interim report 2019

helvetia.ch

Pleasing growth. Good portfolio quality. Solid results.

simple. clear. helvetia

Your Swiss Insurer

in CHF million	30.6.2019	30.6.2018
Business volume		
Gross premiums life	3002.7	3006.7
Deposits received life	93.3	85.9
Gross premiums non-life	2578.6	2485.0
Active reinsurance	291.1	255.2
Business volume	5965.7	5832.8

Key performance figures		
Result life	108.9	78.0
Result non-life	198.6	146.8
Result other activities	–17.8	–0.9
Group profit for the period after tax	289.7	223.9
Investment result	969.3	464.9
of which investment result from Group financial assets and investment property	655.8	506.0

Key balance sheet figures		
Consolidated equity (without preferred securities)	5565.6	4994.4
Provisions for insurance and investment contracts (net)	46552.0	45371.2
Investments	53936.2	52234.5
of which Group financial assets and investment property	49964.6	48509.4

Ratios		
Return on equity annualised[1]	10.3%	8.3%
Combined ratio (gross)	90.0%	90.2%
Combined ratio (net)	92.5%	92.7%
New business margin	3.1%	1.4%
Direct yield annualised	2.1%	2.1%
Investment performance	4.2%	–0.1%

Key share data Helvetia Holding AG[2]		
Group profit for the period per share in CHF	5.6	4.3
Consolidated equity per share in CHF	112.5	101.0
Price of Helvetia registered shares at the reporting date in CHF	122.5	113.3
Market capitalisation at the reporting date in CHF million	6091.4	5633.9
Number of shares issued	49725685	49725685

[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).

[2] Retroactive adjustment of figures due to share split at a ratio of 1:5 as at 13 May 2019

Contents

BUSINESS VOLUME

5,966 million

+ 3.3 % (in OC)

In the first half of 2019, Helvetia generated business volumes at Group level of CHF 5,965.7 million, which corresponds to pleasing year-on-year growth of 3.3 % in currency-adjusted terms. At 6.4 %, the main growth driver was the non-life business, which grew, in particular, in the property insurance business in all three segments, in engineering and in Active reinsurance. However, the strong increase recorded for capital-efficient investment-linked insurance products in the individual life business in Switzerland and Germany as well as the growth in the Swiss group life business also contributed to this good growth. The new business with capital-efficient insurance solutions (Swisscanto and BVG Invest) performed especially positively here.

NET COMBINED RATIO

92.5 %

The net combined ratio improved relative to the previous year and is at a very good level. Compared to the first half of 2018, the claims ratio fell by 0.6 percentage points. In addition to a lower burden from large losses from natural catastrophes, the attritional claims development also made a positive contribution. This reflects the continued good quality of our portfolio.

FIRST HALF OF

2019

NEW BUSINESS MARGIN LIFE

3.1 %

+ 1.8 percentage points

The new business margin in the life business developed very well during the first half of 2019. Compared to the previous year, the new business margin increased by 1.8 percentage points. The reasons for this were model adjustments, especially in the Swiss group life business as well as a better product / business mix.

IFRS NET INCOME AFTER TAX

289.7 million

+ 29.4 %

This marked improvement in earnings compared to the prior-year period can be attributed to, among other factors, the strong investment results owing to the favourable performance of the stock markets in the first half of 2019. The technical performance – especially in the life business – as well as a one-off positive tax effect in the amount of CHF 63.3 million due to the reduction of deferred tax provisions driven by the federal tax reform also had a positive impact.

Doris Russi Schurter Chairwoman of the Board of Directors
Dr Philipp Gmür Chief Executive Officer

Ladies and Gentlemen

Helvetia can look back on a successful first half of 2019: The result improved significantly due to buoyant capital markets, strong technical results and a one-off positive tax effect. Premium growth is also pleasing, driven by the attractive non-life business. Regarding growth, we continue to value a high-quality customer portfolio.

The IFRS net income after tax amounted to CHF 289.7 million in the first half of 2019 and was thus considerably higher than the 2018 IFRS profit for the period of CHF 223.9 million. The good result was driven by strong investment results following the favourable development of the stock markets. The technical development – especially in the life business – also contributed to the profit increase. Finally, Helvetia benefited from a one-off positive tax effect of CHF 63.3 million. This is mainly due to the reduction of deferred tax provisions resulting from the federal tax reform and the associated cantonal tax reductions in Switzerland.

The business volume amounted to CHF 5,965.7 million (first half of 2018: CHF 5,832.8 million), which corresponds to a currency-adjusted increase of 3.3%. The non-life business was the main growth driver with an increase of 6.4% in original currency. Here, Helvetia was able to post gains, in particular, in the property insurance business. Growth in Europe and Specialty Markets was particularly pleasing, with premium growth in non-life of 5.9% and 17.5% year on year. In the life insurance business, Helvetia also posted a higher business volume compared to the previous year (+0.6% in original currency). A decline in traditional life insurance products was compensated for by increases in capital-efficient investment-linked insurance products in individual life in Switzerland and Germany. Growth was also observed for the group life business (+ 2.9 % in original currency). Worthy of special mention here is the growth in new business with capital-efficient insurance solutions in the Swiss business. Owing to the market withdrawal of a competitor from them the full-insurance model, it was possible to expand the volume for Swisscanto by almost 50 %.

The implementation of our *helvetia 20.20* strategy, with which we want to strengthen our core business, establish new business models and make targeted use of innovation, remains on track. The expansion of the B2B2C business model is an example of strengthening the core business. The B2B2C business contributes to the expansion of our distribution capacity. It enables customers to conclude insurance for their purchase directly at the point of sale, thus meeting the need to insure special products individually. We apply this approach, for example, to electrical equipment and electronics or vehicles. In that context, Helvetia acquired Helvetic Warranty GmbH as of 1 July. Helvetic Warranty acts as an interface between distribution partners and insurers and provides comprehensive services from the initial sale to the handling of claims. Moreover, Helvetic Warranty has considerable know-how in efficient claims settlement.

We are developing new business models in the mobile sector with Smile, the leading Swiss online insurer. Smile wants to offer customers a unique digital customer experience by being the first Swiss provider to offer "mobile first". At the start of July, Smile fully overhauled its brand presence and differentiated itself further from the traditional insurance market. The customer experience will be more data-driven in future, similar to the major online traders. Moreover, Smile will launch an app in September, which will act as a central interface for its own offer and via which customers can be offered additional services. Smile enables us to reach a growing and complementary customer segment that is used to flexible services offered directly via smartphone.

One way in which Helvetia accesses innovations is through holdings in start-ups through its proprietary venture fund, for example the current involvement in the Italian start-up MyPass. The company develops mobile apps to facilitate the purchase and management of tickets, parking cards, ski passes and the like. Helvetia has been working with MyPass since March 2019 and offers ski insurance through this platform. The plan is to market other insurance solutions, for example in the travel sector, via MyPass apps in future.

Our employees remain central to the implementation of the *helvetia 20.20* strategy. That does not just mean working on the further development of permanent staff but also includes training junior staff. Helvetia has about 200 young talents as of 2019, the majority (150) of whom are apprentices. We consider it very important to allow our junior staff the scope they need to realise their full potential. For example, they are responsible for the management and team organisation of a customer service centre. We are deliberately breaking with tradition through this service centre and emphasising our attractiveness as an employer.

The financial figures and examples of the strategy implementation process show that we can look back on the first half of 2019 with satisfaction. With our *helvetia 20.20* strategy, we add value for our customers, shareholders and employees as underlined by the latest initiatives originating from our junior staff. We would like to thank you most warmly for the trust that you place in us.

Yours sincerely,

Doris Russi Schurter
Chairwoman of the Board of Directors

Dr Philipp Gmür
Chief Executive Officer

Business performance

Helvetia Groups business performance

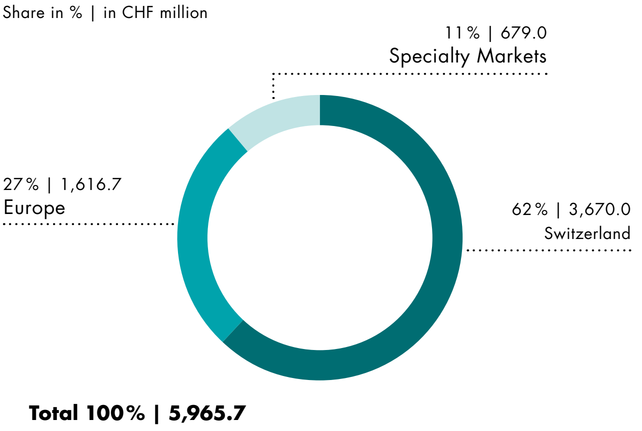
The most important details about the 2019 interim financial statements at a glance:

- Helvetia reported a successful business performance in the first half of 2019. The IFRS net income after tax increased by 29.4 % to CHF 289.7 million, while the business volume grew by 3.3 % in original currency to CHF 5,965.7 million.
- A considerably stronger investment performance, improved technical results, in particular in the life business, and a one-off positive tax effect were the main drivers of the strong results.
- The business volume growth was chiefly driven by the non-life business (+6.4 % in OC[1]) in Europe and Specialty Markets.
- In the life business, Helvetia recorded clear improvements for all technical earnings sources – the margin after costs increased by 42.8 %. New business also performed very positively and the new business margin increased to 3.1 %.
- In the non-life business, the outstanding and slightly improved combined ratio of 92.5 % underlines the continued good quality of the portfolio, with the Europe segment achieving a big improvement.

The details of business performance at Group level are as follows:
The **business volume** amounted to **CHF 5,965.7 million** (first half of 2018: In original currency, this was an increase of 3.3 %. Expressed in Swiss francs, the business volume increased by 2.3 % due to negative exchange rate effects. The non-life business was the main driver of growth with an increase of 6.4 % in OC. Here, Helvetia was able to post gains, in particular, in the property insurance business in all three segments, in the engineering business line and in Active reinsurance. In the life insurance business, Helvetia also posted a higher business volume compared to the previous year (+0.6 % in OC), notably

Business volume by segment in first half of 2019

Share in % | in CHF million



[1] In original currency

featuring increases for capital-efficient investment-linked insurance products in individual life in Switzerland and Germany. There was also growth in the group life business (+ 2.9 % in OC). Worthy of special mention here is the development of new business with capital-efficient insurance solutions (Swisscanto and BVG Invest) in the Swiss business.

The IFRS net income after tax amounted to **CHF 289.7 million** in the first half of 2019 and was thus considerably higher than the 2018 IFRS profit for the period of CHF 223.9 million. The good result was driven by strong investment results following the favourable development of the stock markets. The technical development – especially in the life business – also contributed to the profit increase. Finally, Helvetia benefited from a one-off positive tax effect of CHF 63.3 million. This was mainly due to the reduction of deferred tax provisions resulting from the federal tax reform and the associated cantonal tax reductions in Switzerland.

