at CHF 68.7 million (loss in the previous year: CHF 1.5 million). This loss was reported as CHF 1.2 million under "Gains and losses on financial instruments" in the income statement and as CHF 1.0 million under "Change in unrealised gains and losses on financial instruments" in the statement of comprehensive income. The valuation loss on the "Level 3" investments held on the reporting date was CHF 1.3 million (loss in the previous year: CHF 1.6 million). The portfolio of "Level 3" investments in the interim financial statements amounted to CHF 66.5 million.

The replacement of one or more assumptions by plausible alternatives would not have had any material impact on the valuation of the "Level 3" investments.

Financial instruments at fair value by valuation method

| | Quoted market prices | | Based on market data | | Not based on market data | | Total fair value | |
|---|----------------------|-----------------|----------------------|----------------|--------------------------|-------------|------------------|-----------------|
| | 30.6.2015 | 31.12.2014 | 30.6.2015 | 31.12.2014 | 30.6.2015 | 31.12.2014 | 30.6.2015 | 31.12.2014 |
| in CHF million | Level 1 | | Level 2 | | Level 3 | | | |
| At fair value through profit and loss (held for trading) | | | | | | | | |
| Interest-bearing securities | 17.9 | 20.7 | – | – | – | – | 17.9 | 20.7 |
| Investment funds | 50.0 | 65.8 | – | – | – | – | 50.0 | 65.8 |
| Derivative financial assets | 4.4 | 2.4 | 159.2 | 87.5 | – | – | 163.6 | 89.9 |
| Investments with market risk for the policyholder | 7.2 | 5.9 | 74.3 | 71.9 | – | – | 81.6 | 77.8 |
| Total "held for trading" | 79.6 | 94.8 | 233.5 | 159.4 | – | – | 313.1 | 254.2 |
| Designated as at fair value through profit or loss | | | | | | | | |
| Interest-bearing securities | 761.5 | 639.4 | 15.5 | 17.6 | – | – | 777.0 | 657.0 |
| Shares | 1 063.6 | 1 112.4 | 0.3 | 0.4 | – | – | 1 063.9 | 1 112.8 |
| Investment funds | 349.7 | 389.9 | 20.8 | 14.4 | – | – | 370.5 | 404.3 |
| Investments with market risk for the policyholder | 2 665.9 | 2 917.2 | 166.1 | 139.6 | 0.1 | 0.1 | 2 832.1 | 3 056.9 |
| Alternative investments | – | – | 2.1 | 3.0 | 1.4 | 1.7 | 3.5 | 4.7 |
| Total "designated" | 4 840.7 | 5 058.9 | 204.8 | 175.0 | 1.5 | 1.8 | 5 047.0 | 5 235.7 |
| Total "at fair value through profit and loss" | 4 920.3 | 5 153.7 | 438.3 | 334.4 | 1.5 | 1.8 | 5 360.1 | 5 489.9 |
| Available-for-sale | | | | | | | | |
| Interest-bearing securities | 21 168.6 | 22 445.5 | 284.8 | 300.7 | – | – | 21 453.4 | 22 746.2 |
| Shares | 912.0 | 1 036.3 | 3.8 | 4.1 | 6.1 | 7.0 | 921.9 | 1 047.4 |
| Investment funds | 85.0 | 89.1 | – | – | 22.0 | 22.6 | 107.0 | 111.7 |
| Alternative investments | – | – | 82.4 | 88.1 | 36.9 | 37.3 | 119.3 | 125.4 |
| Total "available-for-sale" (AFS) | 22 165.6 | 23 570.9 | 371.0 | 392.9 | 65.0 | 66.9 | 22 601.6 | 24 030.7 |
| Derivatives for hedge accounting | – | – | 38.9 | 0.5 | – | – | 38.9 | 0.5 |
| Total financial assets at fair value | 27 085.9 | 28 724.6 | 848.2 | 727.8 | 66.5 | 68.7 | 28 000.6 | 29 521.1 |
| Financial liabilities at fair value | | | | | | | | |
| Minority interests in own funds | – | – | 143.3 | 142.3 | – | – | 143.3 | 142.3 |
| Deposits for investment contracts | – | – | 1 149.3 | 1 344.7 | – | – | 1 149.3 | 1 344.7 |
| Derivative financial liabilities | – | – | 108.4 | 160.8 | – | – | 108.4 | 160.8 |
| Other financial liabilities | – | – | 18.7 | 25.0 | – | – | 18.7 | 25.0 |
| Total financial liabilities at fair value | – | – | 1 419.7 | 1 672.8 | – | – | 1 419.7 | 1 672.8 |

