

**Pleasing growth.
Good portfolio quality.**

 **Solid results.**

Half-year results 2018

Helvetia Group

4 September 2018

simple. clear. helvetia 
Your Swiss Insurer

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Sums in this presentation are based on unrounded figures and may not add up due to rounding differences. Likewise, year-on-year changes are calculated on the basis of unrounded figures.

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Key figures and highlights at a glance



Growth

Business volume
CHF 5,833 million

Non-life +5.5% (in OC) growing in all lines of business and segments

Life +0.8% (in OC) driven by investment-linked products in Switzerland (+19.7%) and Germany (+17.3% in OC)



Profitability

Net income after tax
CHF 224 million

Resilient result despite

- **weak equity markets** impacting investment result in non-life and life
- higher **NatCat claims** compared to the prior-year period

Specialty Markets +12.7%

- strong technical results in France and ARI

Net combined ratio
92.7%

Net CR on good level although impacted by higher claims related to storms and other weather events

Good underlying claims development reflects **strong portfolio quality**

New business margin
1.4%

Focused sale of capital-light products and revision of traditional products resulting in **higher NBM**



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Strategy implementation
on track

Expansion of **B2B2C** business

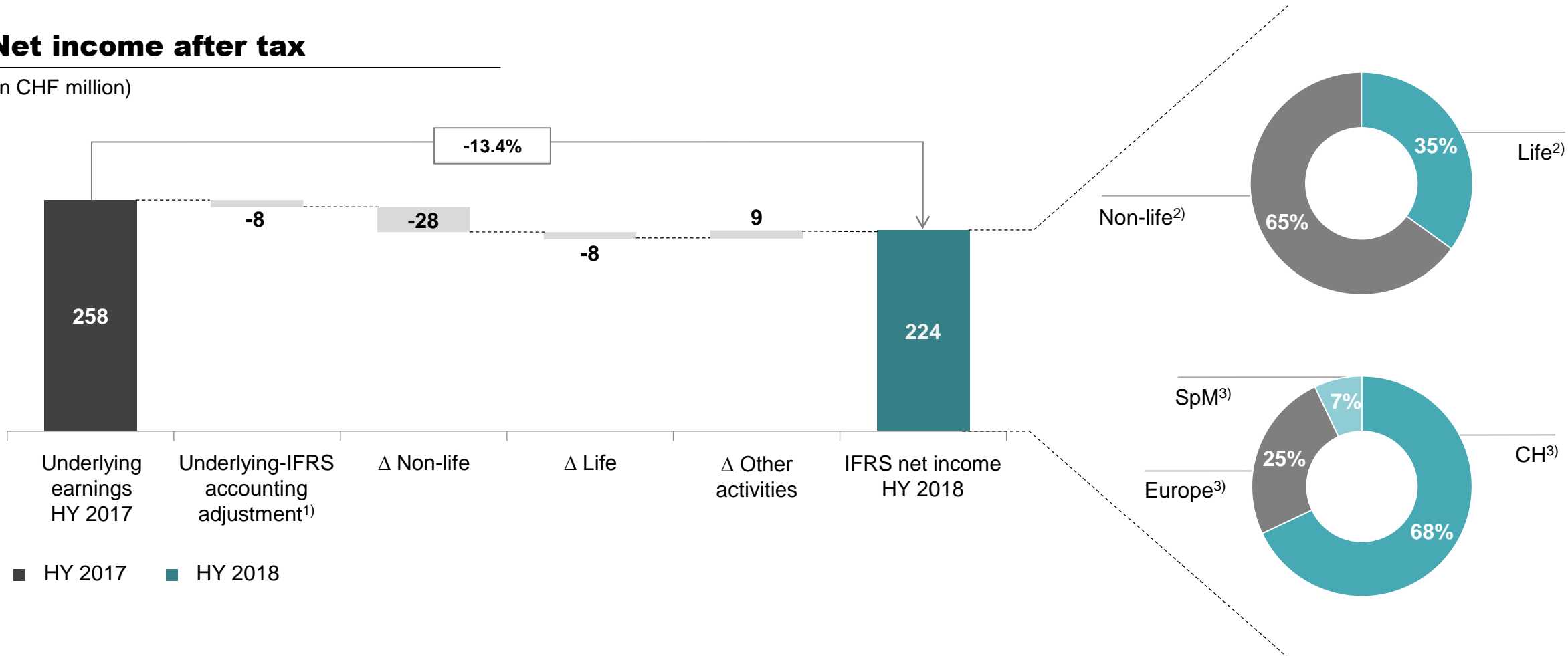
Launch of **mortgage exchange** MEx; new partner for **"home" ecosystem**

Financial figures.

Solid net income

Net income after tax

(in CHF million)



¹⁾ Amortisation of bonds acquired at market value with the acquisition of Nationale Suisse in 2014 to par

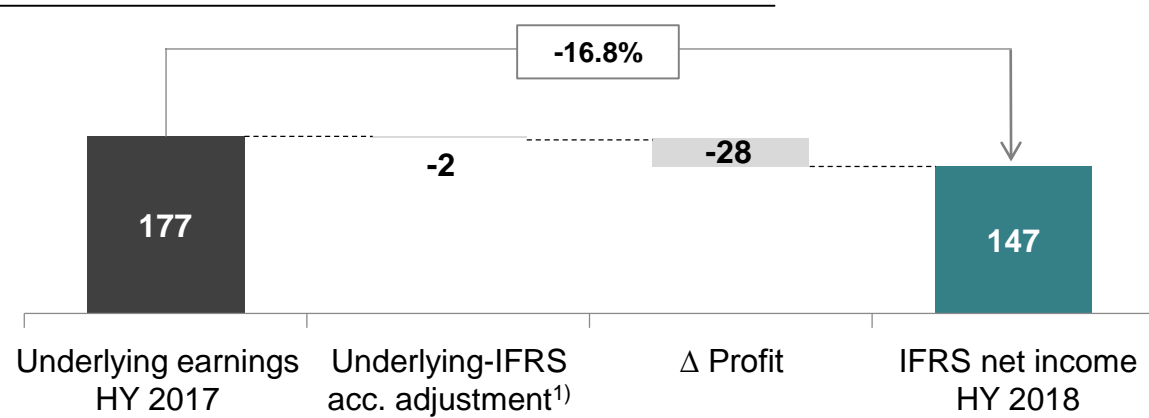
²⁾ Share on total earnings excl. other activities

³⁾ Share on total earnings excl. Corporate

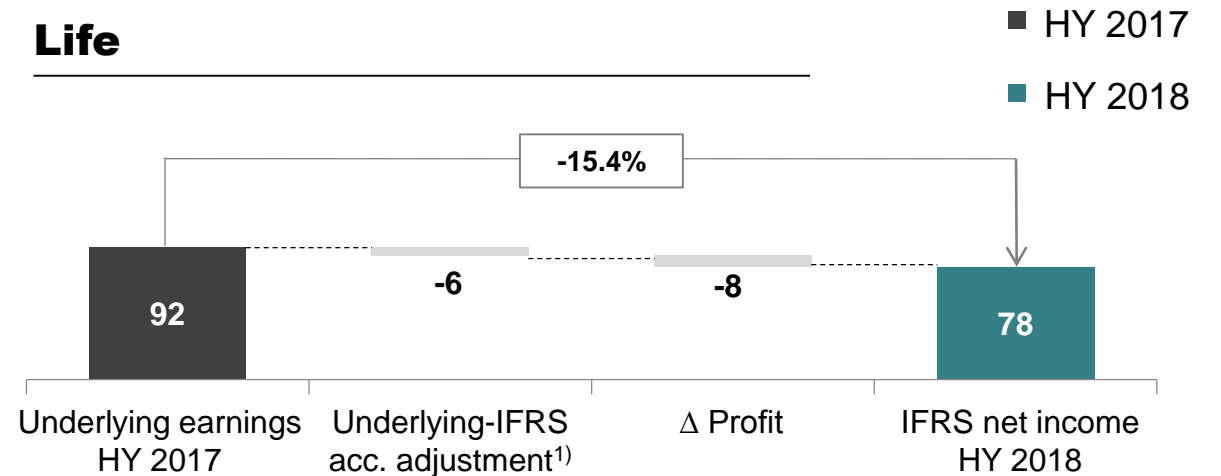
Resilient results in non-life and life impacted by weak capital markets

(in CHF million)

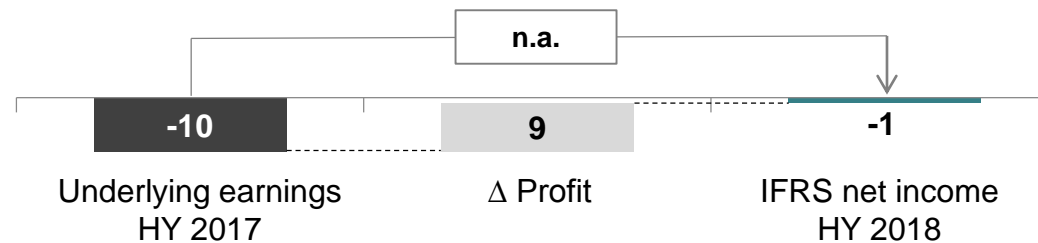
Non-life



Life



Other activities

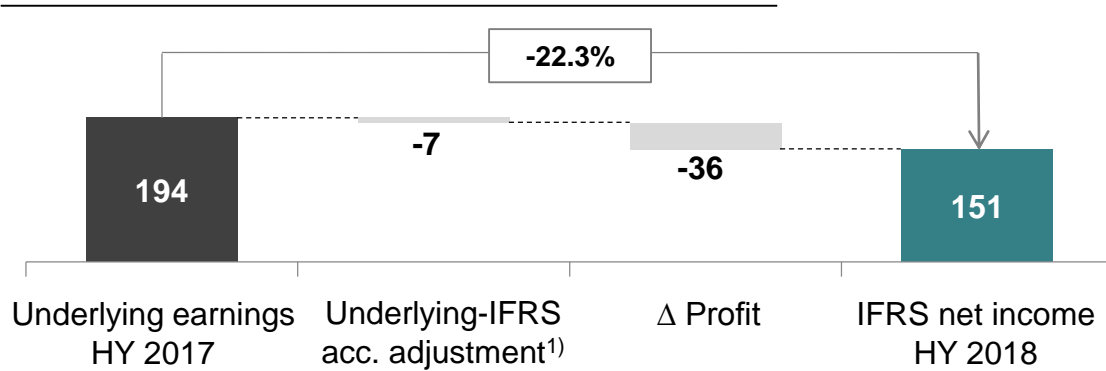


¹⁾ Amortisation of bonds acquired at market value with the acquisition of Nationale Suisse in 2014 to par

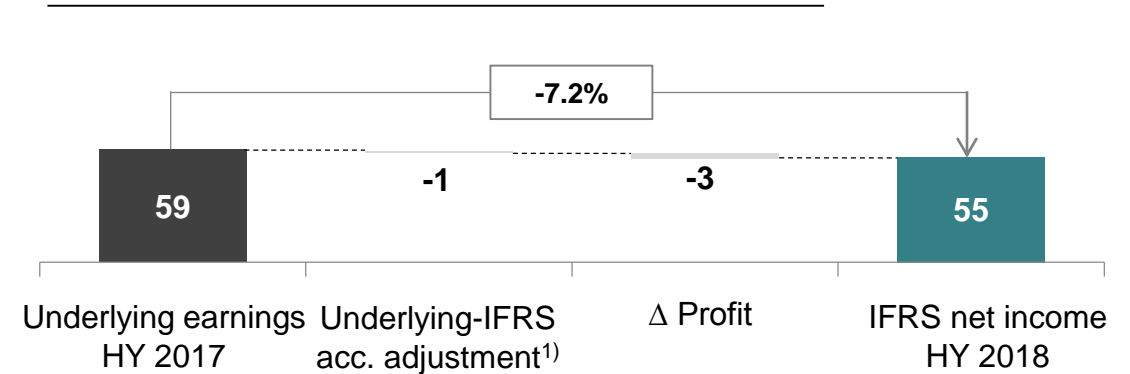
Solid results in Switzerland and Europe – Specialty Markets with pleasing improvement

(in CHF million)

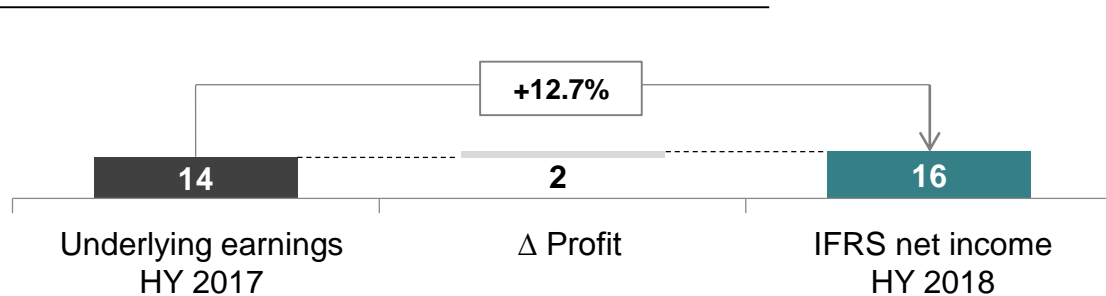
Switzerland



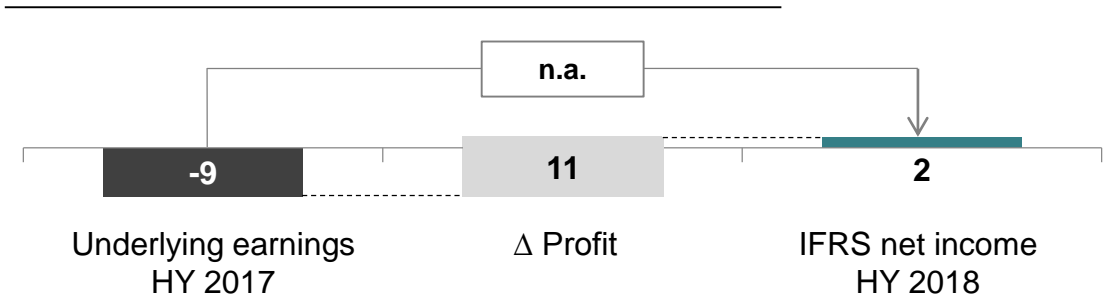
Europe



Specialty Markets



Corporate

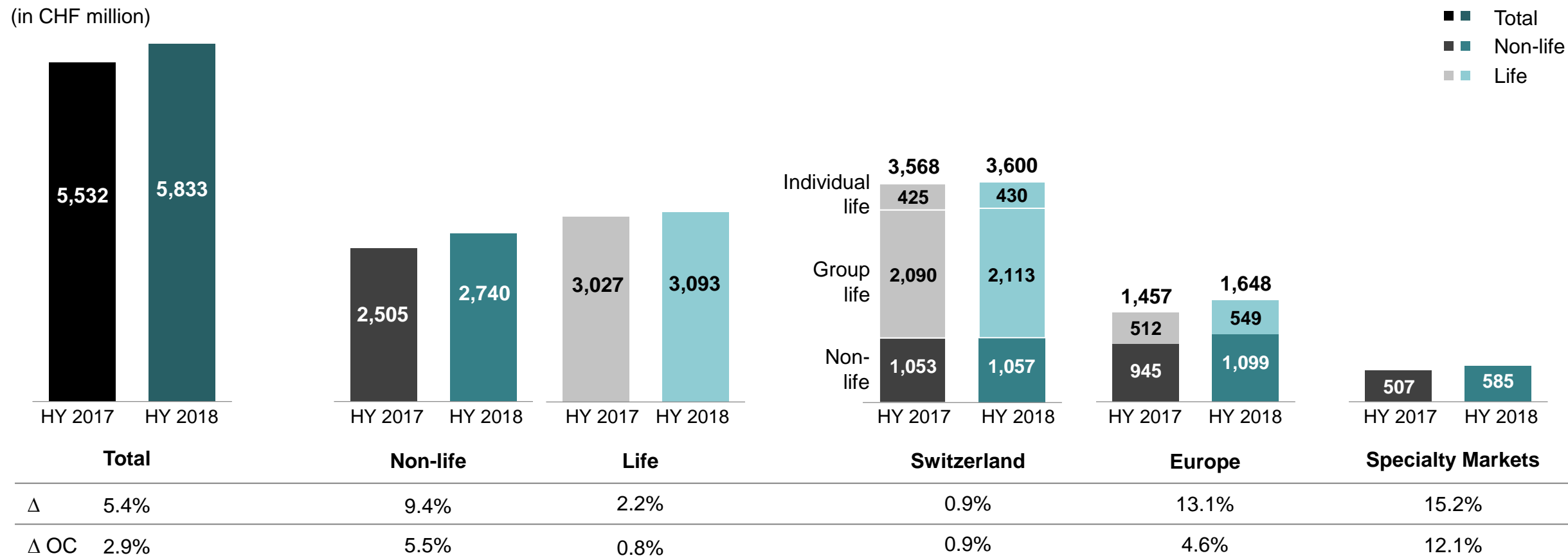


¹⁾ Amortisation of bonds acquired at market value with the acquisition of Nationale Suisse in 2014 to par

Satisfying top-line growth driven by all lines of business in non-life

Business volume

(in CHF million)



Non-life: net income affected by weaker capital markets

Non-life profit by sources (in CHF million)	HY 2017 ¹⁾	HY 2018	Δ 18/17
Technical result (net)	152	141	-7.2%
Investment income (net) ²⁾	103	62 ³⁾	-39.8%
Other non-technical expenses and income ²⁾	-29	-25	15.5%
Tax	-49	-32	34.7%
Net income after tax	177	147	-16.8%

- Significantly lower investment result following the weak performance of capital markets (predominantly equities)
- Lower technical result due to higher claims burden from NatCats (winter storms Burglind and Friederike) as well as several other weather events in springtime in Germany and Switzerland