In terms of **business areas,** both the life and non-life business increased their earnings compared with the first half of 2018. In the life business, the margin after costs increased significantly thanks to improvements in all profit sources. The non-life technical result increased only slightly as a good attritional claims development and a lower burden from large losses from natural catastrophes were partially offset by higher acquisition costs. Both the life and non-life business also benefited from gains on investments and the aforementioned positive tax effect. By contrast, earnings in the other activities business area fell year on year due to consolidation effects.

Viewed by **reporting segments,** Helvetia improved its result in all segments with the exception of Corporate. In Switzerland, the results in the life and non-life business were significantly higher than in the first half of 2018. The increase is mainly due to the better investment performance and the positive tax effect of national and various cantonal tax reforms. In Europe, Helvetia generated a higher result in the non-life business, which resulted from a more favourable claims environment, on the one hand, and capital gains, on the other. Despite higher capital gains, lower interest-related strengthening of reserves and a stronger margin after costs, the life result in Europe remained at the previous year’s level, as these effects were offset by higher expenses for customer policyholder participation. The Speciality Markets segment was able to increase its result thank to higher investment income. The result of Corporate declined compared to the previous year due to the consolidation effects for the own funds.

Detailed comments on the results of the respective business areas and segments can be found on the following pages.

The Group **net combined ratio** of **92.5%** is at a very good level and thus once again met the financial targets communicated with the framework of the *helvetia 20.20* strategy. Compared to the previous year, it improved slightly thanks to a reduction in the claims ratio (first half of 2018: 92.7%). In addition to a lower burden from large losses from natural catastrophes, the attritional claims development remains positive, reflecting the continued good quality of the portfolio. The better claims ratio was partially offset by a higher acquisition cost ratio.

Particularly worth mentioning is the positive development of new business in the life business. The new business margin rose to 3.1% compared to the first half of 2018 (first half of 2018: 1.4%) and is thus well above the target set in the *helvetia 20.20* strategy. The improvement was driven by the Swiss group life business. A model adjustment, which led to lower capital requirements, on the one hand, and a more favourable business mix, on the other, had a positive effect on the new business margin.

Helvetia continues to have a **strong capital position**. The SST ratio as at 1 January 2019 was 222%. Equity[2] increased from CHF 5,097.1 million at the end of 2018 to CHF 5,565.6 million Alongside the good IFRS result, the increase in equity primarily resulted from higher unrealised gains and losses recognised in equity as a result of the further decline in interest rates. The annualised **return on equity** amounted to 10.3% (first half of 2018: 8.3%).

Net combined ratio

92.5%

IFRS net income after tax

289.7 million

Business volume

5,966 million

[2] Equity without preferred securities

Performance of business areas: Non-life

Overview

In the non-life segment, Helvetia achieved a pleasing increase in premium volume in the first half of 2019. The IFRS result developed positively compared with the same period last year thanks to significantly higher investment income, a one-off positive tax effect and slightly better technical results.

Non-life business volume

During the reporting period, Helvetia increased its premium income in the non-life area to **CHF 2,869.7 million** (first half of 2018: CHF 2,740.2 million). In currency-adjusted terms, this is 6.4% more than in the previous year. The growth rate expressed in Swiss francs was slightly lower at 4.7% due to negative exchange rate effects.

Viewed by segment and line of business, our premiums developed as follows:

Development by segment

Switzerland

CHF 1,064.9 million, +0.8%

- Property insurance business line (+4.4%) as the biggest driver of growth due to the expansion of the partner business (B2B2C)

Europe

CHF 1,125.8 million, +5.9% in OC

- All country markets with clear growth in most lines of business, motor vehicle and property businesses as main growth drivers

Specialty Markets

CHF 679.0 million, +17.5% in OC

Strong growth in all three lines of business:
- Specialty Lines Switzerland/International: +24.8% (in OC)
- Active reinsurance: +14.1%
- France: +15.8% (in OC)

By line of business

Motor vehicle
CHF 929.9 million, +2.8% in OC

Property insurance
CHF 922.4 million, +11.2% in OC

Active reinsurance
CHF 291.1 million, +14.1%

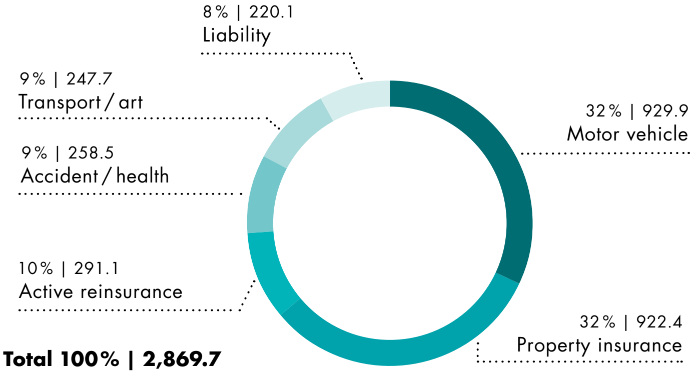
Health / accident
CHF 258.5 million, +2.1% in OC

Transport / art
CHF 247.7 million, +4.9% in OC

Liability
CHF 220.1 million, +0.8% in OC

Non-life business volume by business line in first half of 2019

Share in % | in CHF million



IFRS net income after tax for non-life

The IFRS net income after tax for non-life was **CHF 198.6 million** (IFRS net income after tax for the first half of 2018: CHF 146.8 million), which equates to an increase of 35.3%.

The development of earnings is shown in detail as follows:

- Significantly stronger investment results due to the favourable performance of the stock markets
- Slightly higher technical result thanks to good attritional claims development and lower burden from large losses from natural catastrophes
- One-time positive effect from the reduction of deferred tax provisions as a result of the federal tax reform and the associated cantonal tax reductions in Switzerland

Net combined ratio

The net combined ratio amounted to **92.5%** and thus improved slightly compared to the previous year (first half of 2018: 92.7%). It remains at a very good level with the strategic target range of <93%.

The following factors influenced the development:

- ▶ Improvement of claims ratio (0.6 percentage points) to 63.3%
  - Good development of attritional claims underpins continued excellent portfolio quality
  - Lower burden from major claims from natural catastrophes

- ▶ Increase in expense ratio (0.5 percentage points) to 29.2%
  - Higher acquisition cost ratio in Switzerland and Europe as a result of shifts in the distribution channel and product mix and an adjustment of the reinsurance structure
  - Improvement of the administration cost ratio

Performance of business areas: Life

Overview

Helvetia again recorded slight volume growth in the life business segment after adjusting for currency effects. The half-year result improved markedly thanks to higher gains on investments, a good technical development and a one-off positive tax effect. The good earnings development was partially offset by correspondingly higher expenses for policyholder participation and interest-related strengthening of reserves.

Life business volume

The life business volume was **CHF 3,096.0 million** in the first half of 2019, up 0.6% (in OC) on the prior-year period (first half of 2018: CHF 3,092.6 million). Expressed in Swiss francs, the business volume grew by 0.1% and thus remains approximately at the same level as recorded in the first half of 2018.

Viewed by segment and line of business, business developed as follows in the first half of 2018:

Development by segment

Switzerland

CHF 2,605.1 million, +2.4%

- Significant increase in business volume for investment-linked insurance solutions (+21.2%)
- Planned decline in traditional individual life business (–10.1%)
- Growth in group life business (+2.7%) with pleasing performance of new business with capital-efficient solutions (Swisscanto)

Europe

CHF 490.9 million, –7.6% in OC

- Growth in Germany (+5.8% in OC) thanks to higher premium volume for investment-linked insurance products (+10.4% in OC)
- Spain (+4.2% in OC) also with growth, driven by burial insurance
- Stable volume development in Italy (+0.1% in OC)
- Decline in Austria (–39.5%), due to lower volumes for large contracts with single premiums as expected

Further details on the segments start on page 16.

By line of business

Investment-linked insurance solutions

CHF 404.7 million, –2.1% in OC

- Persistently strong growth in Switzerland (+21.2%)
- Decline in Europe (–15.8% in OC) primarily due to the absence of large contracts with single premiums in Austria, as expected

Traditional insurance solutions

CHF 469.4 million, –6.5% in OC

- Planned reduction in sales both in Switzerland (–10.1%) and in Europe (–2.2%)

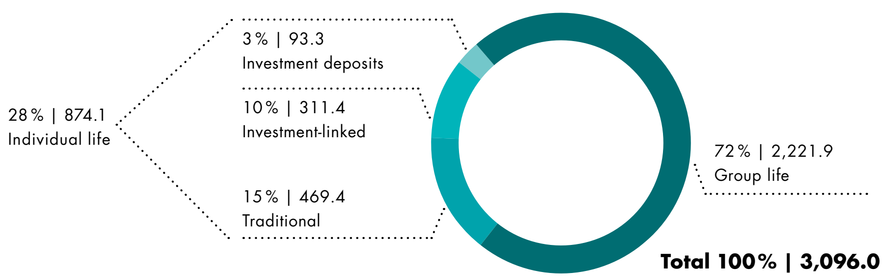
Group life business

CHF 2,221.9 million, +2.9% in OC

- Growth drivers for Swiss group life business: Growth in regular premiums and single premiums, especially thanks to successful new business with capital-efficient insurance products (Swisscanto)

Life business volume by business line in first half of 2019

Share in % | in CHF million



IFRS net income after tax for life

In the life segment, Helvetia recorded an increase in its IFRS net income after tax of 39.6 % to **CHF 108.9 million** (IFRS net income after tax for the first half of 2018: CHF 78.0 million). The following factors contributed to the positive earnings trend:

- Increase in margin after costs thanks to improvement of all profit sources:
  - Higher savings result driven by Swiss business due to higher interest margin
  - Higher risk result due to better mortality result in Swiss group life business
  - Better cost result thanks to reduced costs and higher income from cost premiums
  - Positive influence of fluctuations in the valuation of options for investment-linked products
- Significantly higher gains on investments as a result of good stock market performance
- Stable extraordinary result, as higher interest-related additional reserves in Switzerland were partially offset by lower reserves for future conversion rate losses due to the new tariff in the Swiss group life business (one-off effect) and lower interest-related reserve strengthening in Europe
- Significant increase in expenses for policyholder participation, as customers benefit from higher capital gains, a better margin after costs and the contribution to earnings from tax reductions in Switzerland
- One-time positive effect from the reduction of deferred tax provisions as a result of the federal tax reform and the associated cantonal tax reductions in Switzerland

New business margin and embedded value

New business also developed positively in the first half of 2019. The **new business margin** rose by 1.8 percentage points year on year to **3.1 %** (first half of 2018: 1.4 %). The improvement was driven by the Swiss group life business. On the one hand, model changes that led to lower capital requirements had a positive effect. On the other hand, the new business margin also benefited from a more advantageous business mix in Swiss group life due to higher new business growth with more profitable capital-efficient insurance solutions.