Financial instruments

| | Book value | | Fair value | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 30.6.2015 | 31.12.2014 | 30.6.2015 | 31.12.2014 |
| in CHF million | | | | |
| Total "loans and receivables" (LAR) ¹ | 8 995.3 | 9 017.4 | 9 731.6 | 9 846.0 |
| Total "held-to-maturity investments" (HTM) | 2 879.6 | 3 121.8 | 3 417.3 | 3 670.3 |
| Total financial assets at fair value | 28 000.6 | 29 521.1 | 28 000.6 | 29 521.1 |
| Total financial assets | 39 875.5 | 41 660.3 | 41 149.5 | 43 037.4 |
| Financial liabilities at amortised cost | | | | |
| Financial liabilities from financing activities | 767.3 | 771.5 | 815.9 | 809.0 |
| Financial liabilities from insurance business | 874.0 | 895.6 | 874.0 | 895.6 |
| Other financial liabilities | 125.9 | 36.8 | 125.9 | 36.8 |
| Total financial liabilities at amortised cost | 1 767.2 | 1 703.9 | 1 815.8 | 1 741.4 |
| Financial liabilities at fair value | | | | |
| Financial liabilities from financing activities | 143.3 | 142.3 | 143.3 | 142.3 |
| Financial liabilities from insurance business | 1 149.3 | 1 344.7 | 1 149.3 | 1 344.7 |
| Other financial liabilities | 127.1 | 185.8 | 127.1 | 185.8 |
| Total financial liabilities at fair value | 1 419.7 | 1 672.8 | 1 419.7 | 1 672.8 |
| Total financial assets | 3 186.9 | 3 376.7 | 3 235.5 | 3 414.2 |

¹ Excl. assets receivables from insurance business and reinsurance.

9. Contingent liabilities, contingent receivables and capital commitments

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

10. Seasonal influences

In principle, income and expenses are recognised immediately they are incurred. In the consolidated interim financial statements, income and expenses are then accrued or deferred only if this would also be appropriate at the end of the financial year.

11. Events after the reporting date

No important events occurred before or on 26 August 2015, 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

Embedded value measures the shareholder value of the life insurance portfolio and consists of

- the adjusted equity
- plus the value of the insurance portfolio
- less the 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 taxes from the life insurance portfolio as of the reporting date. Solvency costs are the costs of the solvency capital provided by the shareholder and are deducted from the embedded value.

In order to calculate embedded value, various best estimate assumptions are made, notably concerning return on investments, costs, claims development and policyholder profit participation. The key assumptions are listed in the following table. These also include the risk discount rates that are established separately for each country market. Given the considerable volatility, these rates are partly based on average yields, while future bond yields are still calculated as of the reference date. Compared to the first half of 2014, the risk discount rate in Spain declined slightly, reflecting the change in economic conditions in this market unit. The embedded value published here by Helvetia was calculated in accordance with the traditional method, which delivers values and sensitivities that vary from the market consistent embedded value according to the CFO Forum, and also reacts differently to economic changes.

For the life units of Nationale Suisse in Switzerland and in Italy, and the life business of the former Basler Austria acquired in the second half of 2014, only the adjusted equity was included, without the value of the insurance portfolio or solvency costs. The life business of Nationale Suisse Belgium is not included due to the ongoing sale.

On 30 June 2015, the embedded value of Helvetia Group amounted to CHF 2,901.4 million, which represents an increase of CHF 91.0 million or 3.2% compared to the middle of the previous year. Compared to the beginning of the year, the embedded value of Helvetia Group, however, decreased by CHF 77.9 million or 2.6%. This decrease is mainly the result of negative differences in economic performance, as in Switzerland the decision of the Swiss National Bank to stop supporting the CHF exchange rate against the EUR led to sharp falls in investment returns and negative foreign exchange differences. In addition, dividend payments in the first half of the year led to a reduction in the shareholder value of the life insurance portfolio. This was offset by the positive contribution of new business.

The volume of new business at Group level decreased compared to the first half of 2014. In the individual business in Switzerland, index-linked tranche products could not be placed to the desired extent for capital market reasons, and less new business was written in complete insurance solutions in occupational pensions. In the foreign markets, the new business volume of capital-intensive, traditional savings products declined in particular.