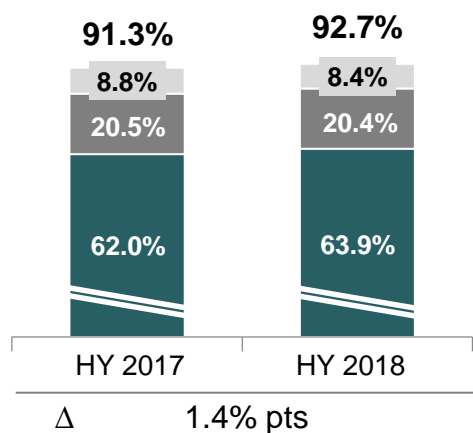
¹⁾ Based on underlying earnings

²⁾ Adjusted for FX G/L on technical provisions

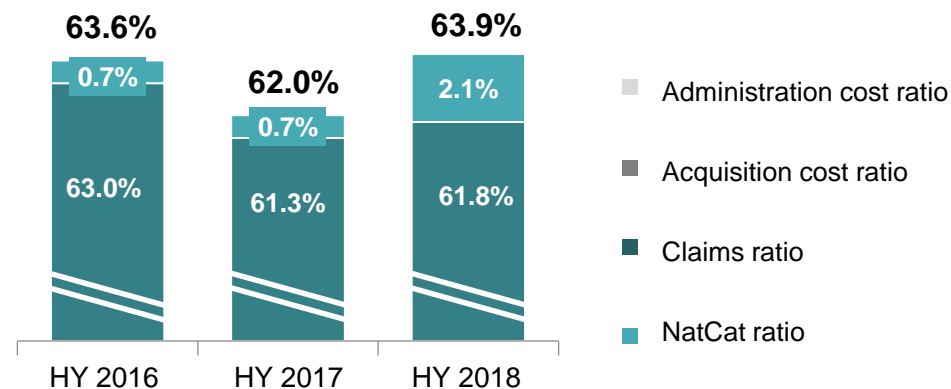
³⁾ Includes CHF 3 million of amortisations due to the revaluation of investments from the 2014 acquisitions at market value

Non-life: continuing strong net combined ratio despite higher NatCats

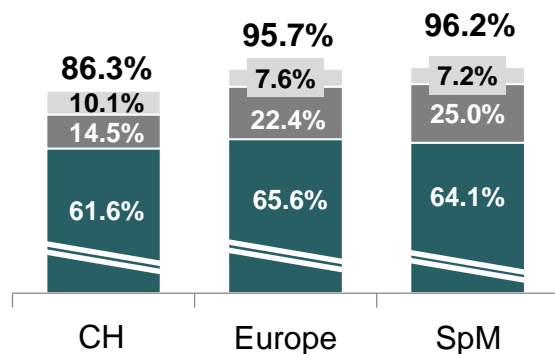
Net CR Group



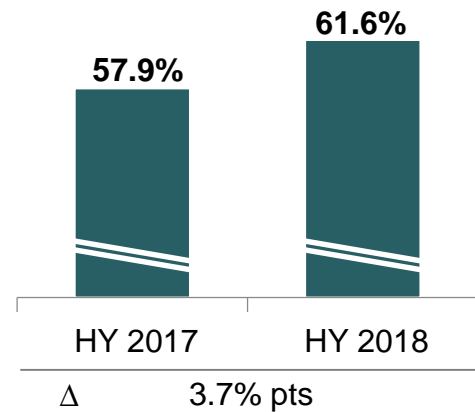
Net claims ratio development



Net CR by segment



Gross claims ratio



- Higher claims ratio due to higher impact from NatCats
- Slight increase in claims ratio (excl. NatCats) because of lower run-off result, but still reflecting successful restructurings over the last years
- Improved cost ratio supported by all segments with biggest impact coming from Europe and Specialty Markets, mainly driven by growth-related scale effects
- Gross claims ratio increased; however, ratio in prior-year period on an exceptionally low level due to significantly lower NatCats and favorable large-loss run-off, mostly ceded to reinsurers

Life: net income affected by various effects

Life profit by sources (IFRS) ¹⁾ (in CHF million)	HY 2017	HY 2018	Δ 18/17
Savings result	143 ³⁾	126 ²⁾	-11.8%
Fee result	8	10	21.9%
Risk result	120	92	-23.5%
Other result	-20	-25	-25.3%
Cost result	-44	-45	-3.4%
Operating profit	208	158	-23.9%
Extraordinary result	-87	-49	44.2%
Gains and losses on investments	41	-6	-115.1%
Policyholder participation (PHP)	-63	-7	89.5%
Tax	-16	-19	-13.8%
Net income after tax	83	78	-5.6%

- Lower savings result driven by Swiss group life business, as interest on retirement assets remained unchanged while yields declined
- Decreasing risk result also mainly driven by Swiss group life business, as lower death result was not compensated by better disability result; prior year benefited from a positive one-off effect in individual life in Switzerland
- Expenses for interest-related reserve strengthening below prior year
- Lower gains and losses from investments due to weaker equity markets
- Lower expenses for policyholder participation

¹⁾ Please note: not on an underlying earnings basis

²⁾ Includes CHF 9.3 million of amortisations due to the revaluation of investments from the 2014 acquisitions at market value

³⁾ Includes CHF 11.9 million of amortisations due to the revaluation of investments from the 2014 acquisitions at market value

Life: higher NBM due to focused sale of capital-light products and revision of traditional products

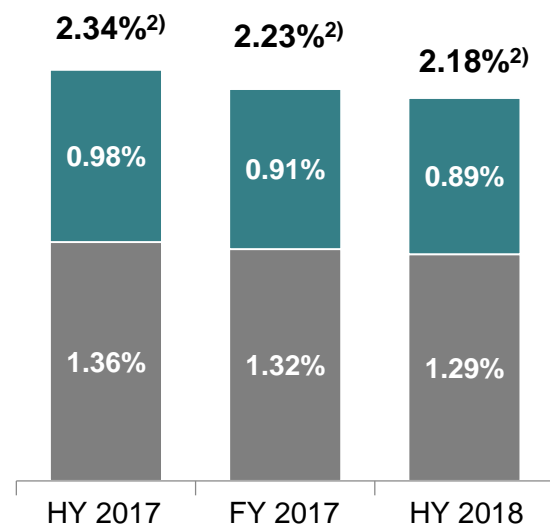
(in CHF million)	HY 2017	HY 2018	Δ 18/17
Value of new business (VNB)	20	23	16.5%
New business volume (in PVNBP)	1,643	1,715	4.4%
New business margin (NBM; in % PVNBP)	1.2%	1.4%	0.1% pts

- Higher **VNB** despite increased risk discount rate thanks to better profitability and higher new business volume
- Higher **PVNBP** in all life units (excl. large contracts in Europe); consistent improvement of new business mix in individual life and group life

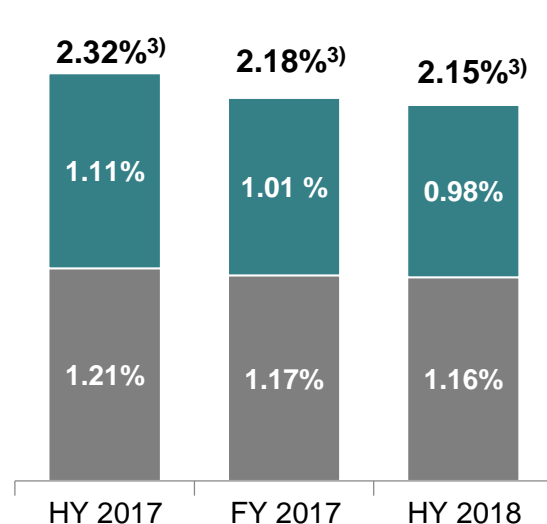
Life: interest margin stable – direct yield impacted by aperiodic dividend effect in Switzerland

Direct yields and guarantees in life business

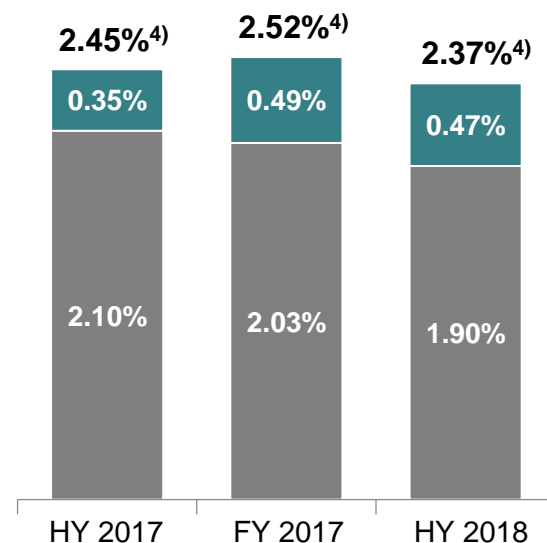
Group (CHF)



Switzerland (CHF)



Europe (EUR)



Guarantee buckets Group



■ Gross margin¹⁾ ■ Average interest rate Helvetia has to generate in order to meet its obligations

■ ≤1.0%
■ 1.0% < x ≤ 1.5%
■ >1.5%

¹⁾ Before legal quota; direct yield annualised

²⁾ Not taking into account the effect of the revaluation of bonds at market value (HY 2017: -6 bp; FY 2017: -6 bp; HY 2018: -5 bp)

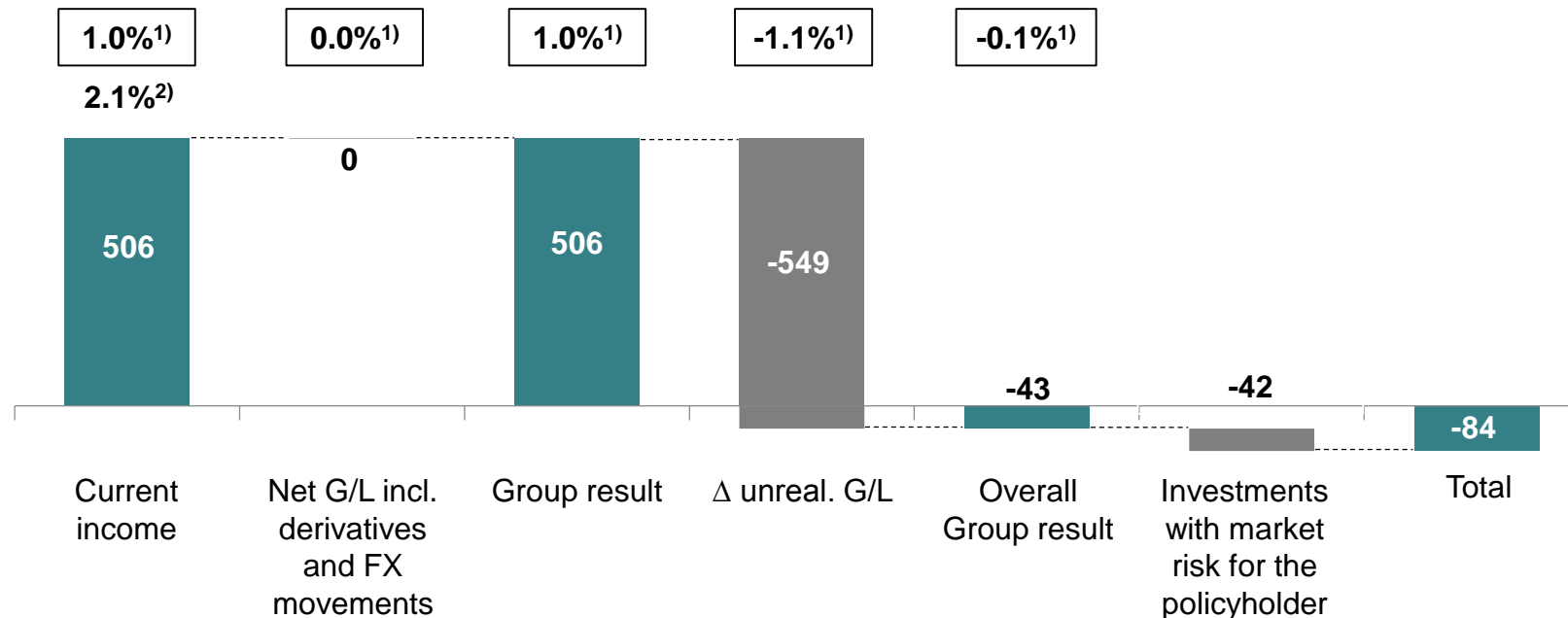
³⁾ Not taking into account the effect of the revaluation of bonds at market value (HY 2017: -6 bp; FY 2017: -6 bp; HY 2018: -4 bp)

⁴⁾ Not taking into account the effect of the revaluation of bonds at market value (HY 2017: -7 bp; FY 2017: -7 bp; HY 2018: -6 bp)

Investments: volatile capital markets and low interest rates impact investment result

Investment result

(in CHF million)



- Lower current income due to the ongoing low-interest rate environment and aperiodic dividend effects, which will be offset in the second half of the year
- Realised gains and losses balanced each other out
- Lower unrealised gains and losses recognised in equity due to slightly higher interest rates

¹⁾ Yield not annualised
²⁾ Direct yield annualised

Investments: stable new and re-investment yield

Investment performance: total portfolio (yields not annualised)

(in CHF million)	Equities		Bonds		Investment property		Mortgages		Other	Total ¹⁾	
Current income	50	1.9%	273	0.9%	121	1.7%	43	0.8%	20	506	1.0%
G/L	-3		77		-1		0		-73	0	
Investment result	47	1.8%	350	1.2%	119	1.7%	44	0.8%	-54	506	1.0%
Unrealised G/L	-59		--486		0		0		-4	-549	
Total	-12	-0.5%	-136	-0.4%	119	1.7%	44	0.8%	-58	-43	-0.1%

New and re-investment of maturing funds in HY 2018 (yields annualised)

	Equities	Bonds	Investment property	Mortgages	Average
Direct yield	1.7%	1.2%	4.6%	1.2%	1.3%
Weighted by asset class in HY 2018	5.1%	86.1%	2.3%	6.4%	100%

¹⁾ In HY 2018 the revaluation of bonds due to the 2014 acquisitions had an impact on the yield of -3 bp (not annualised) and -5 bp (annualised), respectively

Conclusion.

Half-year 2018 – key takeaways



Solid results despite headwinds from capital markets and bad weather events



Strong non-life portfolio quality



Focused sale of capital-light products and revision of traditional products resulting in higher NBM in life



Pleasing NL growth overall – measures initiated to unlock growth opportunities in CH



Strategy implementation on track

Appendix.

Business volume by business activity in HY 2018

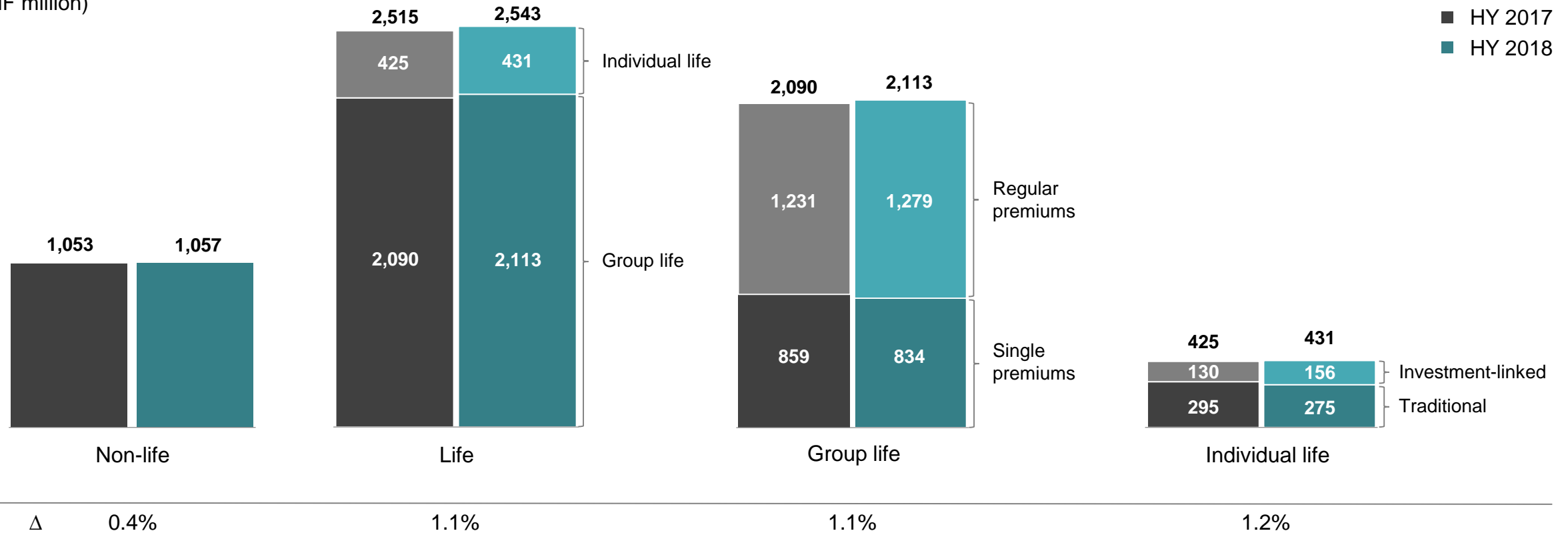
(in CHF million)	Life ¹⁾			Non-life			Total		
	HY 2017	HY 2018	Δ 18/17 (OC)	HY 2017	HY 2018	Δ 18/17 (OC)	HY 2017	HY 2018	Δ 18/17 (OC)
Switzerland	2,515	2,543	1.1%	1,053	1,057	0.4%	3,568	3,600	0.9%
Europe	512	549	-0.8%	945	1,099	7.5%	1,457	1,648	4.6%
Germany	121	142	8.5%	370	439	9.8%	491	581	9.5%
Italy	187	213	5.3%	251	285	5.1%	438	498	5.1%
Spain	56	61	1.1%	160	187	8.3%	215	248	6.5%
Austria	148	134	-16.8%	164	187	5.5%	313	321	-5.1%
Specialty Markets				507	585	12.1%	507	585	12.1%
SpL CH/Int.				130	162	22.6%	130	162	22.6%
France				151	167	2.2%	151	167	2.2%
ARI				226	255	12.7%	226	255	12.7%
Total	3,027	3,093	0.8%	2,505	2,740	5.5%	5,532	5,833	2.9%

¹⁾ Including deposit volumes (not reported as premiums under IFRS)

Switzerland: business volume in HY 2018

Business volume

(in CHF million)