As at 30 June 2019, Helvetia Group's **embedded value** stood at **CHF 4,028.9 million**, an increase of CHF 381.7 million compared with the beginning of the year. The main driver for the significant growth of 10.5 % is the aforementioned model change. The capital requirement is now based on that from the SST or Solvency II, increased by a safety buffer. In addition, the expected changes, profitable new business and economic deviations (tax reform in Switzerland) contributed to the growth. Capital movements from dividend payments in the first half of the year and exchange rate differences reduced growth.

Other activities

In addition to the Corporate segment (financing companies, Corporate Centre, centrally managed investments (funds) and Group reinsurance), other activities also include the intermediary and advisory business as well as various smaller foreign service companies that cannot be allocated to the life or non-life business.

The **IFRS net income** after tax for other activities in the first half of 2019 amounted to **CHF –17.8 million** (first half of 2018: CHF –0.9 million). The following factors contributed to the development of earnings:

- Usual consolidation effects of the funds allocated to this business area, which were negative in the first half of 2019
- Slightly lower technical result of Group reinsurance, mainly due to individual large loss events in the Europe segment
- Higher costs, primarily due to projects

Investments

The stock markets posted double-digit positive returns and thus recorded their strongest first half to a year in the past two decades. The significant losses suffered in December 2018 had already largely been compensated for before the close of the first quarter of 2019. Interest rates initially remained at a stable level before a marked downward trend set in, with new record lows in some cases, due to the trade dispute between China and the US and the expected slowdown in economic growth as a result. The US dollar and the euro temporarily strengthened against the Swiss franc but as at the year's halfway point were trading at an almost unchanged level relative to the start of 2019.

Current investment income in the amount of CHF 511.4 million slightly exceeded the prior-year level of CHF 505.8 million due to higher dividend income. On an annualised basis, the direct yield was maintained at 2.1 %. Thanks to the positive performance of the stock markets, Helvetia generated investment income in the amount of CHF 144.4 million. The investment result reported in the income statement amounted to CHF 655.8 million. Helvetia thus achieved a profitable return of 1.4% on a total performance of 4.2% (neither figure annualised).

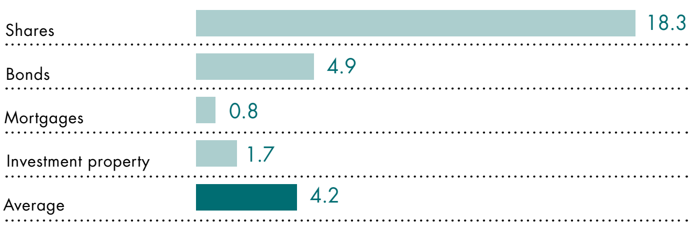
The unrealised gains and losses in equity increased both on the AFS equities as well as, due to lower interest rates, on bonds by CHF 1,389.6 million. On 30 June, the valuation reserves stood at CHF 2.8 billion.

During the first half of 2019, there was a disposal of investments in the amount of CHF 142 million. Short-term money market investments were reduced in favour of real estate and alternative investments. Due to the interest-related increase in the cost of hedging the US dollar, the portfolio was partly restructured in order to reduce the weighting of the US currency. The new investments generated an average total return of 1.6%.

Due to the above-average price increases as well as numerous challenges, the likelihood of selective correction phases on the financial markets will increase in the second half of the year. Issues such as the trade conflict between the US and China, the imminent exit of the United Kingdom from the European Union and the monetary policy decisions of the central banks may yield surprises that could give rise to significant investor responses on the financial markets. Against this background, the safety-focused investment and risk policy will also be continued during the second half of the year.

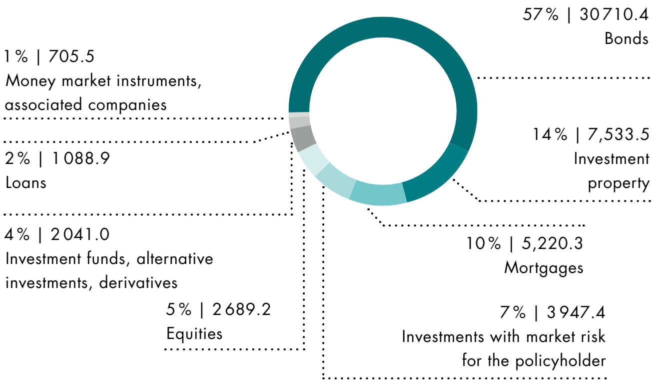
Investment performance by asset class

in % (not annualised)



Investment structure in first half of 2019

Share in % | in CHF million



Total 100% | 53,936.2

Performance of Group investments

in CHF million	30.6.2019	30.6.2018
Current income on Group financial assets	379.4	385.2
Rental income on Group investment property	132.0	120.6
Current income from Group investments (net)	**511.4**	**505.8**
Gains and losses on Group financial assets	150.2	1.5
Gains and losses on Group investment property	–5.8	–1.3
Gains and losses on Group investments (net)	**144.4**	**0.2**
Investment result from Group financial assets and investment property (net)	**655.8**	**506.0**
Change in unrealised gains and losses recognised in equity	1 389.6	–548.7
Total profit from Group financial assets and investment property	**2 045.4**	**–42.7**
Average Group investment portfolio	49 200.4	48 398.9
Direct yield annualised	2.1 %	2.1 %
Investment performance	4.2 %	–0.1 %

Business performance of segments: Switzerland

Overview

In the first half of 2019, Helvetia was able to increase the **business volume** to **CHF 3,670.0 million**. This corresponds to an increase of 1.9%. Earnings also developed very positively. The main positive factors were the significantly better investment results, strong technical results in life insurance and a one-off tax effect resulting from national and various cantonal tax reforms. The **IFRS net income** after tax amounted to **CHF 219.4 million** (IFRS net income after tax for the first half of 2018: CHF 151.1 million), which corresponds to an increase of 45.2%.

Business volume

In the **non-life business,** Helvetia increased its **premium volume** by 0.8% (in OC) to **CHF 1,064.9 million** in the first half of 2019 (first half of 2018: CHF 1,057.0 million).

Life business volume amounted to **CHF 2,605.1 million** (first half of 2018: CHF 2,543.4 million). This is 2.4% more than in the previous year. Premiums by line of business for non-life and life developed as follows:

Non-life business volume by line of business

Motor vehicle
CHF 473.9 million, –0.8%

Property insurance
CHF 336.3 million, +4.4%

- Growth driven by expansion of partner business (B2B2C)

Health / accident
CHF 144.9 million, +0.8%

Liability
CHF 108.2 million, –2.9%

- Special effect during the course of the year due to billing adjustment for a large contract

Transport
CHF 1.6 million, –8.2%

Life business volume by line of business

Investment-linked insurance solutions
CHF 188.5 million, +21.2%

- Successful sales of the "Helvetia Value Trend" tranche product
- Successful launch of the "Helvetia Payment Plan" with regular premium payment

Traditional insurance solutions
CHF 247.2 million, –10.1%

- Targeted curtailment of sales of traditional guarantee products

Group life business
CHF 2,169.4 million, +2.7%

- Increase in regular premiums by 1.7%, growth driver: very successful new business for capital-efficient Swisscanto solutions
- Higher single premiums (+4.2%) also driven by good development of new business for Swisscanto

IFRS net income after tax

The **non-life IFRS net income** after tax amounted to **CHF 125.6 million** and thus substantially exceeded the previous year (IFRS net income after tax for the first half of 2018: CHF 86.9 million).

In the **life business,** Helvetia also recorded a year-on-year increase in its **IFRS net income** after tax of **CHF 98.7 million** (IFRS net income after tax for the first half of 2018: CHF 67.3 million).

The following factors influenced the earnings development in the non-life and life businesses:

Development of non-life results

- Significantly better investment results as a result of the favourable performance of the stock markets in the first half of the year
- Technical result at previous year's level, as a lower burden from natural catastrophes in the current year was offset by higher acquisition costs
- One-time positive effect from the reduction of deferred tax provisions as a result of the federal tax reform and the associated cantonal tax reductions

Life earnings development

- Increase in margin after costs thanks to improvement of all profit sources:
  – Higher savings result in individual and group life due to increased interest margin
  – Higher risk result thanks to better mortality result in group life business
  – Better cost result thanks to reduced costs and higher income from cost premiums
  – Positive impact from fluctuations in the value of options on investment-linked products in the individual life business
- Higher interest-related strengthening of reserves was partially offset by lower reserves for future conversion rate losses as a result of the new tariff in the group life business (one-off effect)
- Significantly higher gains on investments as a result of good stock market performance
- Significant increase in expenses for policyholder participation, as customers benefit from higher capital gains, a better margin after costs and the contribution to earnings from tax reductions in Switzerland
- One-time positive effect from the reduction of deferred tax provisions as a result of the federal tax reform and the associated cantonal tax reductions

Net combined ratio

At **86.5 per cent**, Switzerland continues to show a very good net combined ratio. Compared to the previous year, it has risen slightly (half-year 2018: 86.3 percent). The following factors influenced the development:

- Improved claims ratio (0.7 percentage points)
  – Good development of attritional claims underpins continued excellent portfolio quality
  – Lower burden from major claims from natural catastrophes
- Higher cost ratio (1.0 percentage points)
  – Higher acquisition cost rate due to adjustment of reinsurance structure; expansion of higher commission partner business

Business performance of segments: Europe

Overview

Helvetia also achieved growth in the Europe segment in the first half of 2019. The **business volume** increased to **CHF 1,616.7 million** and was thus 1.4% higher than in the previous year after adjustment for currency effects. In Swiss francs, the Group currency, the business volume declined by –1.9% due to negative exchange rate effects. The achieved **IFRS net income** after tax amounted to **CHF 61.6 million** (IFRS net income after tax for the first half of 2018: CHF 54.8 million), which represents an increase of 12.3%.

Business volume

In the first half of 2019, Helvetia generated **non-life premiums** of **CHF 1,125.8 million** (first half of 2018: CHF 1,098.7 million). This represents a 5.9% increase (in OC) over the previous year for the Europe segment.

The **life business volume** was **CHF 490.9 million** and thus declined by –7.6% (in OC) compared to the previous year.