The value of new business written in 2015 fell compared to the first half of 2014. This is due in part to the decline in new business volume and, especially, to the lower interest on new investments in all countries, compared to the prior year. As a consequence, new business profitability – which results from the development of new business volume and value – fell from 1.0% to 0.3%.

| | 30.6.2015 | 30.6.2014 |
|---------------------------------------|----------------|----------------|
| in CHF million | | |
| Embedded Value after tax | | |
| Switzerland | 2 520.4 | 2 407.5 |
| of which value of insurance portfolio | 1 634.2 | 1 681.9 |
| of which adjusted equity | 1 867.4 | 1 546.4 |
| of which solvency costs | -981.2 | -820.8 |
| EU | 381.0 | 402.9 |
| of which value of insurance portfolio | 191.7 | 233.2 |
| of which adjusted equity | 294.4 | 293.3 |
| of which solvency costs | -105.1 | -123.6 |
| Total¹ | 2 901.4 | 2 810.4 |
| of which value of insurance portfolio | 1 825.9 | 1 915.1 |
| of which adjusted equity | 2 161.8 | 1 839.7 |
| of which solvency costs | -1 086.3 | -944.4 |

¹ of which minority interests CHF 0.9 Mio. as of 30.6.2015

Assumptions

in %

Switzerland

| | | |
|----------------------|-------------|-------------|
| Risk discount rate | 6.00% | 6.00% |
| Yield on bonds | 0.5% – 1.6% | 1.1% – 2.5% |
| Yield on equities | 6.0% | 6.0% |
| Yield on real estate | 4.5% | 4.5% |

EU

| | | |
|----------------------|-------------|-------------|
| Risk Discount Rate | 6.5% – 8.0% | 6.5% – 8.5% |
| Yield on bonds | 2.0% – 3.4% | 2.4% – 3.9% |
| Yield on equities | 6.5% | 6.5% |
| Yield on real estate | 4.7% | 5.0% |

| | 30.6.2015 | 30.6.2014 |
|--|----------------|----------------|
| in CHF million | | |
| Development of embedded value after tax | | |
| Embedded value as of 1 January | 2 979.3 | 2 922.6 |
| Operating profit from insurance portfolio and adjusted equity | 86.0 | 138.5 |
| Value of new business | 4.9 | 20.3 |
| Economic changes, including changes to unrealised gains and losses on investments (equity and real estate) | -71.8 | -219.6 |
| Dividends and movement of capital | -38.2 | -47.7 |
| Foreign currency translation differences | -58.8 | -3.7 |
| Embedded value as of 30 June | 2 901.4 | 2 810.4 |

in %

Sensitivities

| | | |
|--|--|--|
| + 1 % change to risk discount rate | | |
| - 1 % change to risk discount rate | | |
| - 10 % change to fair value of equities | | |
| - 10 % change to fair value of real estate | | |
| + 1 % change to new money rate | | |
| - 1 % change to new money rate | | |

in CHF million

New Business

Switzerland

| | | |
|--|---------|---------|
| Value of new business | 3.6 | 18.4 |
| Annual Premium Equivalent (APE) | 115.7 | 146.4 |
| Value of new business in % APE | 3.1 % | 12.6 % |
| Present Value of New Business Premiums (PVNBP) | 1 253.4 | 1 588.4 |
| Value of new business in % PVNBP | 0.3 % | 1.2 % |

EU

| | | |
|--|-------|-------|
| Value of new business | 1.3 | 1.9 |
| Annual Premium Equivalent (APE) | 37.2 | 61.6 |
| Value of new business in % APE | 3.5 % | 3.1 % |
| Present Value of New Business Premiums (PVNBP) | 298.5 | 522.9 |
| Value of new business in % PVNBP | 0.4 % | 0.4 % |

Total

| | | |
|--|---------|---------|
| Value of new business | 4.9 | 20.3 |
| Annual Premium Equivalent (APE) | 152.9 | 208.0 |
| Value of new business in % APE | 3.2 % | 9.8 % |
| Present Value of New Business Premiums (PVNBP) | 1 551.9 | 2 111.3 |
| Value of new business in % PVNBP | 0.3 % | 1.0 % |

Annual Premium Equivalent (APE): 100 % annual new business premium + 10 % single new business premium

PVNBP: Present Value of New Business Premium

Important dates

| | |
|------------------|---|
| 14 March 2016 | Publication of financial results 2015 |
| 22 April 2016 | Ordinary Shareholders' Meeting in St. Gallen |
| 5 September 2016 | Publication of half-year financial results 2016 |

Cautionary note regarding forward-looking information

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This document is also available in German and French. The German version is legally binding.

St. Gallen, 1 September 2015

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