Non-life: business volume in HY 2018

(in CHF million; currency-adjusted growth against HY 2017)	Property	thereof Engineering	Motor vehicle	Liability	Accident / Health	Transport / Art	ARI	Total NL
Switzerland	322	-	478	112	144	2	-	1,057
	-3.5%	-	1.3%	3.6%	4.3%	3.3%	-	0.4%
Europe	393	18	426	109	113	57	-	1,099
	6.7%	19.0%	10.4%	6.4%	3.3%	3.7%	-	7.5%
Germany	193	10	143	44	19	39	-	439
	7.4%	24.4%	18.0%	3.1%	2.9%	5.6%	-	9.8%
Italy	55	5	135	31	59	5	-	285
	9.3%	21.2%	4.3%	9.9%	1.4%	-4.0%	-	5.1%
Spain	77	1	77	12	13	9	-	187
	4.3%	-17.3%	12.5%	17.5%	8.7%	-0.4%	-	8.3%
Austria	68	2	71	23	22	4	-	187
	5.5%	12.6%	6.1%	3.5%	5.7%	4.0%	-	5.5%
Specialty Markets	128	118	16	1	-	184	255	585
	24.3%	25.9%	-15.4%	-17.6%	-	6.9%	12.7%	12.1%
Specialty Lines CH / Int.	111	111	-	-	-	51	-	162
	19.6%	19.6%	-	-	-	29.7%	-	22.6%
France	17	6	16	1	-	133	-	167
	69.3%	n.a.	-15.4%	-17.6%	-	-0.3%	-	2.2%
ARI	-	-	-	-	-	-	255	255
	-	-	-	-	-	-	12.7%	12.7%
Total	844	136	919	222	257	243	255	2,740
	4.6%	25.0%	4.8%	4.8%	3.8%	6.1%	12.7%	5.5%

Non-life: technical account

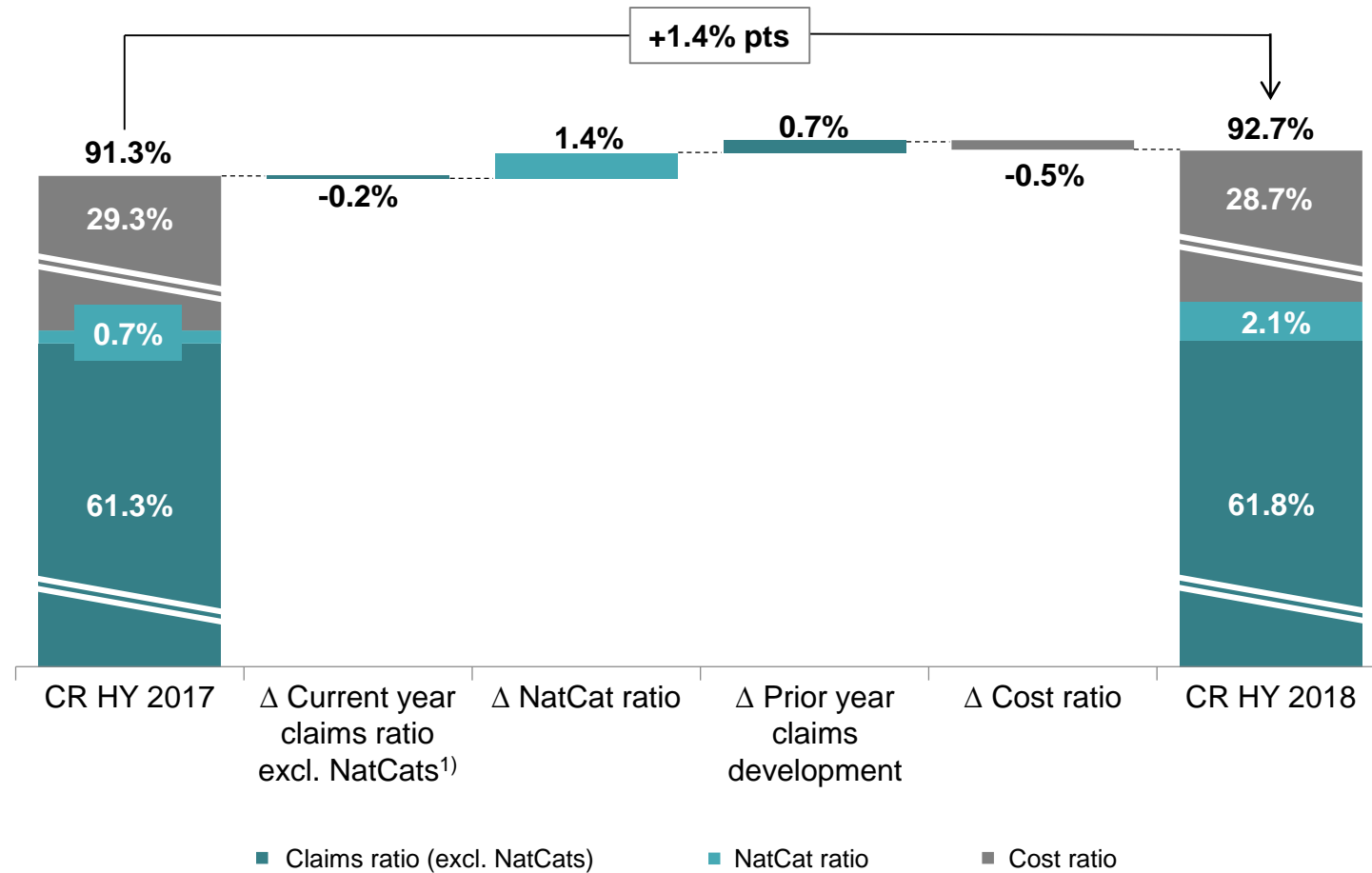
(in CHF million)	HY 2017			HY 2018		
	Gross	Share R/I	Net	Gross	Share R/I	Net
Premiums earned	1,947	-202	1,745	2,146	-219	1,928
Insurance benefits	-1,127	45	-1,082	-1,322	90	-1,232
Technical costs	-562	51	-511	-613	59	-554
Technical result	258	-106	152	211	-70	141
Investment income, net			79			68
Other non-technical expenses and income			-51			-30
Pre-tax profit (IFRS)			180			179
Taxes			-39			-32
Profit after tax (IFRS)			141			147
Claims ratio (incl. profit participation)	57.9%		62.0%	61.6%		63.9%
Cost ratio	28.9%		29.3%	28.6%		28.7%
Combined ratio	86.8%		91.3%	90.2%		92.7%

Non-life: overview of net combined ratios

(in %)	CH	Europe				Specialty Markets			Group
Claims ratio (net)	61.6	65.6				64.1			63.9
Cost ratio (net)	24.6	30.1				32.1			28.7
Combined ratio HY 2018 (net)	86.3	95.7				96.2			92.7
Combined ratio HY 2017 (net)	84.5	94.4				96.8			91.3
Change from HY 2017	1.8	1.3				-0.6			1.4

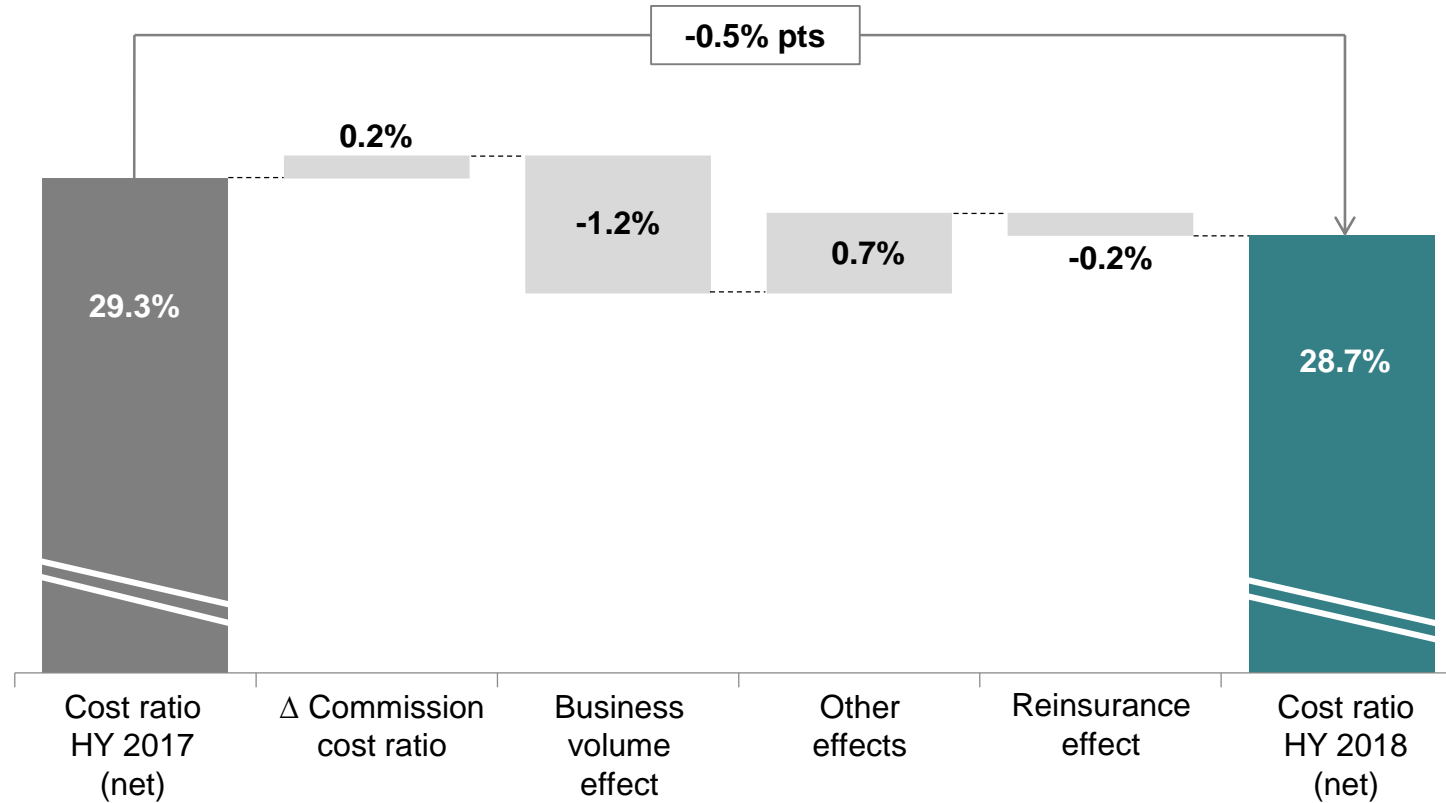
(in %)	DE	IT	ES	AT	SpL CH/Int.	FR	ARI
Claims ratio (net)	70.0	57.6	73.1	60.1	56.6	63.0	67.4
Cost ratio (net)	29.9	34.5	24.5	29.6	38.7	32.3	29.6
Combined ratio HY 2018 (net)	99.8	92.1	97.6	89.7	95.3	95.3	97.0
Combined ratio HY 2017 (net)	95.7	92.0	96.7	92.8	94.4	98.0	97.2
Change from HY 2017	4.1	0.0	0.8	-3.1	1.0	-2.7	-0.2

Non-life: net combined ratio walk



¹⁾ Also includes ULAE and policyholder dividends and bonuses

Non-life: cost ratio walk



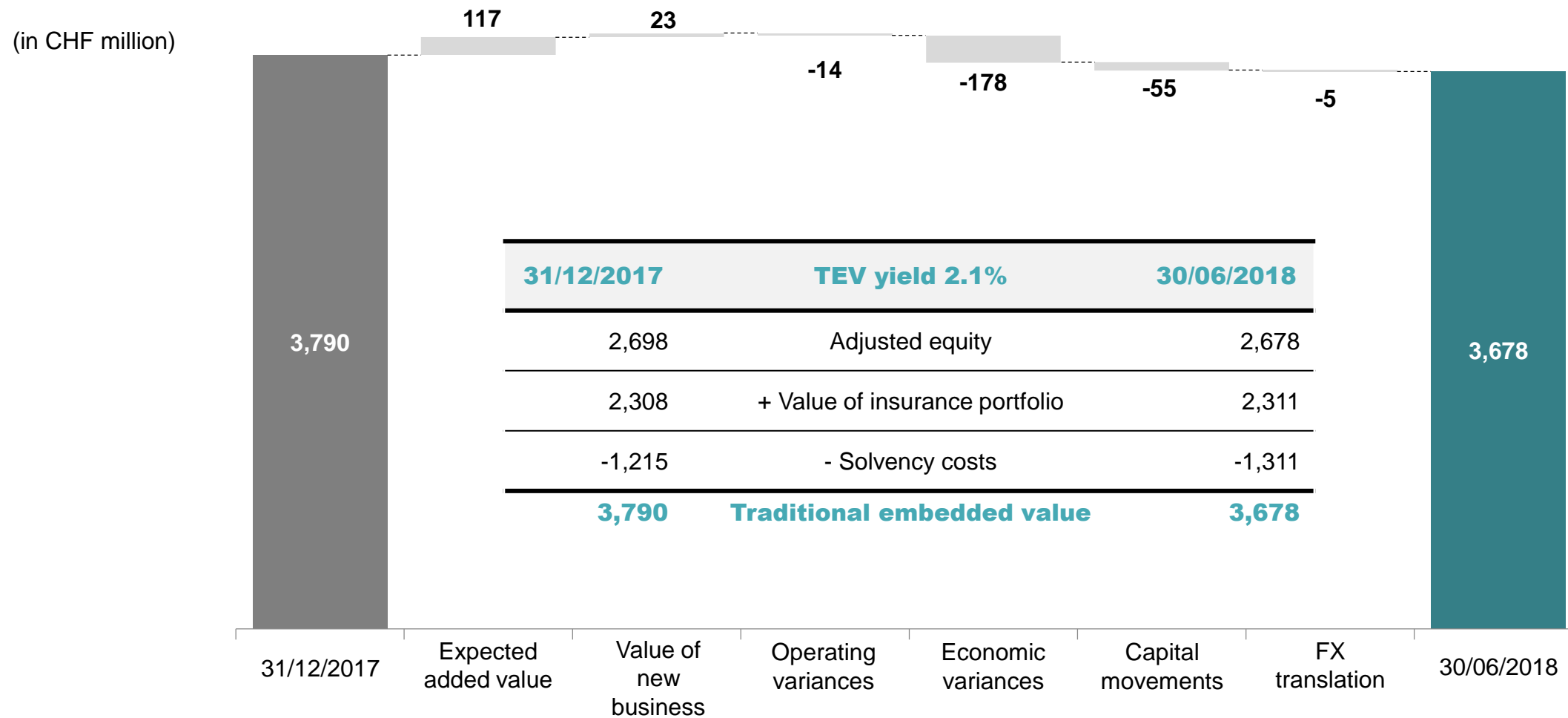
Life: business volume in HY 2018

(in CHF million; currency-adjusted growth against HY 2017)	Investment-linked	Deposits ¹⁾	Total investment-linked	Traditional life ²⁾	Total individual life	Total group life	Total life
Switzerland	128 6.2%	27 n.a.	156 19.7%	275 -6.9%	431 1.2%	2,113 1.1%	2,543 1.1%
Europe	207 -5.6%	59 -9.1%	265 -6.4%	235 3.9%	500 -1.8%	49 10.8%	549 -0.8%
Germany	92 17.3%	- -	92 17.3%	50 -4.7%	142 8.5%	- -	142 8.5%
Italy	- -	59 -9.1%	59 -8.7%	140 11.3%	199 4.5%	13 18.4%	213 5.3%
Spain	11 -10.5%	- -	11 -10.5%	14 -4.6%	26 -7.3%	36 8.2%	61 1.1%
Austria	104 -19.3%	- -	104 -19.3%	30 -6.6%	134 -16.8%	- -	134 -16.8%
Total	335 -1.2%	86 18.4%	421 2.2%	510 -2.4%	931 -0.4%	2,162 1.3%	3,093 0.8%

¹⁾ Not reported as premiums under IFRS

²⁾ Incl. modern traditional and protection products

Life: traditional embedded value (TEV)



Life: assumptions for TEV calculation

	Switzerland			Europe		
Assumptions for calculation	HY 2017	2017	HY 2018	HY 2017	2017	HY 2018
Risk discount rate	6.0%	6.0%	6.5%	6.5% – 7.5%	6.5% – 7.5%	7.0% - 8.5%
Yield on bonds	0.3% – 1.3%	0.4% – 1.4%	0.5% – 1.5%	1.7% – 3.2%	1.8% – 3.1%	1.8% – 3.0%
Yield on equities	6.0%	6.0%	6.5%	6.5%	6.5%	7.0%
Yield on real estate	4.4%	4.4%	4.4%	4.8%	4.7%	4.6%

Life: MCEV Helvetia Life Switzerland

(in CHF million; as of 31/12/2017)	TEV ¹⁾	Adjustment ²⁾	TEV adjusted	MCEV	Δ
Shareholder net assets	2,327	-1,354	973	928	-45
Present value of future profits (PVFP)	1,947	1,354	3,301	2,194	-1,107
Cost of capital	-1,072		-1,072	-429	643
Value in force	875		2,229	1,765	-464
Embedded value	3,202		3,202	2,693	-509
Value of new business	28			76	48
New business volume (in PVNBP)	1,689			2,756	1,067
New business margin (NBM; in % PVNBP)	1.7%			2.8%	1.1% pts