Details of the performance generated by the non-life and life business according to country and line of business can be found below:

Development of non-life business volume: By country

Germany
CHF 450.7 million, +6.0% in OC
- Growth driven by private and commercial property business as well as motor vehicle insurance due to the selective expansion of the fleet and dealer business

Italy
CHF 294.8 million, +6.9% in OC
- Significant growth in all lines of business
- New products, rate adjustments and growth initiatives have an effect

Austria
CHF 191.5 million, +5.6% in OC
- All lines of business with pleasing growth; especially in the property business
- Growth across all distribution channels

Spain
CHF 188.8 million, +4.4% in OC
- Growth in all sectors, most significant in the property business
- Driven by general economic growth and targeted sales initiatives

Development of life business volume: By country

Italy
CHF 206.0 million, +0.1% in OC
- Planned reduction of traditional products
- Growth in capital-efficient deposits and group contracts with pure risk solutions

Germany
CHF 145.1 million, +5.8% in OC
- Investment-linked insurance solutions as growth driver (+10.4% in OC); traditional insurance contracted as planned

Austria
CHF 78.2 million, –39.5% in OC
- Planned reduction of traditional products
- Lower volume of large contracts with single deposits for investment-linked insurance solutions, as expected

Spain
CHF 61.6 million, +4.2% in OC
- Growth driver: burial insurance policies
- Higher volume for traditional business with focus on modernised products
- Investment-linked insurance solutions contracted, as no tranche product was launched due to the market

Non-life: By line of business

Motor vehicle
CHF 440.8 million, +7.0% in OC

Property insurance
CHF 405.7 million, 6.6% in OC

Health / accident
CHF 113.6 million, +3.8% in OC

Liability
CHF 111.1 million, +5.0% in OC

Transport / art
CHF 54.6 million, –0.9% in OC

Life: By line of business

Investment-linked insurance solutions
CHF 216.2 million, –15.8% in OC

- Good development in Germany (+10.4% in OC) cannot offset the expected decline in Austria due to the lower volume of large contracts with single deposits

Traditional insurance solutions
CHF 222.2 million, –2.2% in OC

- All country markets – with the exception of Spain (increase for modernised traditional products here) – with targeted curtailment of sales of traditional guarantee products

Group life business
CHF 52.5 million, +11.2% in OC

IFRS net income after tax

The **IFRS net income** after tax in the **non-life business** increased by 17.5% to **CHF 51.4 million** (IFRS net income after tax for the first half of 2018: CHF 43.7 million).

In the **life business,** the **IFRS net income** after tax of **CHF 10.2 million** (IFRS net income after tax for the first half of 2018: CHF 10.7 million) remained at the level of the same period of the previous year.

The earnings development in the non-life and life businesses can be attributed to the following factors:

Development of non-life results

- Better investment result thanks to good performance of stock markets
- Technical result above prior year due to lower burden from natural events, mainly in Germany

Life earnings development

- Higher gains on investments
- Lower expenses for interest-related strengthening of reserves in Germany
- Higher expenses for policyholder participation

Result

	First half-year 2019	First half-year 2018
Europe	**61.6**	**54.8**
Germany	16.7	15.1
Italy	20.2	15.1
Spain	8.4	9.7
Austria	16.3	14.9

Net combined ratio

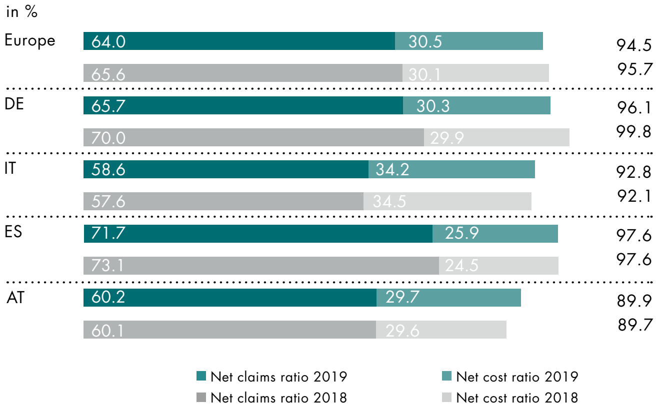
The net combined ratio fell to **94.5%** in the first half of the year (first half of 2018: 95.7%). The improvement is mainly attributable to a lower burden from natural catastrophes.

The following factors contributed to the development of the net combined ratio:

- Claims ratio improved by 1.6 percentage points, driven by a more favourable claims environment in Germany
- Slightly higher expense ratio due to changes in business mix and sales initiatives

All units reported a net combined ratio of less than 100%.

Combined ratio



Business performance of segments: Specialty Markets

Overview

Helvetia grew significantly in the Specialty Markets segment during the reporting period. In addition to the premium volume, the result also developed positively.

Business volume

In the first half of 2019, the Specialty Markets segment earned premiums of **CHF 679.0 million** (first half of 2018: CHF 584.5 million, which equates to a significant increase of 17.5% (in OC).

The lines of business assigned in this segment performed as follows:
- Active reinsurance: CHF 291.1 million (+14.1%); growth due to planned diversification of business and recovery of prices in the US liability business
- Specialty Lines Switzerland / International: CHF 200.9 million (+24.8% in OC); strong premium development primarily driven by growth in the engineering business line due to new business and price adjustments
- France: CHF 187.0 million (+15.8% in OC); advancing transformation from pure transport insurer to comprehensive provider of special insurance solutions

IFRS net income after tax

The IFRS net income after tax amounted to **CHF 21.6 million** – an increase of 32.7% compared to the IFRS net income after tax of CHF 16.3 million in the first half of 2018.

The following factors influenced the development of earnings:

- Higher investment income thanks to a strong performance of stock markets
- Weaker technical result due to the commutation of a retrocession agreement in Active reinsurance and an unfavourable development of two major claims from previous years in France and Specialty Lines Switzerland / International

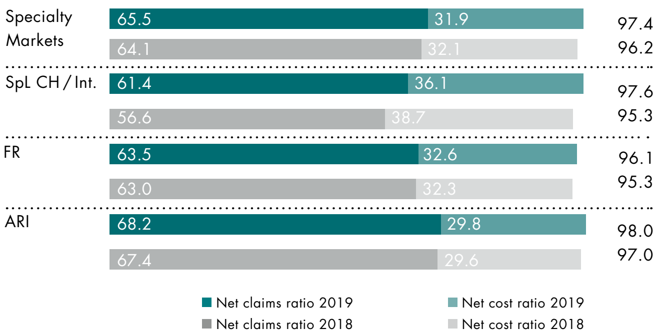
Net combined ratio

The net combined ratio amounted to **97.4 %** (first half of 2018: 96.2 %). The following factors contributed to the development of the quota:

- Slight improvement in cost ratio driven by Specialty Lines Switzerland / International due to growth-related economies of scale
- Increase in claims ratio due to the commutation of a retrocession agreement in Active reinsurance and an unfavourable development of two major claims from previous years in France and Specialty Lines Switzerland / International
- Lower burden from claims during the reporting period

Combined Ratio

in %



Corporate

In addition to the financing companies and the holding company, the Corporate segment comprises the Corporate Centre, centrally managed investments (funds) and Group reinsurance. The **IFRS net income** after tax for this segment was **CHF –12.9 million** and thus below the IFRS net income after tax recorded for the first half of 2018. The decline is mainly due to the usual consolidation effects of the funds allocated to this segment, which were negative in the reporting period.

The share

Helvetia share

Ticker symbol	HELN
Nominal value	CHF 0.02
Security number	46 664 220
Listed on	SIX

Following a very weak December 2018, the stock markets started 2019 very strongly. The trade conflict between the US and China was pushed into the background and the stock markets reached new all-time highs on the back of interest rate trends. Measured against the Swiss Market Mid Cap Index (SMIM), the Swiss equity market generated a total return of around 23.8 %. In comparison, the Swiss insurance sector advanced 22.5 % due to relatively high dividend distributions. The Helvetia share, which tends to be classified as defensive, generated a positive overall performance of 10.9 % but was nevertheless unable to keep pace with the returns of the benchmark indices.

Patria Genossenschaft as core shareholder

Compared with the end of 2018, there were no changes in the composition of the core shareholder base. As at 30 June 2019, Patria Genossenschaft still held the most significant stake in Helvetia Holding, at 34.1 %. The free float is thus unchanged on 65.9 %.

The number of shareholders increased slightly relative to the end of 2018 to 16,565 as of 30 June 2019. The majority of registered shareholders are based in Switzerland. Measured by the free float, 61.7 % of the shares are held by investors who have their registered office in Switzerland (31 December 2018: 61.3 %). 38.3 % (31 December 2018: 38.7 %) are held by foreign investors. Compared to the end of 2018, the structure of the types of investors has shifted slightly from financial institutions (19.7 %) to private individuals (30.0 %) and other institutional investors (50.3 %, excluding the above core shareholder).

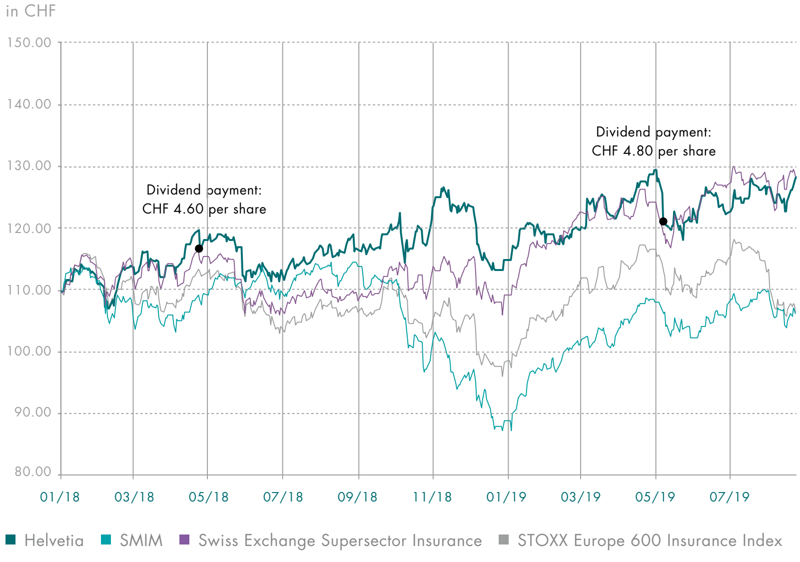
Share split

Both the number of traded shares and the trading volume declined in the first half of 2019. On average, 77,272 Helvetia shares were traded every day, equivalent to a decline of 22 % in a year-on-year comparison. The average daily trading volume also declined relative to the first half of 2018 by 17 % to CHF 9,413,248. In order to strengthen the liquidity of the securities, Helvetia split the share on 13 May 2019 at a ratio of 1:5. The trading volume between mid-May and the end of June subsequently remained at the level of the previous year.

Key share data Helvetia Holding AG

	30.6.2019	31.12.2018
in CHF million		
Consolidated equity (without preferred securities)	5 565.6	5 097.1
Consolidated equity per share in CHF	112.5	103.1
Group profit for the period per share in CHF (as per 30.6.)	5.6	4.3
Price of Helvetia registered shares in CHF	122.5	114.9
Market capitalisation	6 091.4	5 713.5

Share price development 1.1.2018 – 23.8.2019



Consolidated interim financial statements

Consolidated income statement (not audited)

Six months ending on	30.6.2019	30.6.2018
in CHF million		
Income		
Gross premiums written	5 872.4	5 746.9
Reinsurance premiums ceded	–247.2	–240.0
Net premiums written	5 625.2	5 506.9
Net change in unearned premium reserve	–1 242.0	–1 156.9
Net earned premiums	4 383.2	4 350.0
Current income from Group investments (net)	511.4	505.8
Gains and losses on Group investments (net)	144.4	0.2
Income investments with market risk for the policyholder	314.9	–41.6
Share of profit or loss of associates	–1.4	0.5
Other income	68.5	61.2
Total operating income	5 421.0	4 876.1
Expenses		
Claims incurred including claims handling costs (non-life)	–1 332.0	–1 318.3
Claims and benefits paid (life)	–2 353.1	–2 158.0
Change in actuarial reserves	–277.1	–258.1
Reinsurers´ share of benefits and claims	65.6	69.1
Policyholder dividends and bonuses	–185.6	–2.4
Income attributable to deposits for investment contracts	–67.8	5.4
Net benefits to policyholders and claims	–4 150.0	–3 662.3
Acquisition costs	–592.1	–576.8
Reinsurers´ share of acquisition costs	40.7	42.4
Operating and administrative expenses	–328.8	–326.1
Interest payable	–5.1	–5.6
Other expenses	–45.8	–54.2
Total operating expenses	–5 081.1	–4 582.6
Profit or loss from operating activities	339.9	293.5
Financing costs	–61.6	–19.5
Profit or loss before tax	278.3	274.0
Income taxes	11.4	–50.1
Profit or loss for the period	**289.7**	**223.9**
Attributable to:		
Shareholders of Helvetia Holding AG	290.7	224.6
Non-controlling interests	–1.0	–0.7
Earnings per share:		
Basic earnings per share (in CHF)	5.6	4.3[1]
Diluted earnings per share (in CHF)	5.6	4.3[1]

[1] A five-for-one share split was implemented on 13.5.2019. The figures have been adjusted retrospectively.

Consolidated statement of comprehensive income (not audited)

Six months ending on in CHF million	30.6.2019	30.6.2018
Profit or loss for the period	**289.7**	**223.9**
Other comprehensive income		
May be reclassified to income		
Change in unrealised gains and losses on investments	1 389.9	–548.6
Change from net investment hedge	14.1	–9.9
Foreign currency translation differences	–47.8	–5.7
Change in liabilities for contracts with participation features	–671.1	286.3
Deferred taxes	–131.5	58.5
Total that may be reclassified to income	553.6	–219.4
Will not be reclassified to income		
Revaluation from reclassification of property and equipment	–0.3	–0.1
Revaluation of benefit obligations	–171.2	0.1
Change in liabilities for contracts with participation features	22.4	0.0
Deferred taxes	21.1	–0.1
Total that will not be reclassified to income	–128.0	–0.1
Total other comprehensive income	425.6	–219.5
Comprehensive income	**715.3**	**4.4**
Attributable to:		
Shareholders of Helvetia Holding AG	716.0	5.2
Non-controlling interests	–0.7	–0.8

Consolidated balance sheet (not audited)

in CHF million	30.6.2019	31.12.2018
Assets		
Property and equipment	558.5	490.1
Goodwill and other intangible assets	1 271.6	1 263.8
Investments in associates	24.2	26.9
Investment property	7 533.5	7 405.6
Group financial assets	42 431.1	41 177.9
Investments with market risk for the policyholder	3 947.4	3 387.1
Receivables from insurance business	1 774.4	1 416.0
Deferred acquisition costs	549.0	488.8
Reinsurance assets	629.7	526.9
Deferred tax assets	10.5	22.2
Current income tax assets	23.5	20.0
Other assets	383.5	429.3
Accrued investment income	238.2	288.0
Cash and cash equivalents	1 025.5	1 238.4
Total assets	**60 400.6**	**58 181.0**
Liabilities and equity		
Share capital	1.0	1.0
Capital reserves	659.7	659.9
Treasury shares	–9.8	–12.3
Unrealised gains and losses (net)	383.9	170.5
Foreign currency translation differences	–434.3	–400.6
Retained earnings	3 344.5	3 441.8
Valuation reserves for contracts with participation features	1 612.3	1 220.0
Equity of Helvetia Holding AG shareholders	5 557.3	5 080.3
Non-controlling interests	8.3	16.8
Equity (without preferred securities)	5 565.6	5 097.1
Preferred securities	700.0	700.0
Total equity	6 265.6	5 797.1
Actuarial reserves (gross)	37 067.7	36 906.2
Provision for future policyholder participation	2 449.1	1 670.9
Loss reserves (gross)	4 862.6	4 846.7
Unearned premium reserve (gross)	2 730.2	1 453.5
Financial liabilities from financing activities	1 523.5	1 577.2
Financial liabilities from insurance business	1 774.2	1 710.4
Other financial liabilities	390.8	327.6
Liabilities from insurance business	1 271.5	2 028.6
Non-technical provisions	85.9	125.6
Employee benefit obligations	811.9	677.1
Deferred tax liabilities	826.6	773.3
Current income tax liabilities	19.7	34.0
Other liabilities and accruals	321.3	252.8
Total liabilities	54 135.0	52 383.9
Total liabilities and equity	**60 400.6**	**58 181.0**

Consolidated equity (not audited)

in CHF million	Share capital	Capital reserves	Treasury shares	Unrealised gains and losses (net)
Balance as of 1 January 2018	1.0	660.6	−9.4	283.9
Profit or loss for the period	–	–	–	–
Income and expense that may be reclassified to income	–	–	–	−73.0
Income and expense that will not be reclassified to income	–	–	–	−0.1
Total other comprehensive income	–	–	–	−73.1
Comprehensive income	–	–	–	−73.1
Transfer from/to retained earnings	–	–	–	−0.1
Acquisition of subsidiaries	–	–	–	–
Purchase of treasury shares	–	–	−9.4	–
Sale of treasury shares	–	−1.6	9.3	–
Share-based payment	–	1.4	–	–
Dividends	–	–	–	–
Shareholders´ contributions	–	45.0	–	–
Allocation of shareholders´ contributions	–	−45.0	–	–
Balance as of 30 June 2018	**1.0**	**660.4**	**−9.5**	**210.7**
Balance as of 1 January 2019	1.0	659.9	−12.3	170.5
Profit or loss for the period	–	–	–	–
Income and expense that may be reclassified to income	–	–	–	213.5
Income and expense that will not be reclassified to income	–	–	–	−0.1
Total other comprehensive income	–	–	–	213.4
Comprehensive income	–	–	–	213.4
Transfer from/to retained earnings	–	–	–	–
Change in minority interests	–	–	–	–
Purchase of treasury shares	–	–	−23.0	–
Sale of treasury shares	–	−1.5	25.5	–
Share-based payment	–	1.3	–	–
Dividends	–	–	–	–
Share capital increase	–	–	–	–
Shareholders´ contributions	–	45.0	–	–
Allocation of shareholders´ contributions	–	−45.0	–	–
Balance as of 30 June 2019	**1.0**	**659.7**	**−9.8**	**383.9**

	Foreign currency translation differences	Retained earnings	Valuation reserves for contracts with participation features	Equity of Helvetia Holding AG shareholders	Non-controlling interests	Equity (without preferred securities)	Preferred securities	Total equity
	–341.6	3 278.4	1 337.5	5 210.4	19.0	5 229.4	700.0	5 929.4
	–	201.7	22.9	224.6	–0.7	223.9	–	223.9
	–15.6	–	–130.7	–219.3	–0.1	–219.4	–	–219.4
	–	0.0	0.0	–0.1	0.0	–0.1	–	–0.1
	–15.6	0.0	–130.7	–219.4	–0.1	–219.5	–	–219.5
	–15.6	201.7	–107.8	5.2	–0.8	4.4	–	4.4
	–	–8.3	–2.8	–11.2	0.0	–11.2	11.2	0.0
	–	–0.1	–	–0.1	0.1	–	–	–
	–	–	–	–9.4	–	–9.4	–	–9.4
	–	–	–	7.7	–	7.7	–	7.7
	–	–	–	1.4	–	1.4	–	1.4
	–	–227.9	–	–227.9	–	–227.9	–11.2	–239.1
	–	–	–	45.0	–	45.0	–	45.0
	–	–	–	–45.0	–	–45.0	–	–45.0
	–357.2	**3 243.8**	**1 226.9**	**4 976.1**	**18.3**	**4 994.4**	**700.0**	**5 694.4**
	–400.6	3 441.8	1 220.0	5 080.3	16.8	5 097.1	700.0	5 797.1
	–	238.3	52.4	290.7	–1.0	289.7	–	289.7
	–33.7	–	373.5	553.3	0.3	553.6	–	553.6
	–	–96.3	–31.6	–128.0	0.0	–128.0	–	–128.0
	–33.7	–96.3	341.9	425.3	0.3	425.6	–	425.6
	–33.7	142.0	394.3	716.0	–0.7	715.3	–	715.3
	–	–9.4	–2.0	–11.4	–	–11.4	11.4	0.0
	–	10.6	–	10.6	–10.6	–	–	–
	–	–	–	–23.0	–	–23.0	–	–23.0
	–	–	–	24.0	–	24.0	–	24.0
	–	–	–	1.3	–	1.3	–	1.3
	–	–237.7	–	–237.7	–	–237.7	–11.4	–249.1
	–	–2.8	–	–2.8	2.8	0.0	–	0.0
	–	–	–	45.0	–	45.0	–	45.0
	–	–	–	–45.0	–	–45.0	–	–45.0
	–434.3	**3 344.5**	**1 612.3**	**5 557.3**	**8.3**	**5 565.6**	**700.0**	**6 265.6**

Consolidated cash flow statement (not audited)