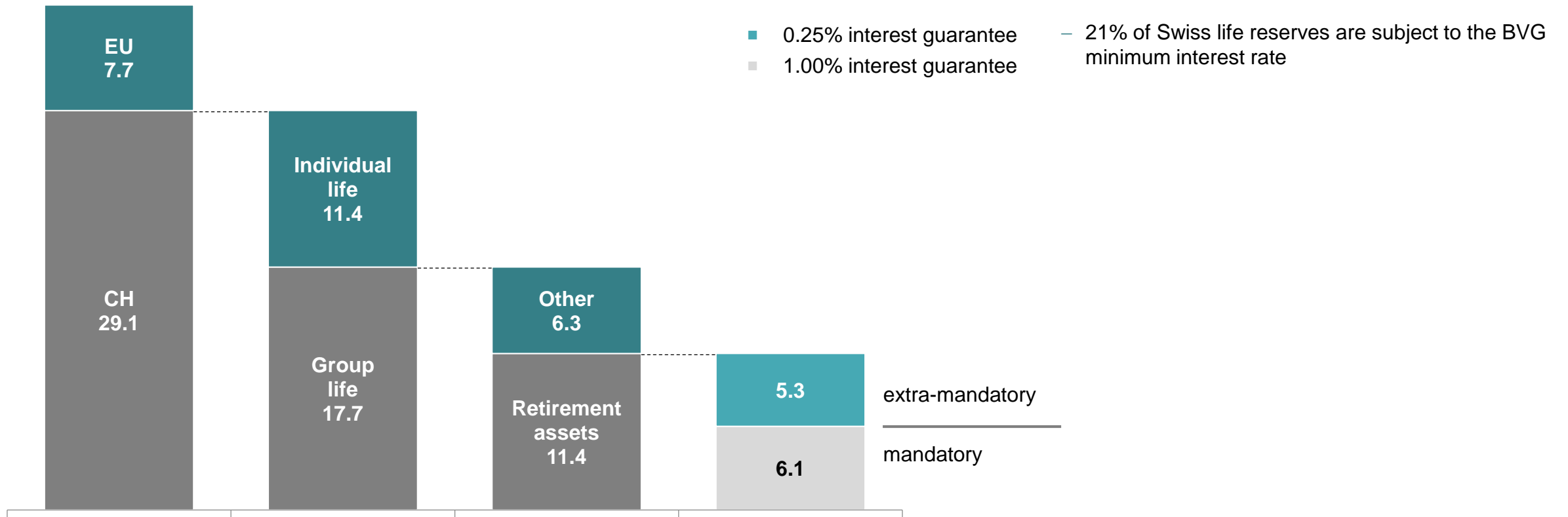
- Model changes: Limiting loss carried forward for tax calculation: impact on value in force: -190m; impact on NBM: -0.1% pts
- MCEV and NBM calculation in line with European Insurance CFO Forum Market Consistent Embedded Value Principles © ("MCEV Principles") in the amended version of May 2016
- Non-compliance of the calculation with the MCEV Principles in two cases (without material impact on results):
 - Subordinated debt is not deducted at market value but at book value; difference is considered in FCC
 - "Look-through" approach is not applied (as transactions within Helvetia are conducted at arm's length)
- A full disclose in line with MCEV Principle 17 is not done
- Stochastic valuation of TVFOG (part of PVFP) with asset-liability-interaction model as used by Helvetia CH for SST
- Business covered and non-economic assumptions as used for TEV

¹⁾ Model changes increase TEV by CHF 226 million

²⁾ Shareholders' portion of unrealised capital gains and equalisation funds in PVFP (except unrealised capital gains on shareholder capital)

Life: reserves

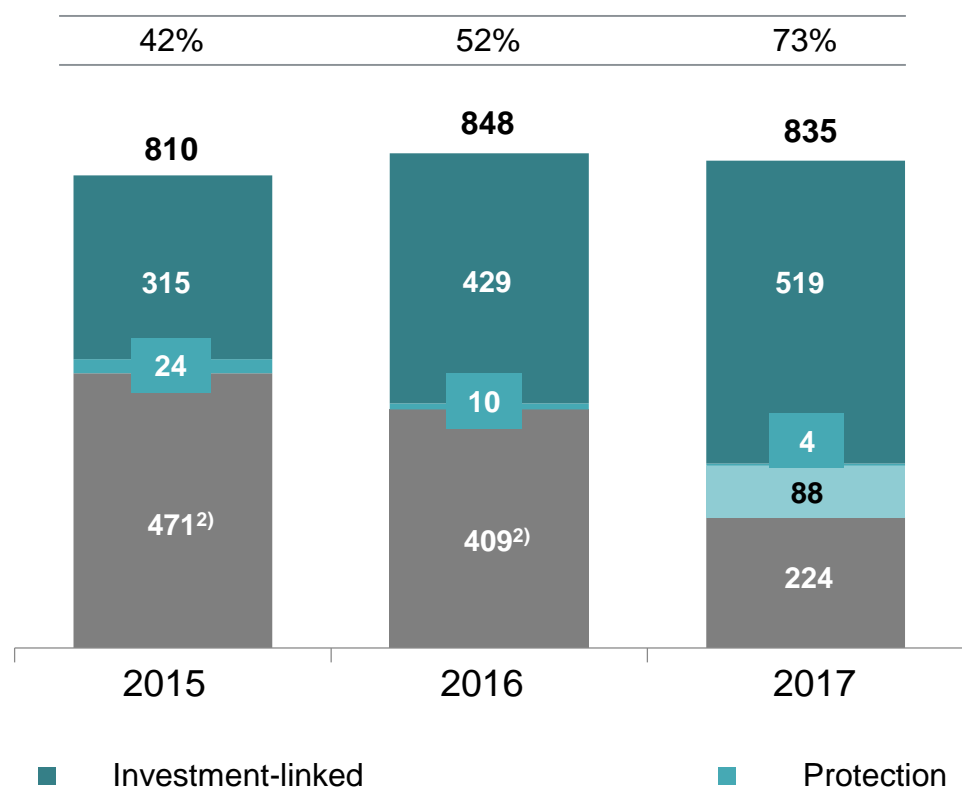
(as of 30/06/2018; in CHF billion)



Individual life: new business mix

Individual life single premiums

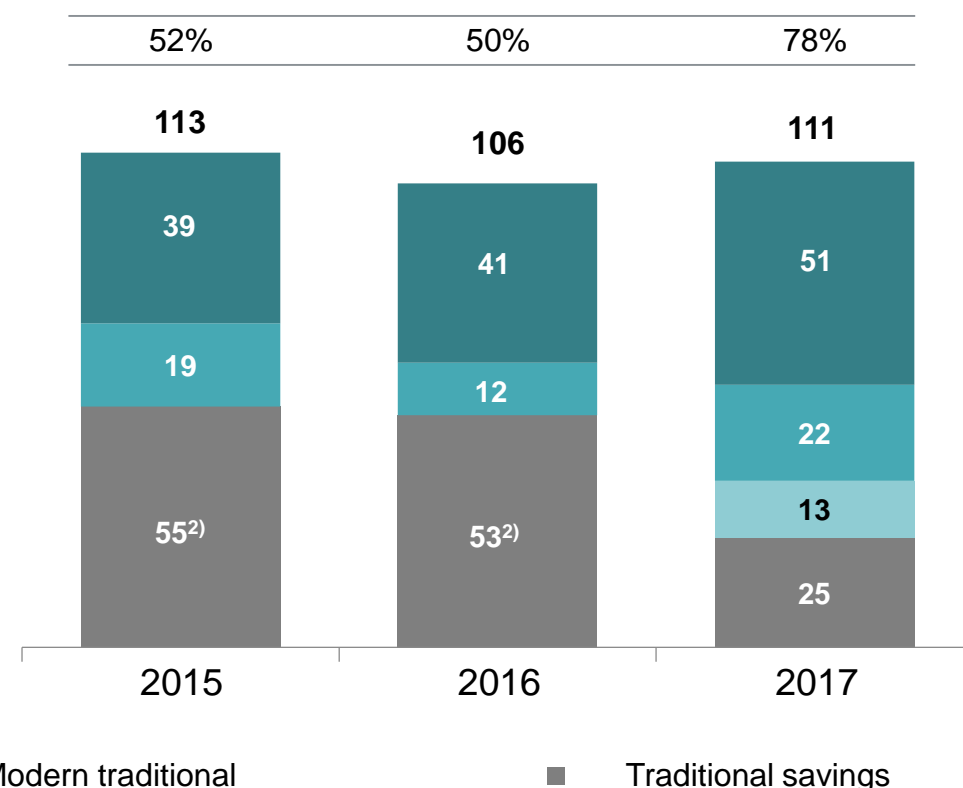
(New business; in CHF million)



Individual life regular premiums

(New business; in CHF million)

Share of capital-light business¹⁾



¹⁾ Includes investment-linked, protection and (for 2017) modern traditional business

²⁾ Includes modern traditional business (slight adaptation of methodology in 2017 to separately disclose the share of modern traditional business)

The Swiss pension system

3 pillars concept

	Pillar 1	Pillar 2	Pillar 3
	General state insurance AHV (1948)	Occupational pension plan for employees BVG (1985)	Private coverage
Purpose	Basic level of provision	Ensure living standard	Coverage of individual requirements
Responsibility	Government	Employer	Individual
Financing	Employer (50%) Employee (50%)	Employer (min. 50%) Employee (max. 50%)	100% self-financing
Parameters 2018	-	- Legal quota: 90% - Min. interest rate (mandatory): 1.00% Min. interest rate (extra-mand.): 0.25% - Conversion rate: 6.80%	At the discretion of the insurer - Max. technical rate for new guarantees: - Single premiums: 0.05% - Regular premiums: 0.25%
Helvetia CH business volume	-	Group life FY 2017: CHF 2,591 million Group life HY 2018: CHF 2,113 million	Individual life FY 2017: CHF 922 million Individual life HY 2018: CHF 431 million
Helvetia CH 2017 market position	-	Number 3 provider	Number 4 provider

Other activities: result by sources

Other activities earnings by sources (in CHF million)	HY 2017 ¹⁾	HY 2018	Δ 18/17
Technical result (group reinsurance)	17	15	-2
Investment / FX result	-3	18	22
Costs / Other	-14	-17	-3
Financing costs	-12	-17	-6
Tax	2	1	-2
Net income after tax	-10	-1	9

¹⁾ Based on underlying earnings

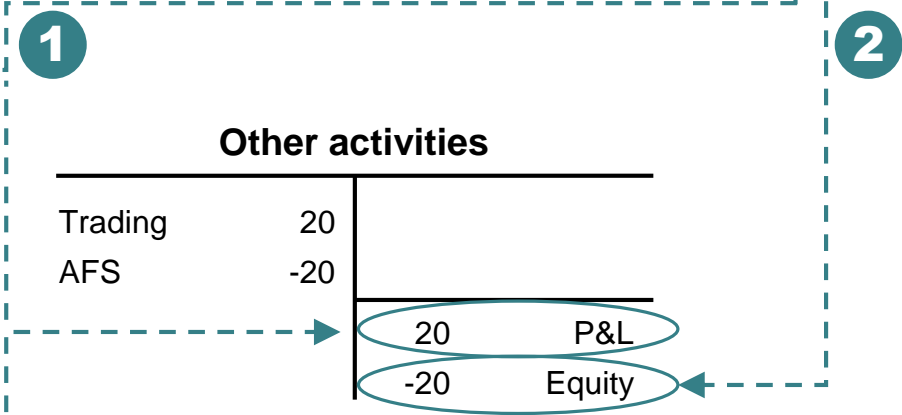
Treatment of own funds in other activities segment

(illustrative figures)

- 1 Trading "losses" in market units are offset by "profit" in other activities.
- 2 Market valuation losses are then booked in other activities through equity.

Non-Life Switzerland

Trading	-10	
AFS	0	
		-10 P&L
		0 Equity



Life Switzerland

Trading	-10	
AFS	0	
		-10 P&L
		0 Equity

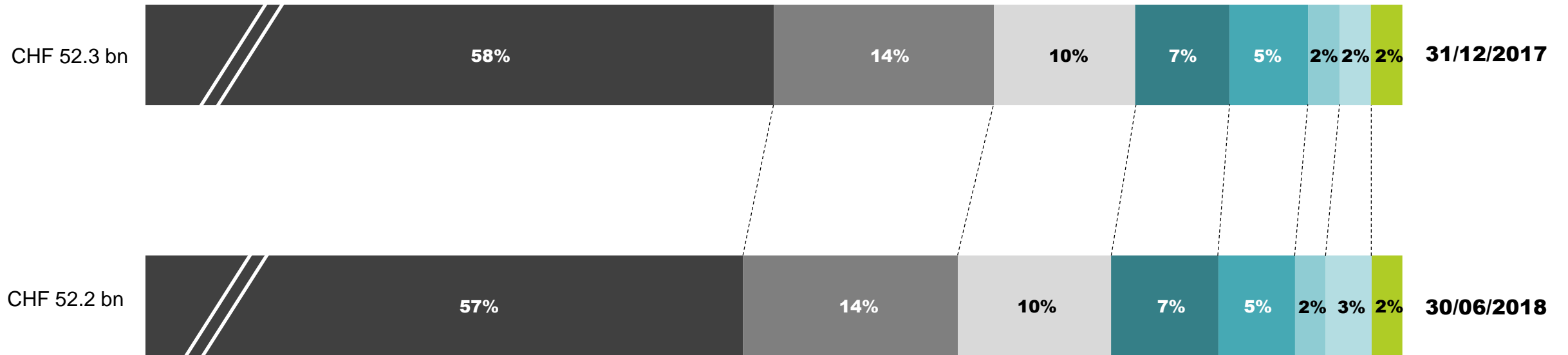
Other activities

Trading	20	
AFS	-20	
		20 P&L
		-20 Equity

Group consolidated

Trading	0	
AFS	-20	
		0 P&L
		-20 Equity

Investment portfolio by asset class

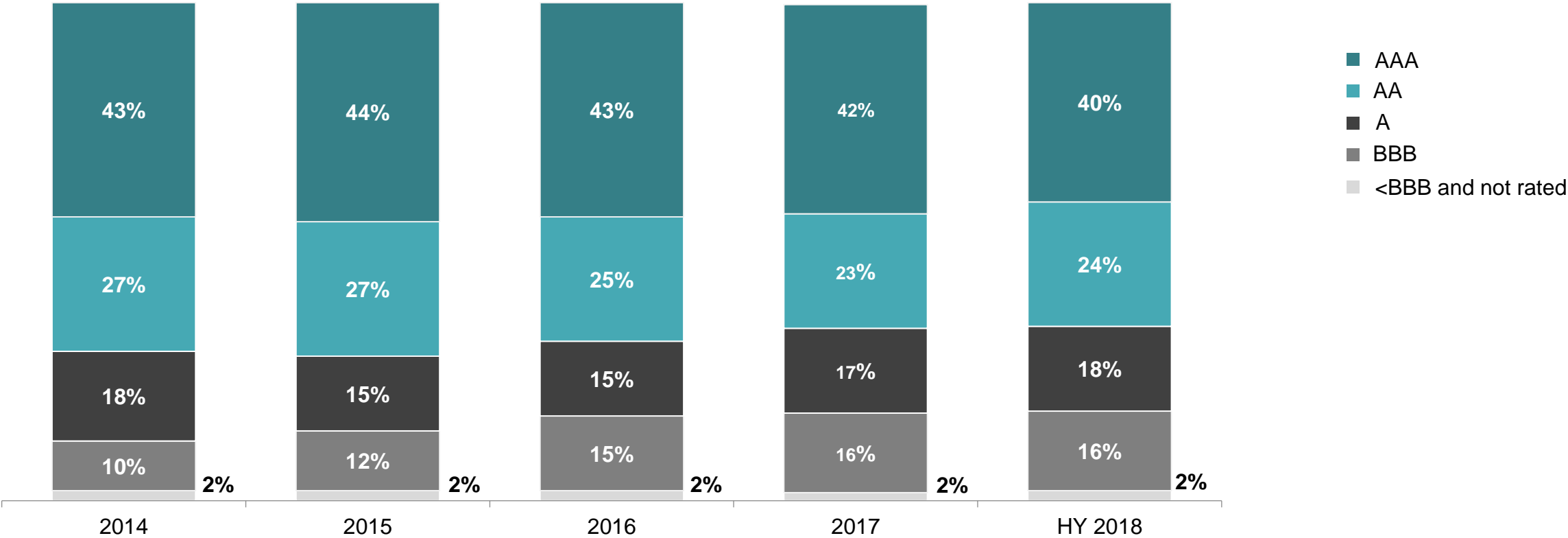


- Bonds
- Investment property
- Mortgages
- Market risk PH
- Equities¹⁾
- Loans
- Alternative investments / investment funds / derivatives
- Other²⁾

¹⁾ Equity exposure delta-adjusted: 4.9%

²⁾ Money market instruments and investments in associates

Bond credit ratings



Investment result by business activity

(in CHF million)	Non-life		Life		Other activities ¹⁾		Total		
	HY 2017	HY 2018	HY 2017	HY 2018	HY 2017	HY 2018	HY 2017	HY 2018	Δ18/17
Current income (net)	75	71	448	433	-3	2	521	506	-15
- Current income on Group investments	60	57	340	327	-3	2	397	385	-12
- Rental income	15	15	108	106	0	0	124	121	-3
Gains and losses on Group investments (net)	3	-4	53	4	23	0	78	0	-78
- Equities	9	4	23	0	61	-6	94	-3	-97
- Bonds	-42	14	-112	59	-7	4	-162	77	239
- Investment property	4	1	1	-2	0	0	5	-1	-6
- Mortgages	0	0	0	0	0	0	0	0	1
- Other	32	-23	141	-53	-31	3	142	-73	-215
Income from Group financial assets and investment property	78	67	501	436	20	2	599	506	-93
Investments with market risk for the policyholder	0	0	69	-42	0	0	69	-42	-110
Investment result	78	67	570	395	20	2	668	464	-203
Direct yield²⁾	1.1%	0.9%	1.1%	1.1%			1.1%	1.0%	
Performance	2.0%	-0.1%	1.0%	-0.1%			1.0%	-0.1%	

¹⁾ Incl. elimination of intra-Group interest and dividend income

²⁾ The revaluation of bonds due to the 2014 acquisitions had an impact on the yield of -3 bp (not annualised) and -5 bp (annualised), respectively, in HY 2018 and of -3 bp (not annualised) and -7 bp (annualised), respectively, in HY 2017

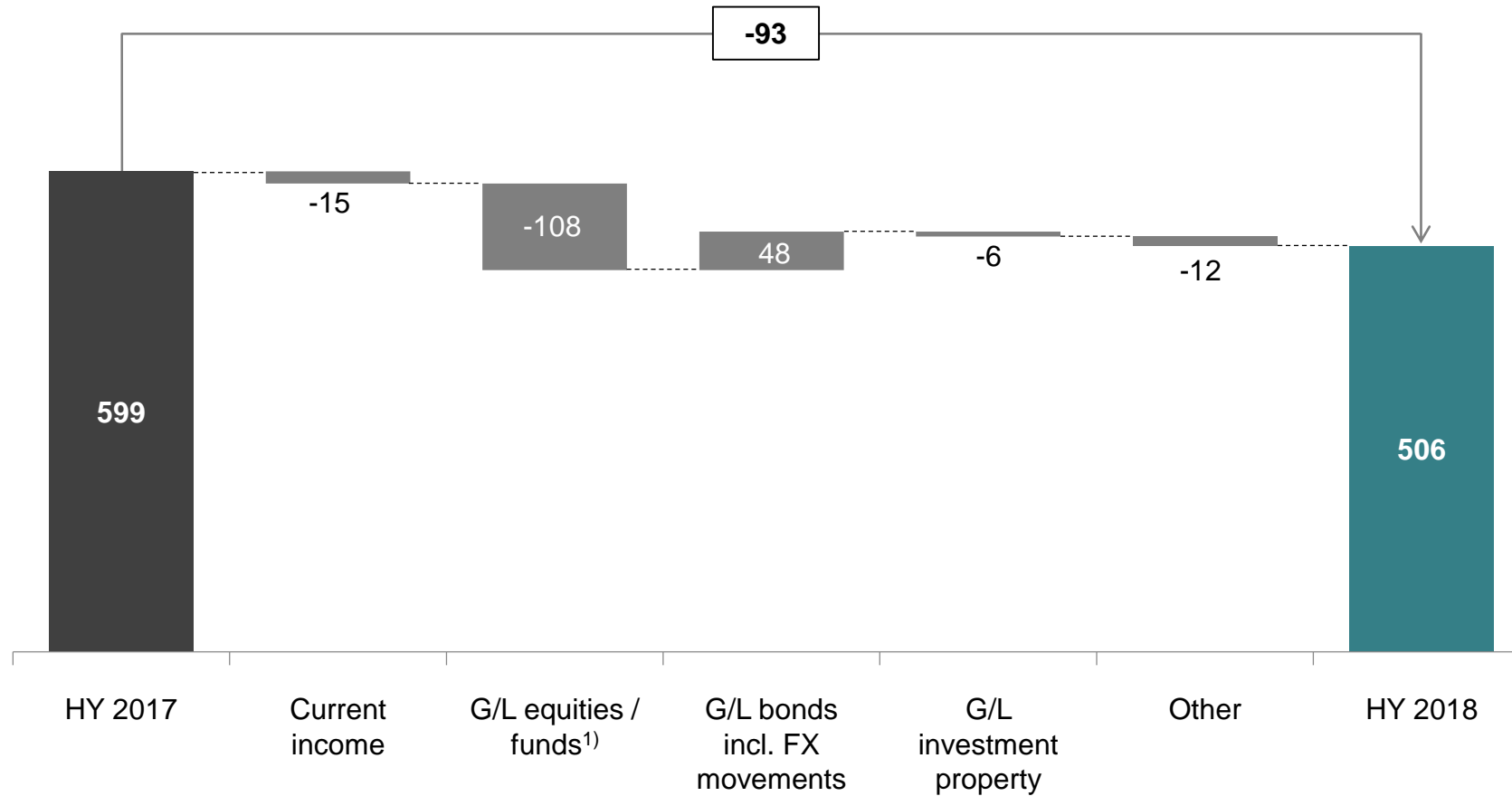
Direct yield and performance

(in CHF million)	Current income	Direct yield ¹⁾	G/L	Investment result	Yield	Unrealised G/L	Total	Yield
Equities	50	1.9%	-3	47	1.8%	-59	-12	-0.5%
Life	22	2.5%	0	21	2.4%	-41	-20	-2.2%
Non-life	7	2.1%	4	11	3.2%	-17	-7	-1.9%
Other	21	1.5%	-6	15	1.1%	0	15	1.1%
Bonds	273	0.9%	77	350	1.2%	-486	-136	-0.4%
Life	230	0.9%	59	289	1.2%	-418	-129	-0.5%
Non-life	38	0.8%	14	52	1.1%	-59	-6	-0.1%
Other	5	1.0%	4	9	1.8%	-9	0	-0.1%
Investment property	121	1.7%	-1	119	1.7%	0	119	1.7%
Life	106	1.7%	-2	103	1.7%	0	103	1.7%
Non-life	15	1.7%	1	16	1.8%	0	16	1.8%
Other	0	1.9%	0	0	1.9%	0	0	1.9%
Mortgages	43	0.8%	0	44	0.8%	0	44	0.8%
Life	42	0.8%	0	42	0.8%	0	42	0.8%
Non-life	2	0.8%	0	2	0.8%	0	2	0.8%
Other	19		-73	-54		-4	-58	
Total	506	1.0%	0	506	1.0%	-549	-43	-0.1%

¹⁾ In HY 2018 the revaluation of bonds due to the 2014 acquisitions had an impact of -3 bp (not annualised) and -5 bp (annualised), respectively, on the yield

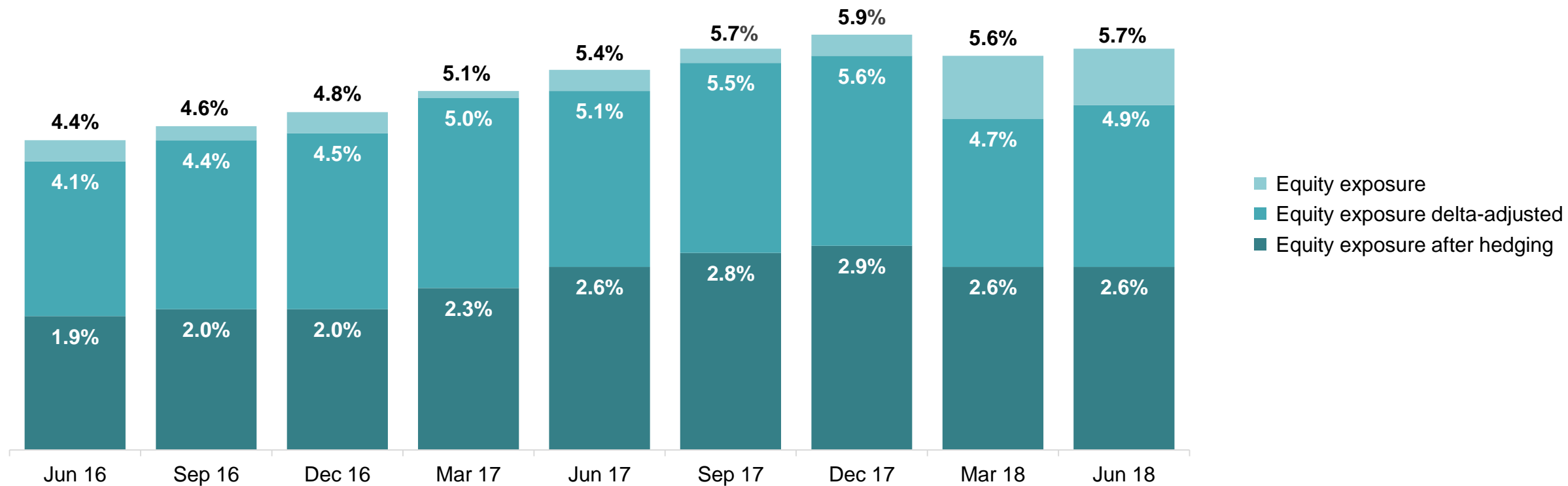
Group investment result compared to HY 2017

(in CHF million)



¹⁾ Also includes alternative investments and equity derivatives

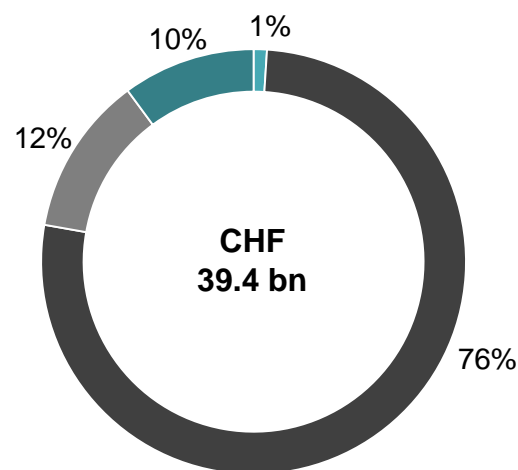
Equity exposure¹⁾



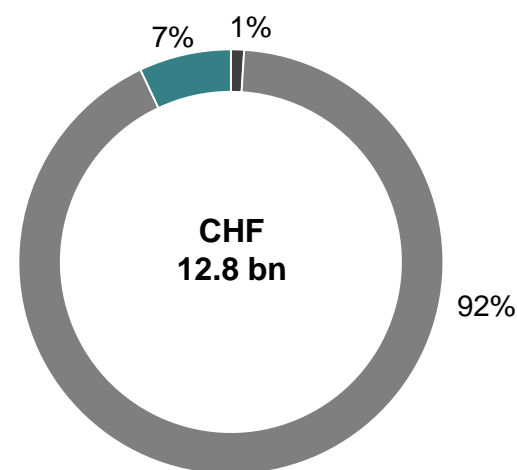
¹⁾ Incl. Group equity funds

Investments in original currency

Switzerland



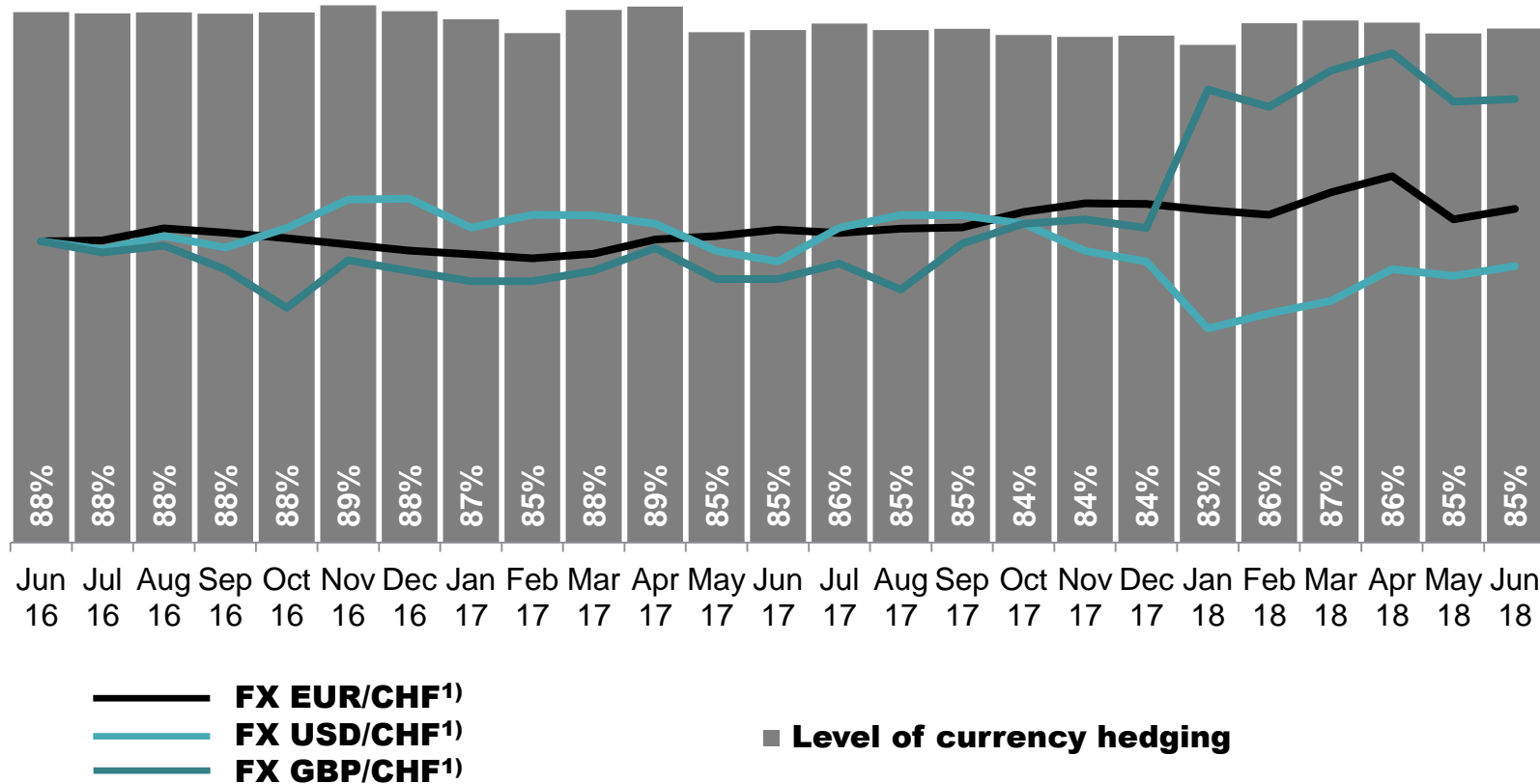
Europe



- CHF
- EUR
- USD
- Other

(in CHF billion)	Bonds	Equities	Funds	Other
CHF	14.9 48%	1.1 42%	0.7 19%	13.3 89%
EUR	11.9 38%	0.6 25%	2.7 71%	1.3 9%
USD	3.8 12%	0.7 25%	0.3 8%	0.3 2%
Other	0.3 1%	0.2 7%	0.1 2%	0.0 0%

Currency hedges vs. currency trends



- In general, Helvetia places investments in foreign currencies for congruent coverage of liabilities in foreign currencies and the purposes of diversification; currency risk is systematically hedged
- Exposure to foreign currencies amounts to CHF 9 billion before hedges as of HY 2018; new investments in CHF bonds unattractive due to negative returns; USD Treasury bonds currently unattractive due to higher FX hedging costs
- Increased EUR corporate investments with rolling currency hedges

¹⁾ Indexed as of 30/06/2016

Bond investments

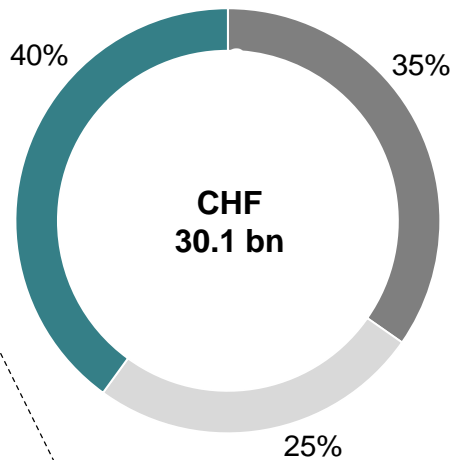
Sector and rating class allocation

(as of 30/06/2018)

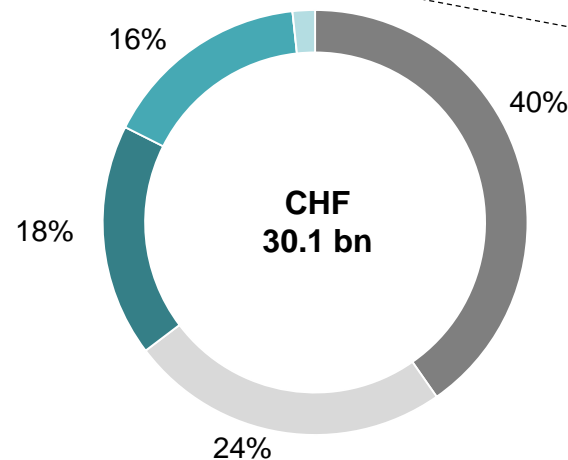
Total CHF 52.2 bn



Bonds



- Financials
- Corporates
- States & supranationals¹⁾



- AAA
- AA
- A
- BBB
- < BBB (0%)
- Not rated (2%)

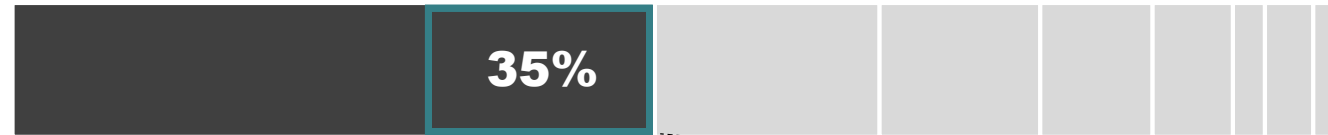
¹⁾ Supranational entities such as the European Union; predominantly supranational financial institutions like the European Investment Bank or the Nordic Investment Bank

Bond investments – financial bonds

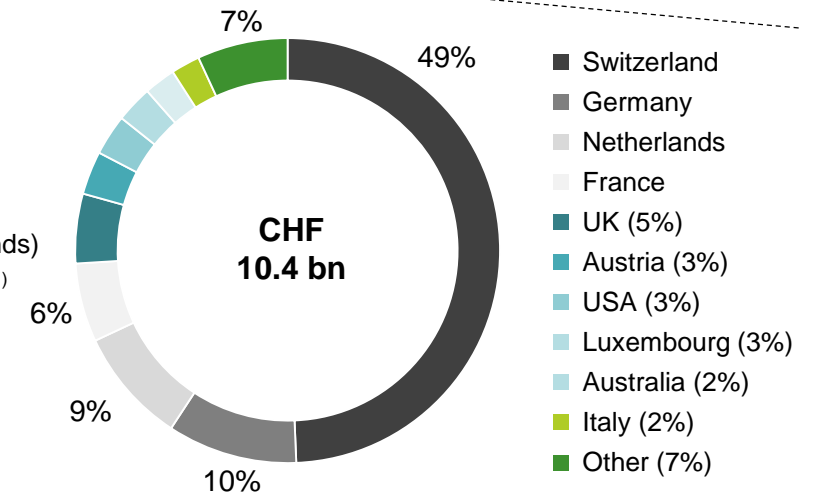
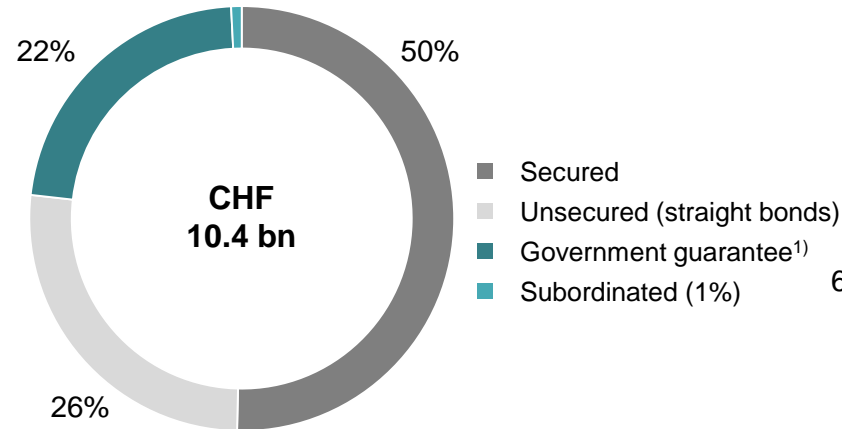
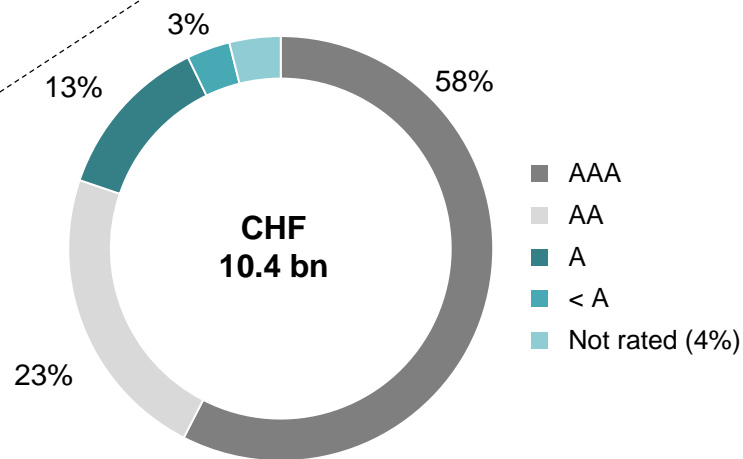
Risk profile and country allocation