Six months ending on	30.6.2019	30.6.2018
in CHF million		
Cash flow from operating activities		
Profit before tax	278.3	274.0
Reclassifications to investing and financing activities (affecting cash)		
Realised gains and losses on property, equipment and intangible assets	0.2	0.2
Dividends from associates	–1.2	–1.2
Adjustments		
Depreciation/amortisation of property, equipment and intangible assets	33.7	26.9
Realised gains and losses on financial instruments and investment property	16.5	24.2
Unrealised gains and losses on investments in associates	2.6	0.7
Unrealised gains and losses on investment property	5.8	2.8
Unrealised gains and losses on financial instruments	–514.4	190.1
Share-based payments for employees	1.3	1.4
Foreign currency gains and losses	76.9	–35.7
Other income and expenses not affecting cash[1]	47.9	–26.3
Change in operating assets and liabilities		
Deferred acquisition costs	–63.5	–58.4
Reinsurance assets	–107.2	–123.9
Actuarial reserves	277.1	258.1
Provisions for future policyholder participation	86.3	–78.7
Loss reserves	56.2	38.2
Unearned premium reserve	1 296.9	1 215.7
Financial liabilities from insurance business	32.1	20.0
Changes in other operating assets and liabilities	–978.2	–868.1
Cash flow from investments and investment property		
Purchase of investment property	–153.4	–108.8
Sale of investment property	0.5	20.4
Purchase of interest-bearing securities	–1 624.0	–2 892.9
Repayment/sale of interest-bearing securities	1 485.7	2 819.7
Purchase of shares, investment funds and alternative investments	–762.6	–922.9
Sale of shares, investment funds and alternative investments	393.4	641.2
Purchase / Sale of derivatives	–67.8	–145.6
Origination of mortgages and loans	–171.6	–217.7
Repayment of mortages and loans	193.4	177.0
Purchase of money market instruments	–924.1	–1 432.9
Repayment of money market instruments	1 320.7	1 368.2
Cash flow from operating activities (gross)	237.5	165.7
Income taxes paid	–43.7	–52.5
Cash flow from operating activities (net)	193.8	113.2

Six months ending on	30.6.2019	30.6.2018
in CHF million		
Cash flow from investing activities		
Purchase of property and equipment	–16.5	–9.2
Sale of property and equipment	0.5	1.0
Purchase of intangible assets	–23.4	–14.3
Sale of intangible assets	–	0.0
Purchase of investments in subsidiaries, net of cash and cash equivalents	–	–3.7
Dividends from associates	1.2	1.2
Cash flow from investing activities (net)	–38.2	–25.0
Cash flow from financing activities		
Increase of share capital	0.0	–
Sale of treasury shares	24.0	7.7
Purchase of treasury shares	–23.0	–9.4
Shareholders´ contributions	45.0	45.0
Issuance of debt instruments	13.2	6.9
Repayment of debt	–157.5	–5.4
Dividends paid	–251.6	–242.0
Repayment of lease liabilities	–10.9	–1.2
Cash flow from financing activities (net)	–360.8	–198.4
Effect of exchange rate differences on cash and cash equivalents	–7.7	–5.2
Total change in cash and cash equivalents	**–212.9**	**–115.4**
Cash and cash equivalents		
Cash and cash equivalents as of 1 January	1 238.4	1 260.3
Change in cash and cash equivalents	–212.9	–115.4
Cash and cash equivalents as of 30 June	**1 025.5**	**1 144.9**

[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.

Condensed notes

1. General information

The Board of Directors approved the condensed consolidated interim financial statements and released them for publication at its meeting on 27 August 2019.

2. Summary of accounting policies

The consolidated interim financial statements were prepared in accordance with 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 2018 consolidated financial statements. The consolidated interim financial statements must therefore be read in conjunction with the 2018 consolidated financial statements.

3. Changes in accounting policies

The following published industry-relevant changes to standards (IAS / IFRS) were applied by the Helvetia Group for the first time starting on 1 January 2019:

– IFRS 16 – Leases
– Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement
– IFRIC 23 – Uncertainty over Income Tax Treatments of Situations and Transactions
– Annual improvements to IFRS (2015–2017)

IFRS 16 establishes new rules for the recognition of leasing transactions, especially for lessees. Since 1 January 2019, it has thus been required to recognise all leases in the balance sheet in the form of a right-of-use asset and a lease liability. The differentiation made between finance leases and operating leases no longer applies. The Helvetia Group is affected by IFRS 16 primarily as a lessee of business premises. The recognition of right-of-use assets (balance sheet item: "Property and equipment") and associated lease liabilities (balance sheet item: "Financial liabilities from financing activities") led to an extension of the balance sheet by CHF 56.8 million and CHF 56.4 million, respectively, as at 30 June 2019. In the income statement, the amortisation of right-of-use assets under "Other expenses" (as at 30 June 2019: CHF 7.7 million) and interest payments on lease liabilities (as at 30 June 2019: CHF 0.5 million) under "Financing costs" are recognised in place of the lease instalments and rental payments. This had no material impact on the consolidated income statement as at 30 June 2019.

Owing to materiality considerations, Helvetia made use of the simplification provisions stated in IFRS 16 for the transition. The initial valuation of the lease liabilities as at 1 January 2019 was thus conducted on the basis of the present value of the lease payments outstanding at this time. This resulted in an amount of CHF 64 million. A right-of-use asset in the same amount was added on the asset side. There was no restatement of the figures from previous periods. Where available, the implicit interest rate of the respective lease agreement was referred to for the determination of the present value as at 1 January 2019. Otherwise, the calculation was performed on the basis of the interest rate for Helvetia CHF senior bonds. Currency- and country-specific spreads were applied for the foreign units.

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

The new and amended sector-relevant Standards and Interpretations listed in the table below have not yet been applied in preparing the consolidated interim financial statements due to their effective date.

Changes in accounting policies	to be applied for annual periods beginning on / after:
Amendment to IFRS 3 – Definition of a Business	1 January 2020
Amendment to IAS 1/IAS 8 – Definition of Material	1 January 2020
IFRS 9 – Financial Instruments[1]	1 January 2021
IFRS 17 – Insurance Contracts[1]	1 January 2021

[1] In June 2019, an exposure draft on adjustments to IFRS 17 was published. In this, the coming into force of IFRS 17 was deferred from 1 January 2021 to 1 January 2022 and the option for deferring the introduction of IFRS 9 was also extended to 1 January 2022.

At present, it is not yet possible to definitively assess the impact of IFRS 9 and IFRS 17 on the financial statements of the Helvetia Group from 2022.

The other amendments are not expected to have any material impact on the financial statements of the Helvetia Group.

4. Scope of consolidation

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

– On 22 February 2019, the share capital of Helvetia Venture Fund was increased to EUR 3.0 million.
– On 25 April 2019, Helvetia Asset Management AG was founded with its head office in Basel.
– On 10 June 2019, the holding in MoneyPark AG was increased from 77.267% to 78.594% as part of a capital increase.
– On 26 June 2019, Deferrard & Lanz SA was merged with MoneyPark AG.
– On 26 June 2019, Patria Leben, St. Gallen, and Europäische Reiseversicherungs AG, Basel, were merged with Helvetia Versicherungen AG, St. Gallen.

5. Total equity

For the 2018 financial year, a dividend of CHF 24.00 (previous year: CHF 23.00) per share was approved at the Shareholders’ Meeting of 3 May 2019, with the total amount paid out being CHF 238.7 million (previous year: CHF 228.7 million).

At the Shareholders' Meeting of 3 May 2019, the shareholders approved a five-for-one share split. The first trading day after the split was 13 May 2019.

In the reporting period, Patria Genossenschaft paid a contribution of CHF 45.0 million into the bonus reserves of Helvetia Schweizerische Lebensversicherungsgesellschaft AG. This was credited to equity without affecting profit or loss and allocated to “Provisions for future policyholder participation” in line with its purpose.

6. Segment information

The operating segments of the Helvetia Group are “Switzerland”, “Europe”, “Specialty Markets” and “Corporate”.

The segment “Switzerland” comprises the Swiss country market. The country markets of Germany, Italy and Spain, together with Austria, have been consolidated into the “Europe” segment. The “Specialty Markets” segment includes transport, art and engineering insurance policies in the Switzerland / International and France market units, as well as the global Active reinsurance business. The segment “Corporate” includes all Group activities, the financing companies, Group reinsurance and Helvetia Holding AG.

In the additional information by business activity, non-life includes Active reinsurance.

6.1 Segment information

Six months ending on	Switzerland 30.6.2019	Switzerland 30.6.2018	Europe 30.6.2019	Europe 30.6.2018
in CHF million				
Income				
Gross premiums written	3634.8	3573.3	1558.6	1589.1
Reinsurance premiums ceded	–99.0	–108.7	–156.4	–155.5
Net premiums written	3535.8	3464.6	1402.2	1433.6
Net change in unearned premium reserve	–956.6	–938.1	–141.5	–133.1
Net earned premiums	2579.2	2526.5	1260.7	1300.5
Current income on Group investments (net)	407.8	389.9	96.7	101.2
Gains and losses on Group investments (net)	50.0	–38.8	62.8	33.4
Income investments with market risk for the policyholder	80.8	–27.2	234.1	–14.4
Share of profit or loss of associates	–1.7	0.2	0.4	0.3
Other income	30.1	34.4	22.1	17.1
Total operating income	3146.2	2885.0	1676.8	1438.1
of which transactions between geographical segments	44.0	53.5	93.2	92.2
Total revenues from external customers	3190.2	2938.5	1770.0	1530.3
Expenses				
Claims incurred including claims handling costs (non-life)	–405.6	–410.9	–602.8	–598.2
Claims and benefits paid (life)	–2026.1	–1833.1	–326.9	–324.8
Change in actuarial reserves	4.6	–84.8	–281.6	–174.4
Reinsurers´ share of benefits and claims	10.2	14.0	68.6	66.6
Policyholder dividends and bonuses	–157.7	–9.1	–21.4	9.7
Income attributable to deposits for investment contracts	–7.5	1.1	–60.3	4.3
Net benefits to policyholders and claims	–2582.1	–2322.8	–1224.4	–1016.8
Acquisition costs	–187.2	–188.4	–276.1	–266.4
Reinsurers´ share of acquisition costs	16.4	21.6	35.0	32.6
Operating and administrative expenses	–173.0	–173.3	–97.6	–99.1
Interest payable	–3.9	–3.9	–2.3	–2.3
Other expenses	–26.0	–22.8	–22.0	–19.5
Total operating expenses	–2955.8	–2689.6	–1587.4	–1371.5
Profit or loss from operating activities	190.4	195.4	89.4	66.6
Financing costs	–6.4	–6.4	–2.3	–2.2
Profit or loss before tax	184.0	189.0	87.1	64.4
Income taxes	35.4	–37.9	–25.5	–9.6
Profit or loss for the period	**219.4**	**151.1**	**61.6**	**54.8**