(as of 30/06/2018)

Total CHF 52.2 bn



Financial bonds



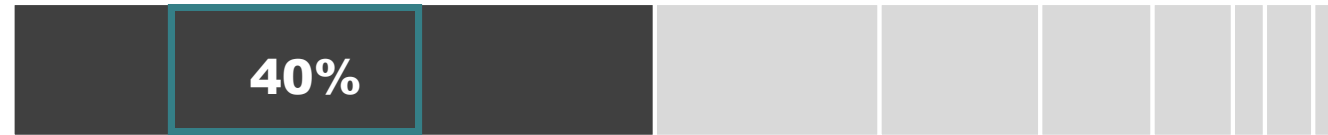
¹⁾ Guaranteed by a state or other public entity; issued, for example, by a cantonal bank or public authority

Bond investments – government bonds

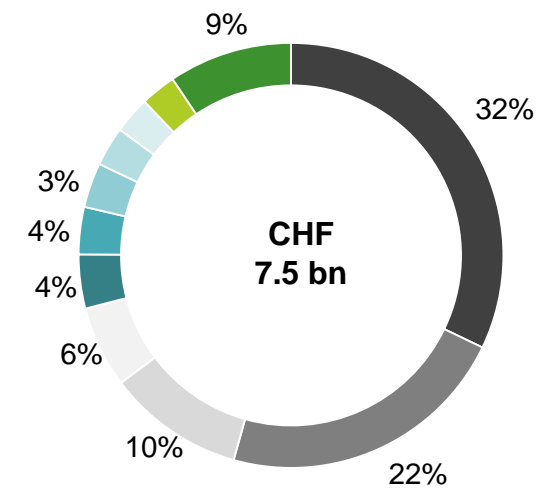
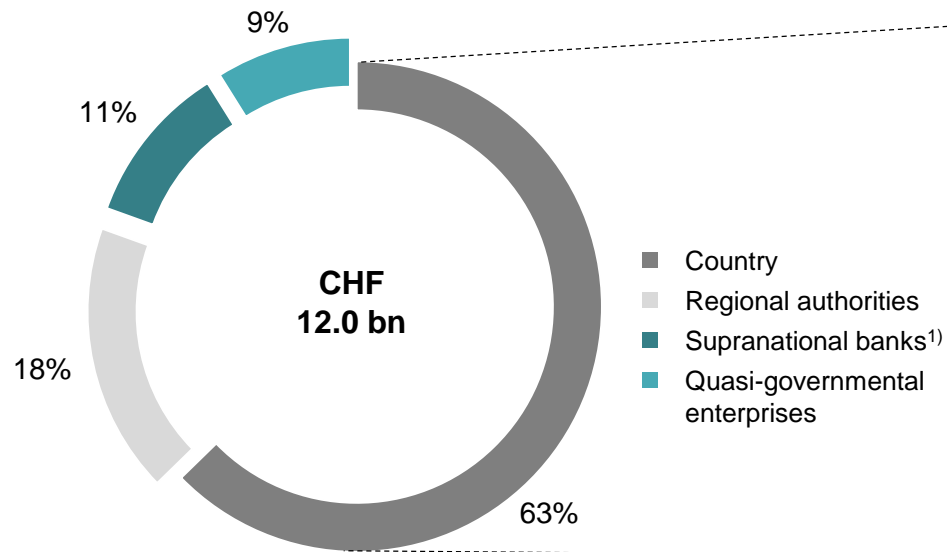
Entity and country allocation

(as of 30/06/2018)

Total CHF 52.2 bn



Government & supranational bonds



- Switzerland (AAA)
- Italy (BBB)
- USA (AAA)
- European Union (AAA)
- Germany (AAA)
- Netherlands (AAA)
- Finland (AA+)
- Austria (AA+) (3%)
- Belgium (AA) (3%)
- Slovakia (A+) (3%)
- Other

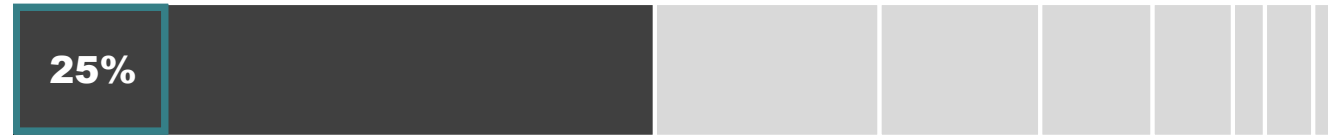
¹⁾ Supranational financial institutions such as the European Investment Bank or the Nordic Investment Bank

Bond investments – corporate bonds

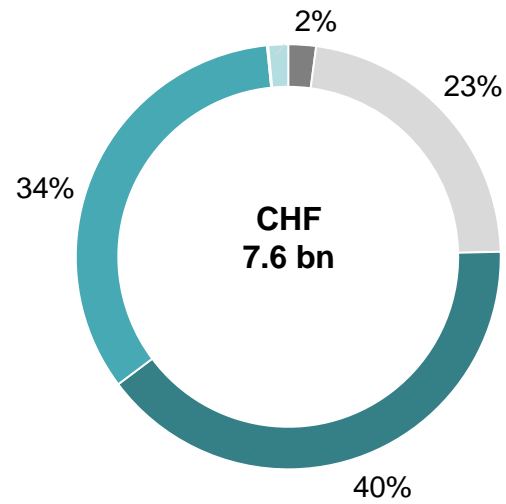
Rating class, country and sector allocation

(as of 30/06/2018)

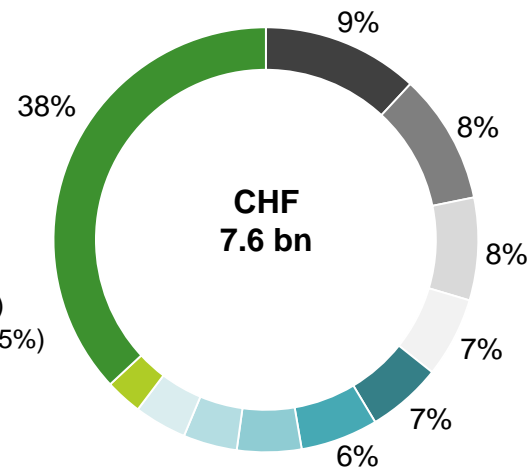
Total CHF 52.2 bn



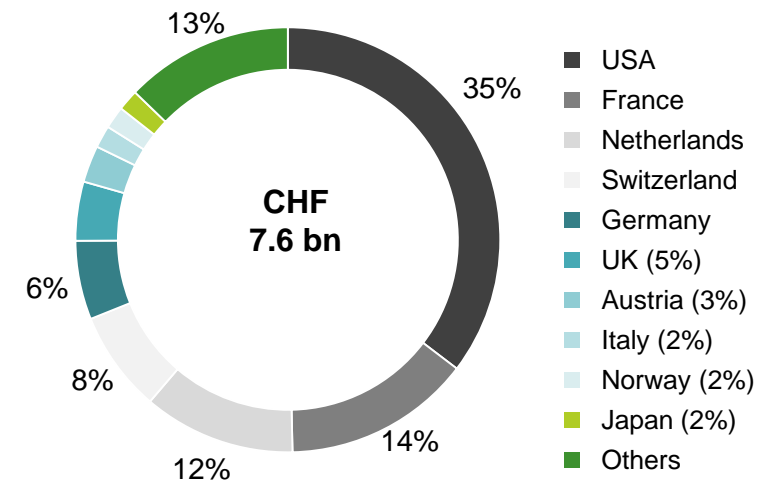
Corporate bonds



- AAA
- AA
- A
- BBB
- <BBB (0.1%)
- Not rated (1.5%)



- Oil & gas
- Pharmaceuticals
- Transportation
- Commercial Services
- Electric
- Telecommunications
- Chemicals
- Food (5%)
- Beverages (4%)
- Auto Manufacturers (3%)
- Others



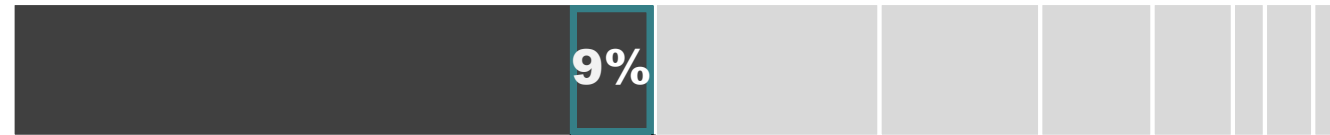
- USA
- France
- Netherlands
- Switzerland
- Germany
- UK (5%)
- Austria (3%)
- Italy (2%)
- Norway (2%)
- Japan (2%)
- Others

Bond investments – credit rating BBB

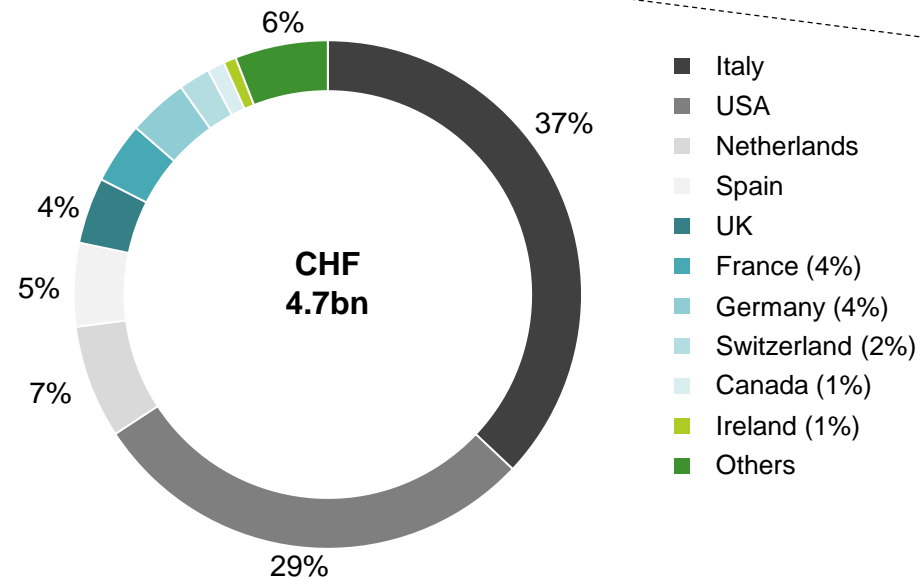
Country allocation

(as of 30/06/2018)

Total CHF 52.2 bn



Bonds rating BBB



Investment property

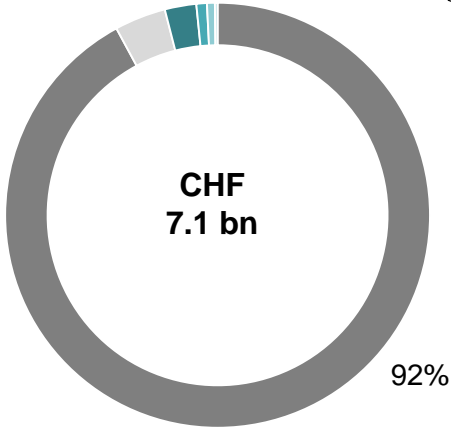
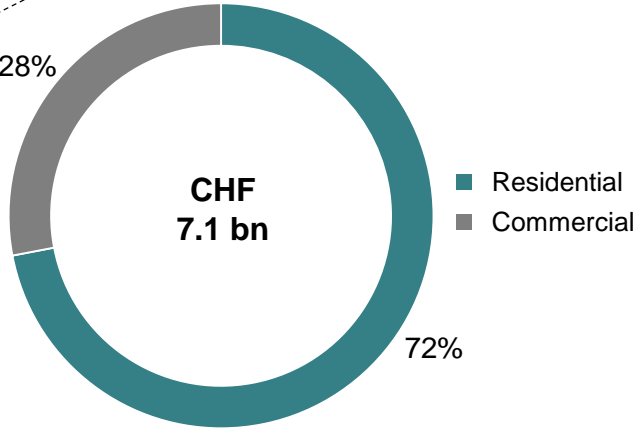
Allocation by use and country

(as of 30/06/2018)

Total CHF 52.2 bn

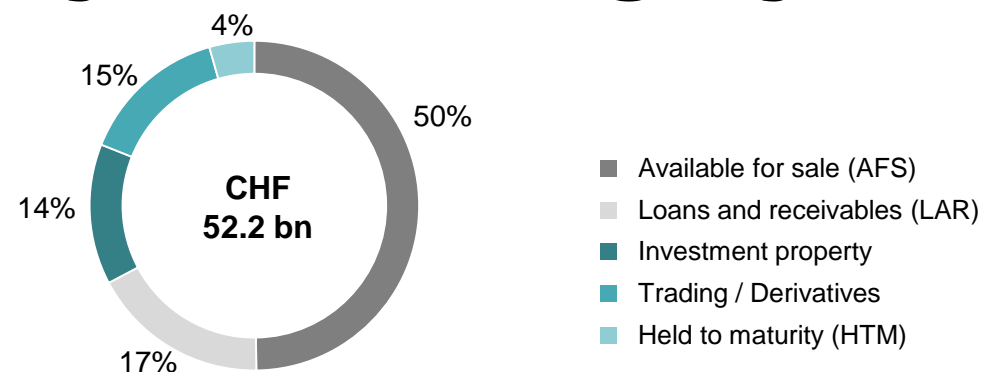


Investment property



- Switzerland
- Austria (4%)
- Germany (2%)
- Spain (1%)
- Italy (1%)
- France (0%)

Investment portfolio by IFRS category



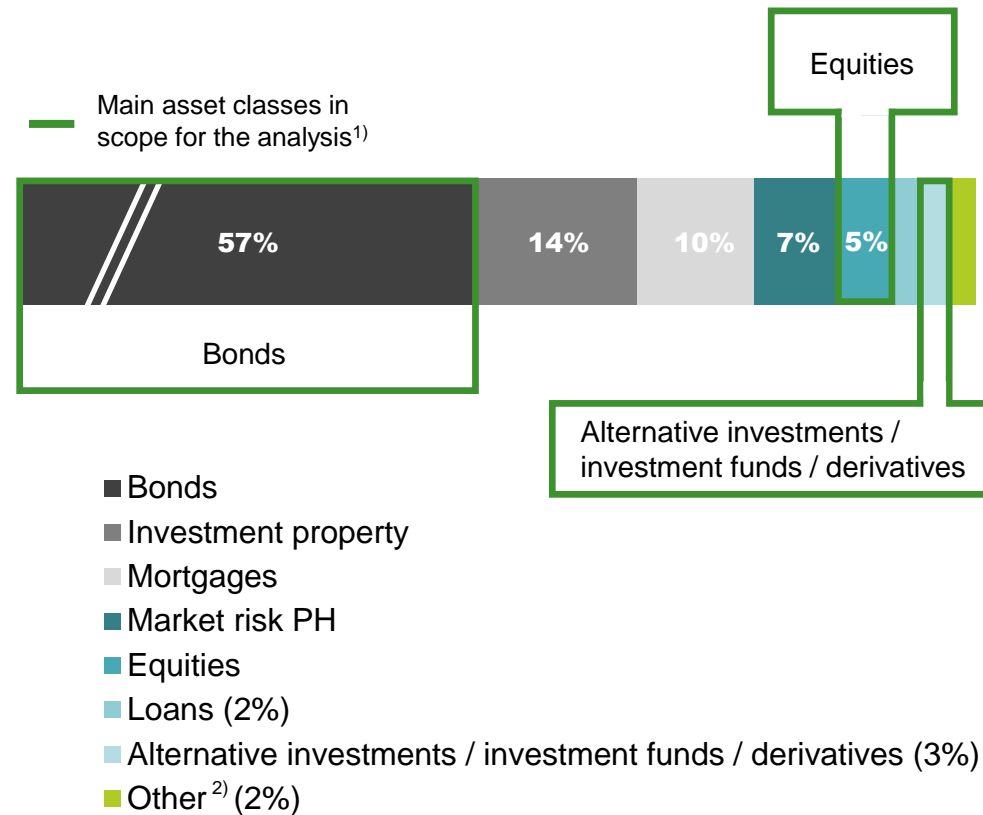
(in CHF million)	31/12/2017							30/06/2018						
	Trading / Hedge Acc. ¹⁾	AFS	HTM	LAR	Associates	Investment property	Total	Trading / Hedge Acc. ¹⁾	AFS	HTM	LAR	Associates	Investment property	Total
Shares	1,432	1,184					2,616	1,403	1,144					2,547
Investment funds	858	291					1,149	885	312					1,196
Alternative investments	143	2					145	304	2					306
Derivative financial instruments	103						103	122						122
Interest-bearing securities	1,185	24,762	2,437	2,061			30,445	1,230	24,495	2,326	1,935			29,986
Loans				1,151			1,151				1,117			1,117
Mortgages				5,159			5,159				5,230			5,230
Money market instruments				789			789				849			849
Investment property						7,074	7,074						7,157	7,157
Associates					26		26					25		25
Total	3,721	26,239	2,437	9,159	26	7,074	48,655	3,942	25,953	2,326	9,131	25	7,157	48,535

¹⁾ Excl. investments with market risk for the policyholder

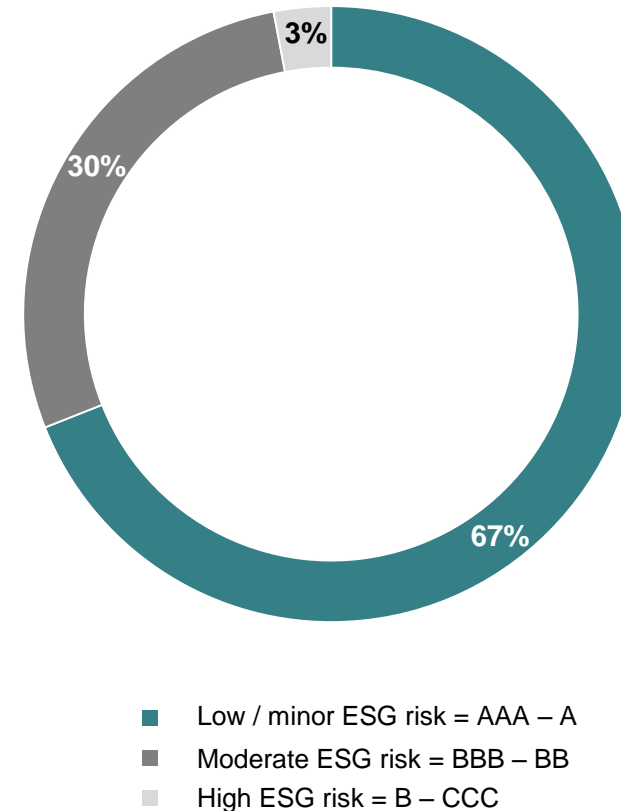
Sustainable investments: MSCI ESG risk profile

Investment portfolio

CHF 52.2 bn as of 30/06/2018



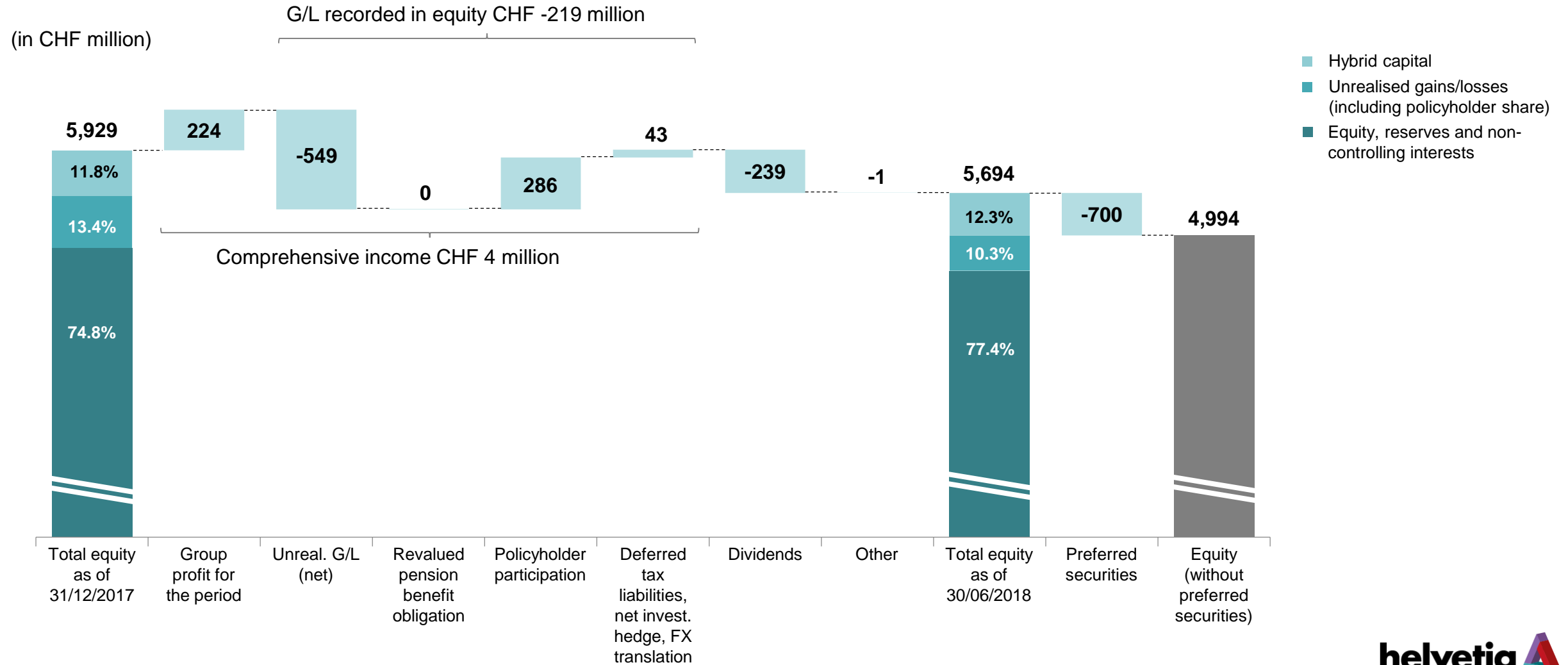
ESG risk profile: A rating



¹⁾ The analysis covered a multi-dimensional sustainability risk assessment on security level for all financial holdings for which an ESG rating from MSCI is provided (57% of total assets)

²⁾ Money market instruments and investments in associates

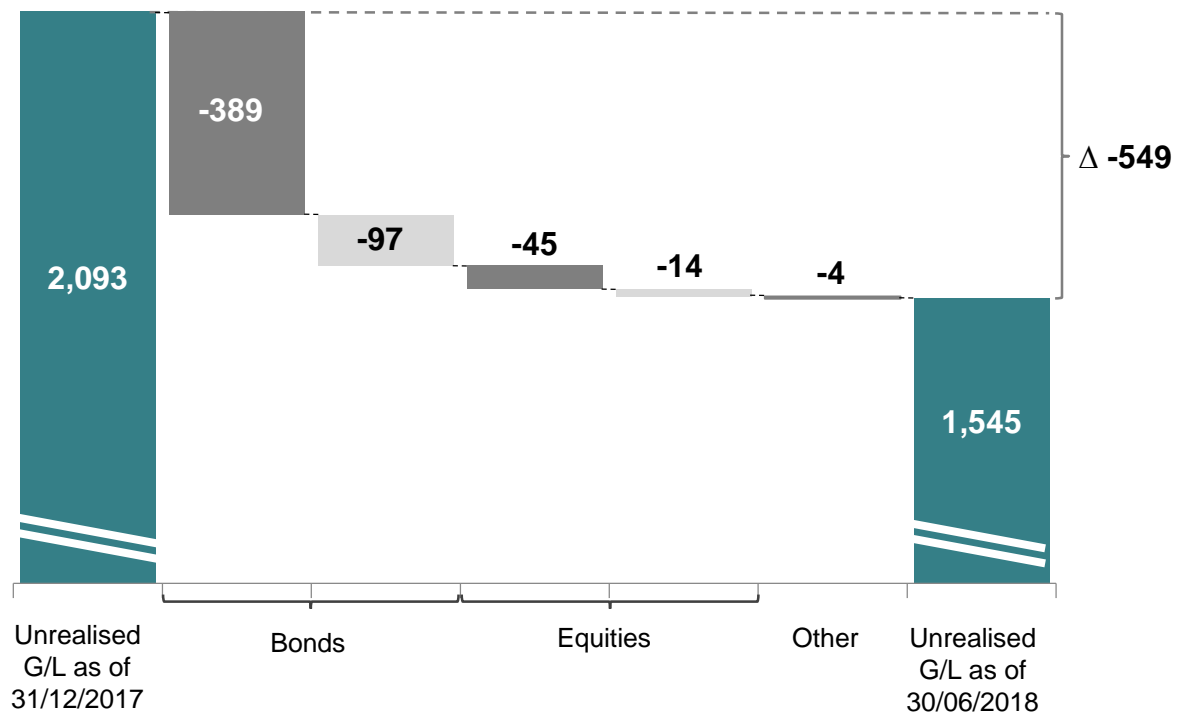
Equity / comprehensive income



Changes in unrealised gains/losses

(in CHF million)

- Changes in market value
- Gains/losses transferred to the income statement



Unrealised G/L on assets

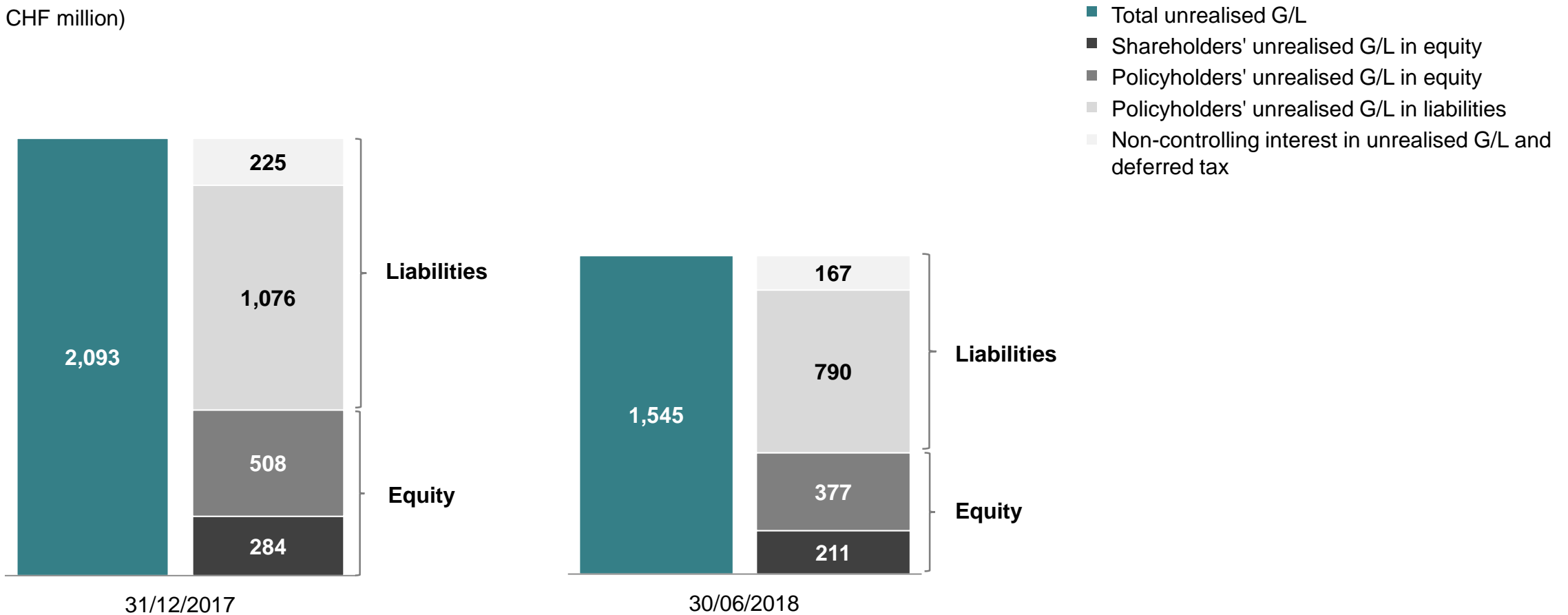
	FY 2017	HY 2018	Δ
Equities	412	354	-59
Bonds	1,618	1,132	-486
Other	63	59	-4
Total	2,093	1,545	-549

Non-life	172
Life	42
Other	-3
Available to shareholders	211
Policyholders, non-controlling interests, deferred tax	1,334
Total	1,545

Unrealised gains/losses

Breakdown between shareholders and policyholders

(in CHF million)



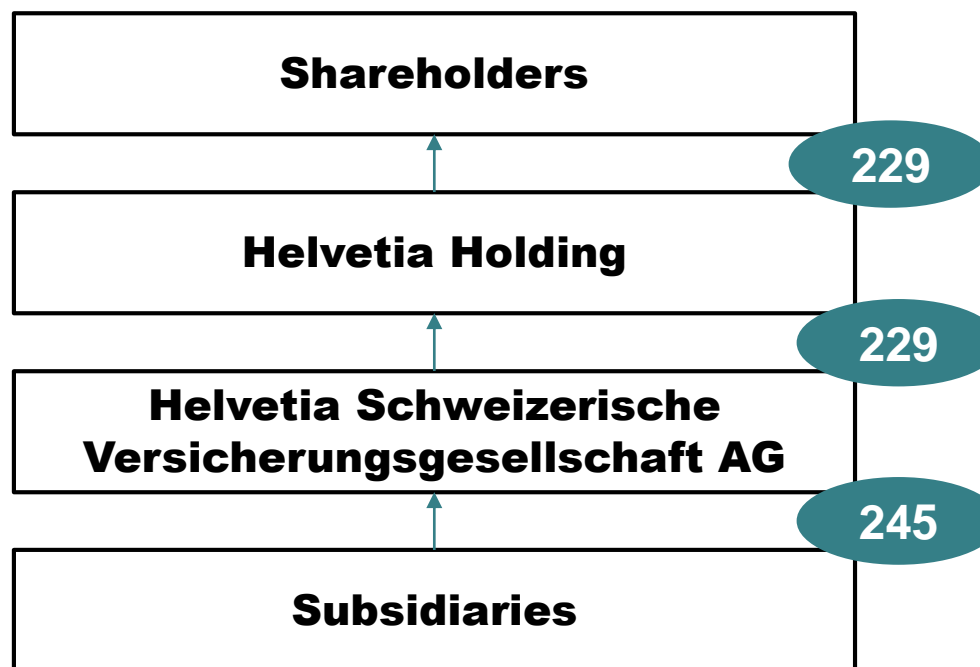
Pay-out ratio and cash remittances

Pay-out ratio by segment and business activity

(in % of IFRS earnings)	2016	2017
Group	58%	59%
Switzerland	52%	51%
Europe	78%	56%
Specialty Markets	65%	72%
Non-life	62%	60%
Life	53%	42%

Cash remittances 2017

(in CHF million)



Capitalisation: SST ratio

(in CHF million; as of 1 January)	2017	2018	Δ 18/17
Risk-bearing capital	6,317	7,863	1,546
Target capital	4,178	4,174	-4
Risk margin	871	876	5
Risk-bearing capital – risk margin	5,446	6,987	1,541
Target capital – risk margin	3,307	3,298	-9
SST ratio	165%	212%	47% pts

- ↗ Greatly improved SST ratio driven by the increase of risk-bearing capital
- ← Stable target capital (compensating effects)
- ↗ Favorable developments on the capital markets which were characterised by rising stock prices, higher risk-free interest rates and lower credit spreads
- ↗ New hybrid bond (EUR 500 million) issued in spring 2017 contributed to a strongly improved capitalisation
- ↗ Positive impact of successful business performance moderated by expected dividend distribution for financial year 2017
- ↗ Positive impact from FINMA-driven model and parameter adjustments

↗ = positive effect on SST ratio

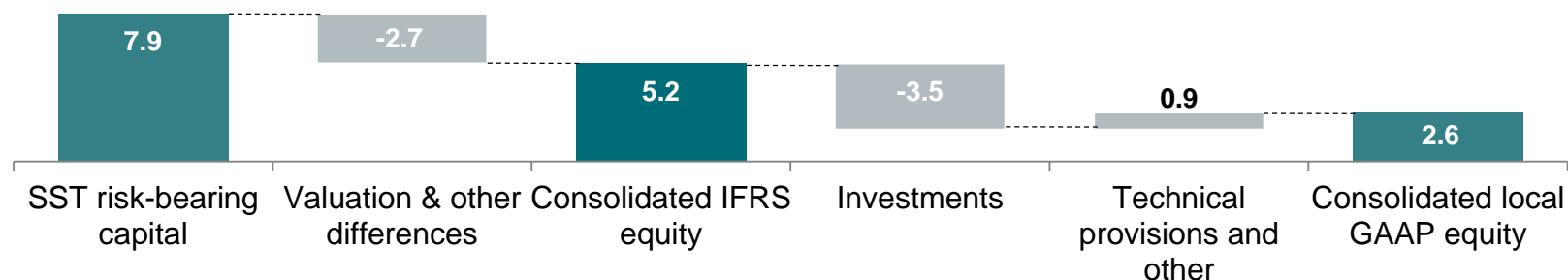
← = neutral effect on SST ratio

↘ = negative effect on SST ratio

Equity walk: SST to IFRS to statutory equity

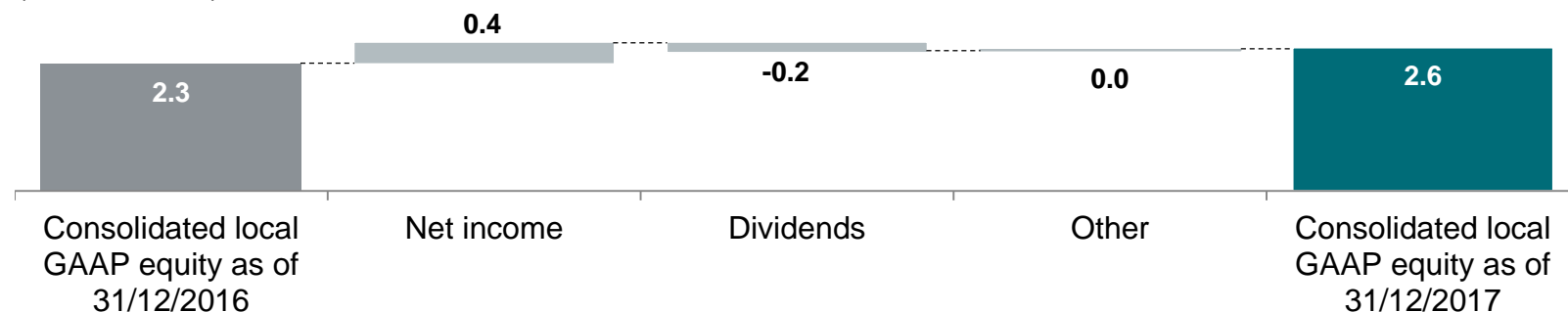
Reconciliation SST to IFRS to statutory equity

(as of 01/01/2018; in CHF billion)



Reconciliation opening to closing statutory equity

(in CHF billion)