	Specialty Markets		Corporate		Elimination		Total	
	30.6.2019	30.6.2018	30.6.2019	30.6.2018	30.6.2019	30.6.2018	30.6.2019	30.6.2018
	679.1	584.5	205.1	189.0	−205.2	−189.0	5 872.4	5 746.9
	−64.4	−48.4	−133.7	−115.9	206.3	188.5	−247.2	−240.0
	614.7	536.1	71.4	73.1	1.1	−0.5	5 625.2	5 506.9
	−138.0	−81.2	−4.8	−5.0	−1.1	0.5	−1 242.0	−1 156.9
	476.7	454.9	66.6	68.1	–	–	4 383.2	4 350.0
	14.6	10.7	2.4	14.1	−10.1	−10.1	511.4	505.8
	−2.7	5.1	34.3	0.5	–	–	144.4	0.2
	–	–	–	–	–	–	314.9	−41.6
	−0.1	–	–	–	–	–	−1.4	0.5
	16.0	6.6	1.1	3.3	−0.8	−0.2	68.5	61.2
	504.5	477.3	104.4	86.0	−10.9	−10.3	5 421.0	4 876.1
	39.6	25.4	−187.2	−181.5	10.4	10.4	–	–
	544.1	502.7	−82.8	−95.5	−0.5	0.1	5 421.0	4 876.1
	−325.0	−308.6	−70.7	−63.3	72.1	62.7	−1 332.0	−1 318.3
	–	–	−3.6	−4.1	3.5	4.0	−2 353.1	−2 158.0
	–	–	2.4	3.3	−2.5	−2.2	−277.1	−258.1
	19.2	20.0	42.9	35.4	−75.3	−66.9	65.6	69.1
	−6.5	−3.0	–	–	–	–	−185.6	−2.4
	–	–	–	–	–	–	−67.8	5.4
	−312.3	−291.6	−29.0	−28.7	−2.2	−2.4	−4 150.0	−3 662.3
	−128.8	−122.5	−54.8	−55.2	54.8	55.7	−592.1	−576.8
	10.2	8.9	32.1	32.5	−53.0	−53.2	40.7	42.4
	−38.6	−36.2	−19.9	−17.5	0.3	0.0	−328.8	−326.1
	0.3	0.0	−1.4	−1.1	2.2	1.7	−5.1	−5.6
	−5.2	−15.8	7.0	4.0	0.4	−0.1	−45.8	−54.2
	−474.4	−457.2	−66.0	−66.0	2.5	1.7	−5 081.1	−4 582.6
	30.1	20.1	38.4	20.0	−8.4	−8.6	339.9	293.5
	−0.1	–	−61.2	−19.5	8.4	8.6	−61.6	−19.5
	30.0	20.1	−22.8	0.5	0.0	0.0	278.3	274.0
	−8.4	−3.8	9.9	1.2	0.0	0.0	11.4	−50.1
	21.6	**16.3**	**−12.9**	**1.7**	**0.0**	**0.0**	**289.7**	**223.9**

Details on Europe segment

	Germany		Italy	
Six months ending on	30.6.2019	30.6.2018	30.6.2019	30.6.2018
in CHF million				
Income				
Gross premiums written	595.8	581.1	442.7	438.9
Reinsurance premiums ceded	–38.1	–36.8	–58.9	–58.7
Net premiums written	557.7	544.3	383.8	380.2
Net change in unearned premium reserve	–98.4	–93.9	–9.7	–7.0
Net earned premiums	459.3	450.4	374.1	373.2
Current income on Group investments (net)	29.7	31.5	41.6	41.6
Gains and losses on Group investments (net)	31.7	17.3	16.1	7.1
Income investments with market risk for the policyholder	89.9	–1.6	60.2	–4.3
Share of profit or loss of associates	–	–	–	–
Other income	4.0	3.5	11.2	8.9
Total operating income	614.6	501.1	503.2	426.5
of which transactions between geographical segments	1.3	1.1	–	–
Total revenues from external customers	615.9	502.2	503.2	426.5
Expenses				
Claims incurred including claims handling costs (non-life)	–219.7	–233.4	–156.3	–145.7
Claims and benefits paid (life)	–80.8	–75.2	–134.5	–123.7
Change in actuarial reserves	–160.9	–86.0	–28.4	–52.1
Reinsurers´ share of benefits and claims	12.5	17.2	21.4	21.1
Policyholder dividends and bonuses	–12.8	9.1	–1.5	2.5
Income attributable to deposits for investment contracts	–	–	–60.3	4.3
Net benefits to policyholders and claims	–461.7	–368.3	–359.6	–293.6
Acquisition costs	–97.6	–95.0	–70.0	–66.9
Reinsurers´ share of acquisition costs	6.6	5.8	7.2	6.8
Operating and administrative expenses	–31.1	–33.0	–34.8	–33.4
Interest payable	–1.5	–1.4	–0.5	–0.5
Other expenses	–4.8	–2.1	–14.2	–13.3
Total operating expenses	–590.1	–494.0	–471.9	–400.9
Profit or loss from operating activities	24.5	7.1	31.3	25.6
Financing costs	–0.4	–0.3	–1.9	–1.9
Profit or loss before tax	24.1	6.8	29.4	23.7
Income taxes	–7.4	8.3	–9.2	–8.6
Profit or loss for the period	**16.7**	**15.1**	**20.2**	**15.1**

	Spain		Austria		Elimination		Total Europe	
	30.6.2019	30.6.2018	30.6.2019	30.6.2018	30.6.2019	30.6.2018	30.6.2019	30.6.2018
	250.4	248.0	271.0	322.3	−1.3	−1.2	1 558.6	1 589.1
	−10.6	−11.1	−50.1	−50.1	1.3	1.2	−156.4	−155.5
	239.8	236.9	220.9	272.2	0.0	0.0	1 402.2	1 433.6
	−23.1	−21.9	−10.3	−10.3	0.0	0.0	−141.5	−133.1
	216.7	215.0	210.6	261.9	–	–	1 260.7	1 300.5
	9.3	9.9	16.1	18.2	–	–	96.7	101.2
	1.7	−0.3	13.3	9.3	–	–	62.8	33.4
	10.2	−0.4	73.8	−8.1	–	–	234.1	−14.4
	0.4	0.3	–	–	–	–	0.4	0.3
	2.2	2.4	4.7	2.3	–	–	22.1	17.1
	240.5	226.9	318.5	283.6	–	–	1 676.8	1 438.1
	–	–	−1.3	−1.1	93.2	92.2	93.2	92.2
	240.5	226.9	317.2	282.5	93.2	92.2	1 770.0	1 530.3
	−120.9	−120.6	−106.7	−99.2	0.8	0.7	−602.8	−598.2
	−39.4	−43.8	−72.2	−82.1	–	–	−326.9	−324.8
	−11.5	7.1	−80.8	−43.4	–	–	−281.6	−174.4
	7.9	6.6	27.6	22.4	−0.8	−0.7	68.6	66.6
	–	–	−7.1	−1.9	–	–	−21.4	9.7
	–	–	–	–	–	–	−60.3	4.3
	−163.9	−150.7	−239.2	−204.2	–	–	−1 224.4	−1 016.8
	−50.1	−48.3	−58.4	−56.2	0.0	0.0	−276.1	−266.4
	2.3	2.7	18.9	17.3	0.0	0.0	35.0	32.6
	−15.9	−15.5	−15.8	−17.2	0.0	0.0	−97.6	−99.1
	0.0	0.0	−0.3	−0.4	–	–	−2.3	−2.3
	−1.8	−2.1	−1.2	−2.0	–	–	−22.0	−19.5
	−229.4	−213.9	−296.0	−262.7	0.0	–	−1 587.4	−1 371.5
	11.1	13.0	22.5	20.9	0.0	–	89.4	66.6
	0.0	–	0.0	–	–	–	−2.3	−2.2
	11.1	13.0	22.5	20.9	0.0	–	87.1	64.4
	−2.7	−3.3	−6.2	−6.0	0.0	–	−25.5	−9.6
	8.4	**9.7**	**16.3**	**14.9**	**0.0**	**–**	**61.6**	**54.8**

6.2. Information by business activities

	Life		Non-life	
Six months ending on	30.6.2019	30.6.2018	30.6.2019	30.6.2018
in CHF million				
Income				
Gross premiums written	3 002.7	3 006.7	2 871.1	2 741.4
Reinsurance premiums ceded	–48.4	–40.9	–272.8	–273.0
Net premiums written	2 954.3	2 965.8	2 598.3	2 468.4
Net change in unearned premium reserve	–617.4	–611.6	–618.5	–540.7
Net earned premiums	2 336.9	2 354.2	1 979.8	1 927.7
Current income on Group investments (net)	442.7	432.6	78.8	71.3
Gains and losses on Group investments (net)	94.2	3.8	15.8	–4.1
Income investments with market risk for the policyholder	314.9	–41.6	–	–
Share of profit or loss of associates	0.0	0.0	–1.4	0.5
Other income	20.6	16.6	34.6	31.3
Total operating income	3 209.3	2 765.6	2 107.6	2 026.7
Expenses				
Claims incurred including claims handling costs (non-life)	–	–	–1 334.3	–1 318.4
Claims and benefits paid (life)	–2 353.1	–2 157.9	–	–
Change in actuarial reserves	–277.1	–259.3	–	–
Reinsurers´ share of benefits and claims	8.8	11.8	90.2	89.5
Policyholder dividends and bonuses	–176.0	0.9	–9.6	–3.3
Income attributable to deposits for investment contracts	–67.8	5.4	–	–
Net benefits to policyholders and claims	–2 865.2	–2 399.1	–1 253.7	–1 232.2
Acquisition costs	–121.4	–125.2	–470.7	–452.0
Reinsurers´ share of acquisition costs	4.7	4.1	56.9	59.0
Operating and administrative expenses	–102.9	–108.5	–188.3	–188.5
Interest payable	–6.3	–6.6	–1.6	–1.6
Other expenses	–30.6	–26.5	–22.9	–31.1
Total operating expenses	–3 121.7	–2 661.8	–1 880.3	–1 846.4
Profit or loss from operating activities	87.6	103.8	227.3	180.3
Financing costs	–6.9	–7.0	–2.0	–1.6
Profit or loss before tax	80.7	96.8	225.3	178.7
Income taxes	28.2	–18.8	–26.7	–31.9
Profit or loss for the period	**108.9**	**78.0**	**198.6**	**146.8**

Other activities		Elimination		Total	
30.6.2019	30.6.2018	30.6.2019	30.6.2018	30.6.2019	30.6.2018
205.1	189.0	–206.5	–190.2	5 872.4	5 746.9
–133.7	–115.9	207.7	189.8	–247.2	–240.0
71.4	73.1	1.2	–0.4	5 625.2	5 506.9
–4.9	–5.0	–1.2	0.4	–1 242.0	–1 156.9
66.5	68.1	–	–	4 383.2	4 350.0
2.7	14.5	–12.8	–12.6	511.4	505.8
34.4	0.5	–	–	144.4	0.2
–	–	–	–	314.9	–41.6
–	–	–	–	–1.4	0.5
16.6	16.1	–3.3	–2.8	68.5	61.2
120.2	99.2	–16.1	–15.4	5 421.0	4 876.1
–70.6	–63.3	72.9	63.4	–1 332.0	–1 318.3
–3.6	–4.1	3.6	4.0	–2 353.1	–2 158.0
2.4	3.4	–2.4	–2.2	–277.1	–258.1
42.8	35.4	–76.2	–67.6	65.6	69.1
–	–	–	–	–185.6	–2.4
–	–	–	–	–67.8	5.4
–29.0	–28.6	–2.1	–2.4	–4 150.0	–3 662.3
–54.8	–55.3	54.8	55.7	–592.1	–576.8
32.1	32.5	–53.0	–53.2	40.7	42.4
–37.8	–29.0	0.2	–0.1	–328.8	–326.1
–2.0	–1.6	4.8	4.2	–5.1	–5.6
4.7	0.9	3.0	2.5	–45.8	–54.2
–86.8	–81.1	7.7	6.7	–5 081.1	–4 582.6
33.4	18.1	–8.4	–8.7	339.9	293.5
–61.1	–19.6	8.4	8.7	–61.6	–19.5
–27.7	–1.5	0.0	0.0	278.3	274.0
9.9	0.6	0.0	0.0	11.4	–50.1
–17.8	**–0.9**	**0.0**	**0.0**	**289.7**	**223.9**

7. Financial liabilities from financing activities

On 8 April 2019, Helvetia repaid a bond from the year 2013 with a volume of CHF 150.0 million. Helvetia has decided to reduce its debt ratio and to no not refinance this bond.

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 measurement 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" measurement category. This category of measurement 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 fair 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 non-controlling 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" measurement category. This applies in particular to alternative investments. At Helvetia, the alternative investments primarily comprise private debt. Helvetia invests in private debt via fund companies. The credit assessment is conducted by the fund operator.

Helvetia recognises transfers between the valuation category levels at the end of the reporting period in which the changes occurred.

In the reporting period, the following transfers were conducted between the valuation category levels:
- Investments in the amount of CHF 1,404.4 million were transferred from "Level 1" to "Level 2".
- Investments in the amount of CHF 921.9 million were transferred from "Level 2" to "Level 1".

Due to their high prices, long-term bonds were traded less frequently on the market and are therefore increasingly reported under "Level 2". In contrast, the trading of short-term bonds has intensified. These thus increasingly meet the "Level 1" criteria.

In the previous period:
- Investments in the amount of CHF 10.3 million were transferred from "Level 3" to "Level 2".
- Investments in the amount of CHF 0.5 million were transferred from "Level 2" to "Level 3".

From the previous year's CHF 541.5 million of "Level 3" investments as at 31 December 2018,
- sales in the amount of CHF 18.6 million (previous period: CHF 6.4 million) were made and
- additions in the amount of CHF 127.9 million (previous period: CHF 165.0 million) were recorded.
- Gains of CHF 12.5 million were reported under "Gains and losses on financial instruments" in the income statement and non-realised gains of CHF 0.3 million in the statement of comprehensive income. The valuation gain on the "Level 3" investments held on the reporting date was CHF 17.9 million. In the previous year's period, no material gains or losses arose on "Level 3" investments.

Stress tests performed on the "Level 3" investments show that an increase in the credit spreads of 100 basis points would lead to decrease in value of CHF 30.9 million.

Financial instruments at fair value by measurement method

in CHF million	Quoted market prices 30.6.2019 Level 1	31.12.2018	Based on market data 30.6.2019 Level 2	31.12.2018	Not based on market data 30.6.2019 Level 3	31.12.2018	Total fair value 30.6.2019	31.12.2018
At fair value through profit and loss (held for trading)								
Interest-bearing securities	14.9	15.6	–	–	–	–	14.9	15.6
Investment funds	18.1	23.2	–	–	–	–	18.1	23.2
Derivative financial assets	1.6	5.6	164.5	163.0	–	–	166.1	168.6
Investments with market risk for the policyholder	23.2	16.7	70.3	38.2	–	–	93.5	54.9
Total "held for trading"	57.8	61.1	234.8	201.2	–	–	292.6	262.3
Designated as at fair value through profit or loss								
Interest-bearing securities	588.5	534.8	700.7	640.7	–	–	1 289.2	1 175.5
Shares	1 412.2	1 183.2	–	–	9.1	7.7	1 421.3	1 190.9
Investment funds	286.4	353.6	573.7	555.4	–	–	860.1	909.0
Investments with market risk for the policyholder	3 281.2	2 814.6	572.7	517.6	–	–	3 853.9	3 332.2
Alternative investments	11.3	13.5	–	–	631.6	520.4	642.9	533.9
Total "designated"	5 579.6	4 899.7	1 847.1	1 713.7	640.7	528.1	8 067.4	7 141.5
Total "at fair value through profit and loss"	5 637.4	4 960.8	2 081.9	1 914.9	640.7	528.1	8 360.0	7 403.8
Available-for-sale								
Interest-bearing securities	11 667.1	11 340.0	13 905.5	12 983.2	–	–	25 572.6	24 323.2
Shares	1 255.9	1 053.9	7.6	7.2	4.4	4.3	1 267.9	1 065.4
Investment funds	268.7	230.1	55.3	29.9	6.1	6.1	330.1	266.1
Alternative investments	–	–	–	–	12.4	3.0	12.4	3.0
Total "available-for-sale" (AFS)	13 191.7	12 624.0	13 968.4	13 020.3	22.9	13.4	27 183.0	25 657.7
Derivatives for hedge accounting	–	–	11.2	13.8	–	–	11.2	13.8
Total financial assets at fair value	**18 829.1**	**17 584.8**	**16 061.5**	**14 949.0**	**663.6**	**541.5**	**35 554.2**	**33 075.3**
Financial liabilities at fair value								
Minority interests in own funds	–	–	304.1	258.3	–	–	304.1	258.3
Deposits for investment contracts	–	–	1 237.7	1 155.9	–	–	1 237.7	1 155.9
Derivative financial liabilities	–	–	133.9	120.6	–	–	133.9	120.6
Other financial liabilities	–	–	64.8	66.6	–	–	64.8	66.6
Total financial liabilities at fair value	**–**	**–**	**1 740.5**	**1 601.4**	**–**	**–**	**1 740.5**	**1 601.4**

Financial instruments

	Book value		Fair value	
	30.6.2019	31.12.2018	30.6.2019	31.12.2018
in CHF million				
Total "loans and receivables" (LAR)[1]	8629.5	9181.2	9343.0	9697.9
Total "held-to-maturity investments" (HTM)	2194.8	2308.5	2778.9	2789.3
Total financial assets at fair value	35554.2	33075.3	35554.2	33075.3
Total financial assets	**46378.5**	**44565.0**	**47676.1**	**45562.5**
Financial liabilities at amortised cost				
Financial liabilities from financing activities	1219.4	1318.9	1320.7	1354.9
Financial liabilities from insurance business	536.5	554.5	536.5	554.5
Other financial liabilities	192.1	140.4	192.1	140.4
Total financial liablities at amortised cost	1948.0	2013.8	2049.3	2049.8
Finacial liabilities at fair value				
Financial liabilities from financing activities	304.1	258.3	304.1	258.3
Financial liabilities from insurance business	1237.7	1155.9	1237.7	1155.9
Other financial liabilities	198.7	187.2	198.7	187.2
Total financial liabiliies at fair value	1740.5	1601.4	1740.5	1601.4
Total financial assets	**3688.5**	**3615.2**	**3789.8**	**3651.2**

1 Excl. assets receivables from insurance business and reinsurance.

9. Income taxes
In the reporting period, Helvetia recorded a one-off positive effect recognised through profit or loss totalling CHF 63.3 million due to the reduction of deferred tax provisions. This primarily arose from the acceptance of the Federal Act on Tax Reform and AHV Financing (TRAF) as well as the associated tax proposals and the resulting reduction of various cantonal tax rates.

10. 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 the Helvetia Group or that could have a material impact on the Group's financial position or financial performance.

11. Seasonal effects
Income and expenses must be recognised immediately when they are incurred. In the consolidated interim financial statements, income and expenses are accrued or deferred only if this would also be appropriate at the end of the financial year.

12. Events after the reporting date
In the period up to 27 August 2019 when these consolidated interim financial statements were prepared, no events became known which would have a material impact on the interim financial statements as a whole.

Important dates

4 March 2020	Publication of financial results for 2019
24 April 2020	Ordinary Shareholders' Meeting in St. Gallen
27 August 2020	Publication of half-year financial results for 2020

Disclaimer regarding forward-looking information

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This document may contain projections or other forward-looking statements related to Helvetia Group which, by their very nature, involve inherent risks and uncertainties, both general and specific, and it is possible that predictions, forecasts, projections and other outcomes described or implied in forward-looking statements will not be achieved. We caution you that a number of important factors could cause results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include: (1) changes in general economic conditions, in particular in the markets in which we operate; (2) the performance of financial markets; (3) changes in interest rates; (4) changes in currency exchange rates; (5) changes in laws and regulations, including accounting policies or practices; (6) risks associated with implementing our business strategies; (7) the frequency, magnitude and general development of insured claim events; (8) the mortality and morbidity experience; (9) policy renewal and lapse rates. We caution you that the foregoing list of important factors is not exhaustive; you should carefully consider the factors and other uncertainties referred to when assessing forward-looking statements. All forward-looking statements are based on information available to Helvetia Group on the date of its publication and Helvetia Group assumes no obligation to update such statements unless otherwise required by applicable law.

The purpose of this document is to inform Helvetia Group's shareholders and the public of Helvetia Group's business activities in the first half of 2019. This document does not constitute an offer or a solicitation to exchange, buy or subscribe for securities and it does not constitute an offering circular within the meaning of Art. 652a of the Swiss Code of Obligations or a listing prospectus within the meaning of the listing rules of SIX Swiss Exchange. Should Helvetia Group in the future carry out one or more capital increases, investors should make their decision to buy or to subscribe for new shares or other securities solely based on the relevant offering circular. This document is also available in German. The German version is legally binding.

St. Gallen, 29 August 2019

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