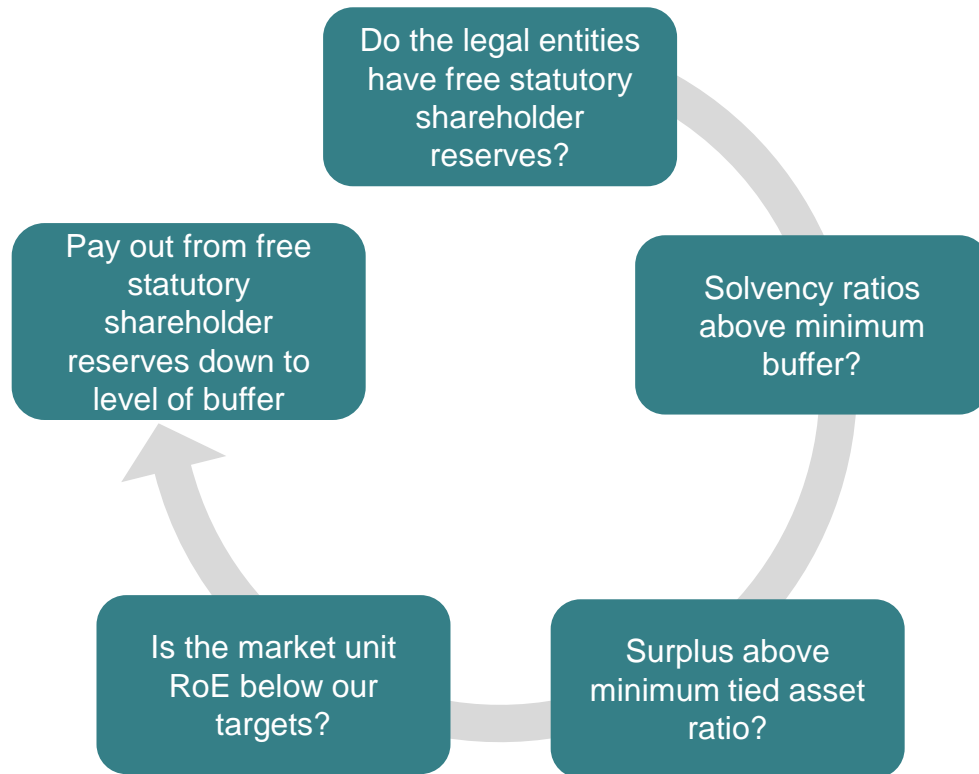


- Local GAAP equity amounts to 50% of IFRS equity
- Investment valuation differences – i.e. unrealised gains and losses, which are not payable as dividends – reflect around 67% of IFRS equity
- "Technical provisions and other" includes consolidation effects and valuation differences in technical reserves and non-technical items such as deferred taxes; hybrids, which are accounted as equity under IFRS and booked as debt under local GAAP, have not flown into calculation
- Local GAAP equity is net of participations (NB: basis is a simplified, unaudited consolidation!)
- Local GAAP pay-out ratio: 58%¹⁾

¹⁾ Approximate as fully consolidated net income is available on IFRS level only

Helvetia capital management approach (1/2)

Managing capital generation

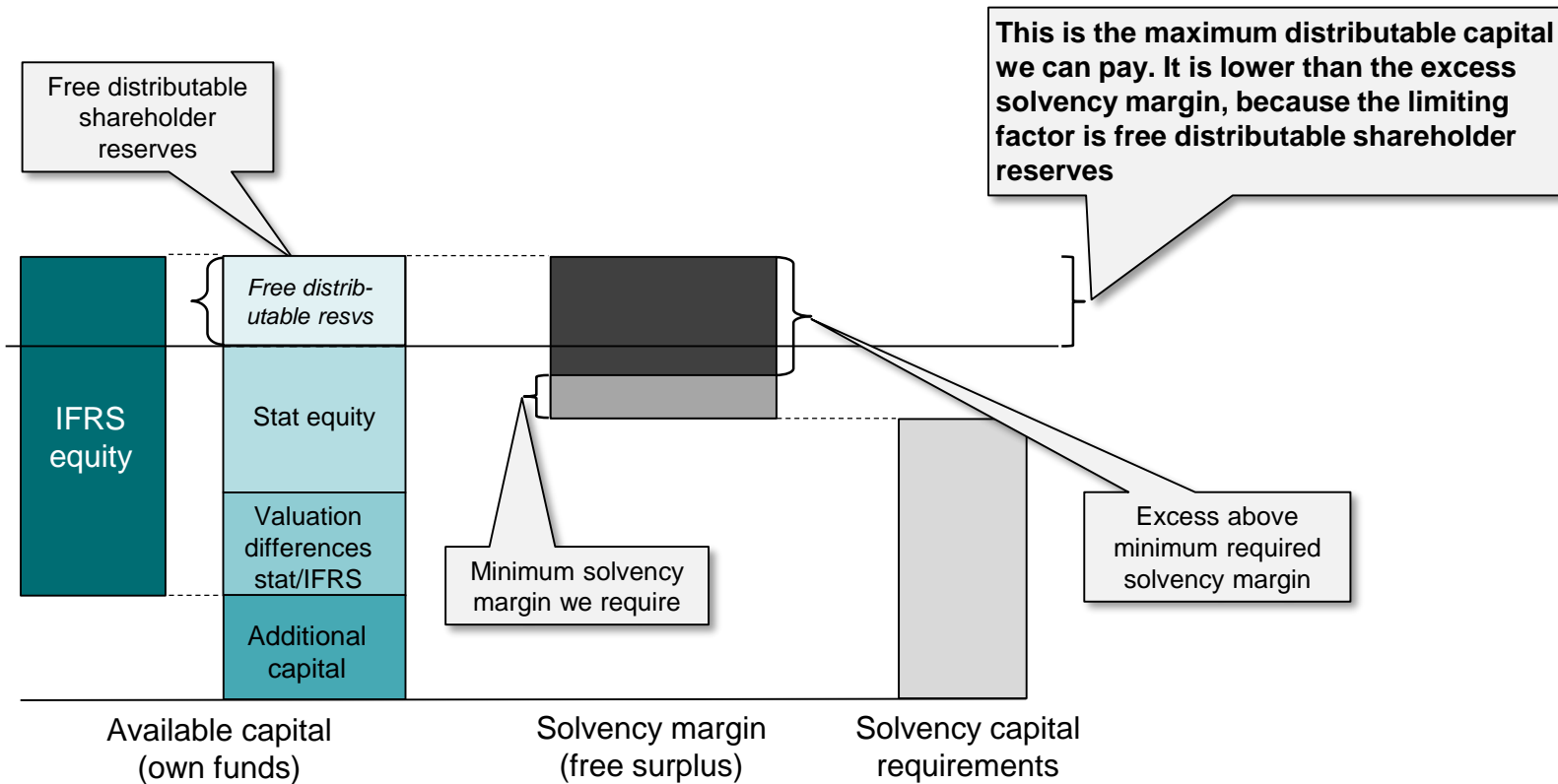


- To pay out dividends, we need the following conditions:
 - Free statutory shareholder reserves that can be dividended out
 - Surplus above our minimum solvency ratio targets including buffers
 - Surplus above minimum tied asset ratio
 - Tax and regulatory hurdles also have to be cleared
- NB dividends are payable by legal entities, not by individual market units or segments¹⁾

¹⁾ Market unit = e.g. Switzerland or Germany; legal entity = company (or branch, where regulated) such as Helvetia Swiss Insurance Company; a market unit may be made up of several legal entities

Helvetia capital management approach (2/2)

What determines dividend payments



- Capital distributable to shareholders is determined predominantly by the free shareholders' reserves within statutory equity, calculated on a legal entity by legal entity basis. This depends on local accounting rules, laws, regulations and regulatory practice
- Another limiting factor is the minimum required solvency margin both at legal entity and group level
- Helvetia includes additional buffers to address volatility and uncertainty

Durations

	Modified duration ¹⁾	Share in %
Bonds (booked in life)	8.3	84.3
Bonds (booked in non-life)	5.4	15.3
Other interest rate instruments and loans	3.0	0.4
Total interest rate instruments and loans	7.8	100.0
Liabilities life and non-life	7.8	100.0

- Duration gap of 0.0²⁾
(before consideration of real estate as additionally matching asset class which covers the volume gap of interest rate instruments and loans to liabilities)

¹⁾ Based on the current SST model

²⁾ The duration gap represents the exposure of risk-bearing capital to interest rate changes

Solvency and risk sensitivities

Group solvency (as of 31/12/2017)

Sensitivities of solvency	Equities -10%	Interest rates -50 bp	Credit spreads ¹⁾ +50 bp
SST	-6% pts	-5% pts	-19% pts

Risk sensitivities²⁾ (as of 30/06/2018; in CHF million)

Interest rate risk sensitivities	Interest rate level +10 bp	Interest rate level -10 bp
Income statement	1.3	-2.7
Equity	-80.7	81.8

Equity price risk sensitivities	Equity price +10%	Equity price -10%
Income statement	97.4	-86.2

Foreign exchange risk sensitivities	EUR / CHF		USD / CHF		GBP / CHF	
	+2%	-2%	+2%	-2%	+2%	-2%
Income statement	-2.5	2.6	-2.4	2.4	-1.3	1.3

¹⁾ The spread-sensitive investments are defined as interest-bearing investments with the exception of "AAA"-rated government bonds, bonds issued by multilateral development banks, mortgages, policy loans and mortgage backed bonds. For more information on Solvency and related sensitivities please refer to the financial condition report of Helvetia Group.

²⁾ Net of PHP and tax

Italian credit spreads sensitivities

Spread risk sensitivity²⁾ (as of 31/12/2017; in CHF million)	31/12/2017	Credit Spreads¹⁾ +50 bp	Credit spreads Italian Treasury bonds +200 bp
IFRS equity	5,229	-200	-45

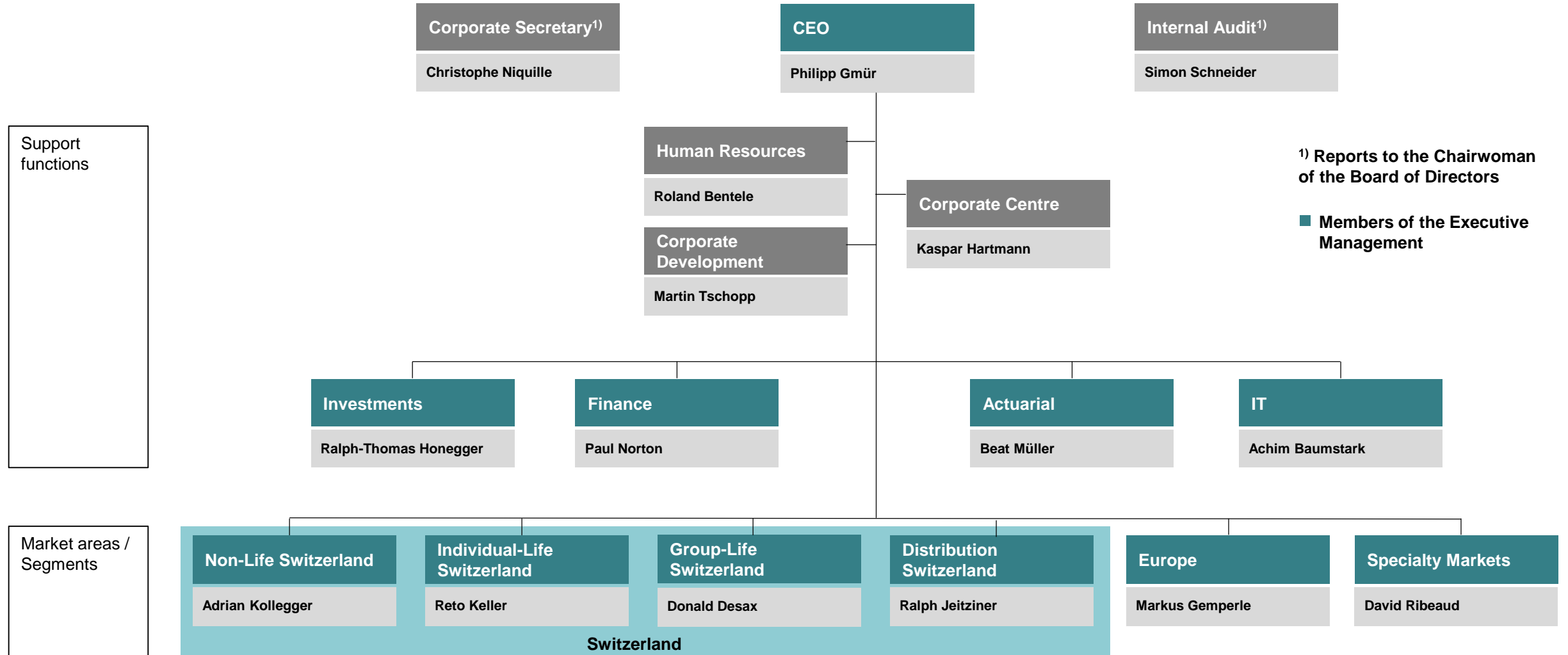
Group solvency (as of 31/12/2017)	31/12/2017	Credit spreads¹⁾ +50 bp	Credit spreads Italian Treasury bonds +200 bp
Swiss Solvency Test (SST)	212%	-19% pts	-4% pts

Local solvency (Helvetia Vita) (as of 31/12/2017)	31/12/2017	Credit spreads¹⁾ +50 bp	Credit spreads Italian Treasury bonds +200 bp
Solvency II	150%	-28% pts	-52% pts

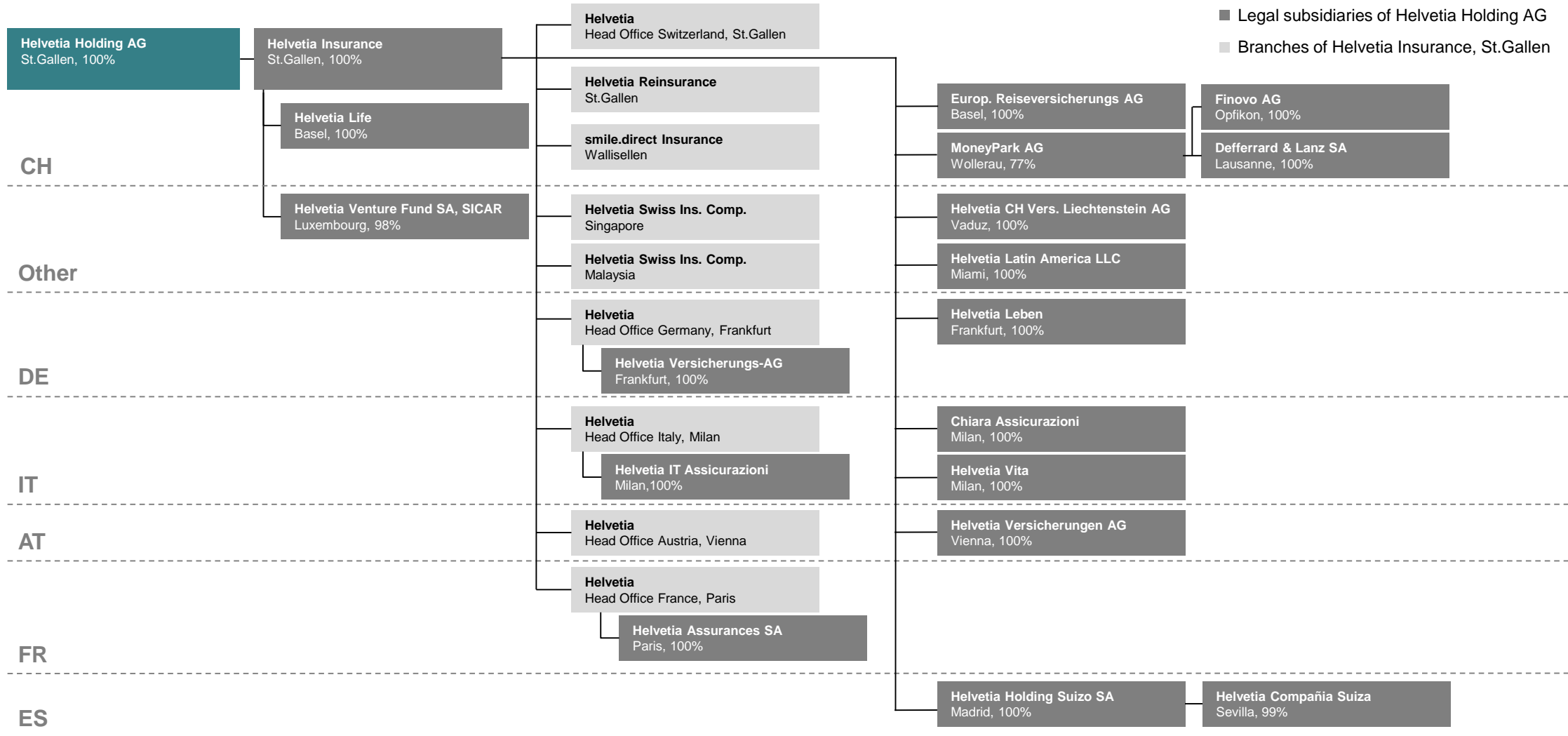
¹⁾ The spread-sensitive investments are defined as interest-bearing investments with the exception of "AAA"-rated government bonds, bonds issued by multilateral development banks, mortgages, policy loans and mortgage backed bonds. Solvency II sensitivities do not consider the volatility adjustment. For more information on solvency and related sensitivities please refer to the financial condition report of Helvetia Group.

²⁾ Net of PHP and tax

Executive Management as of 30 June 2018



Group structure as of 30 June 2018¹⁾



¹⁾ Chart depicts the main entities of Helvetia Group only

Abbreviations and glossary

Acc.	Accounting	LAR	Loans and receivables
AFS	Available for sale	M&A	Mergers & acquisitions
AHV	Old-age and survivor's insurance	MSCI	Morgan Stanley Capital International
ARI	Active reinsurance	NatCat	Natural catastrophe
bp	Basis point(s)	NBM	New business margin
BVG	Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans	n.a.	not available
CH	Switzerland	NB	nota bene
CHF	Swiss franc	NL	Non-life
CR	Net combined ratio	OC	Original currency
ESG	Environmental, social and governance	PH	Policyholder(s)
EU	Europe	PHP	Policyholder participation
EUR	Euro	PVNBP	Present value of new business premiums
FCC	Frictional cost of capital	R/I	Reinsurance
FX	Foreign exchange	RoE	Return on equity
FY	Full-year	SpL	Specialty Lines
G/L	Gains/Losses	SpM	Specialty Markets
GAAP	Generally Accepted Accounting Principles	SST	Swiss Solvency Test
GBP	British pound	TEV	Traditional embedded value
HTM	Held to maturity	ULAE	Unallocated loss adjustment expenses
IFRS	International Financial Reporting Standards	USD	U.S. dollar
		VNB	Value of new business

Other activities: includes corporate functions, centrally managed investments (funds), Group Reinsurance and service companies

Corporate: includes group activities, financing companies, Group Reinsurance and Helvetia Holding AG

Specialty Markets: includes Engineering, Marine, Art and Active Reinsurance

Specialty Lines CH/Int.: includes Engineering, Marine and Art

Additional documents

- [Infokit half-year results 2018](#)
- [Equity story / Fact sheet](#)
- [Corporate story / Strategy *helvetia 20.20*](#)
- [Financial calendar](#)

Calendar and contact

Important dates

- 06/03/2019 Publication of financial results 2018
- 03/05/2019 Ordinary Shareholders' Meeting 2019
- 29/08/2019 Publication of half-year results 2019

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