Helvetia Group

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Financial report 2020.

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Your Swiss Insurer

Key figures.

in CHF million	2020	2019	Change in Group currency
Business volume			
Gross premiums life	3 996.7	4 539.2	−12.0 %
Deposits received life	286.6	239.4	19.7 %
Gross premiums non-life	5 430.3	4 675.5	16.1 %
Business volume	9 713.6	9 454.1	2.7 %
Key performance figures			
Result life	167.1	224.4	−25.5 %
Result non-life	258.5	398.5	−35.1 %
Result other activities	−143.9	−84.8	−69.9 %
Group profit for the period after tax	281.7	538.1	−47.7 %
Investment result	1 027.2	1 876.5	−45.3 %
of which investment result from Group financial assets and investment property	840.6	1 402.7	−40.1 %
Key balance sheet figures			
Consolidated equity (without preferred securities)	6 400.3	5 834.1	9.7 %
Provisions for insurance and investment contracts (net)	51 571.7	46 194.2	11.6 %
Investments	60 570.9	54 524.7	11.1 %
of which Group financial assets and investment property	55 674.7	50 227.8	10.8 %
Ratios			
Return on equity[1]	4.2 %	9.3 %	
Reserve to premium ratio non-life	149.3 %	145.3 %	
Combined ratio (gross)	94.1 %	90.4 %	
Combined ratio (net)	94.0 %	92.3 %	
New business margin	2.6 %	2.9 %	
Direct yield	1.7 %	1.9 %	
Investment performance	2.7 %	5.9 %	
Key share data Helvetia Holding AG			
Group profit for the period per share in CHF	4.8	10.5	−54.7 %
Consolidated equity per share in CHF	121.3	118.0	2.8 %
Price of Helvetia registered shares at the reporting date in CHF	93.4	136.8	−31.7 %
Market capitalisation at the reporting date in CHF million	4 952.6	6 802.5	−27.2 %
Number of shares issued	53 025 685	49 725 685	
Employees			
Helvetia Group	11 687	6 829	71.1 %
of which Switzerland and Corporate	3 739	3 668	1.9 %

[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).

Financial report

Risk, capital and investment management

Risk management

In the current challenging economic environment, comprehensive risk management is a top priority and integral to the way the Helvetia Group manages its business.

A primary objective of risk management is the sustained, proactive safeguarding of the capital base as well as the reputation of the Helvetia Group and its Group companies.

Risk management organisation

The organisational structure of the Helvetia Group ensures a standardised application of the Group-wide risk management standard. In doing so, roles and responsibilities in the business units comply with the risk management organisation of the Group. This is based on a governance model that differentiates between the three basic functions of risk owner, risk observer and risk taker.

The supreme risk owner is the Board of Directors of Helvetia Holding AG (particularly the Investment and Risk Committee, Audit Committee and Strategy and Governance Committee) as well as the Executive Management. As the central bodies responsible for this function, they bear the ultimate responsibility for risk and define the risk strategy and risk appetite for the Group, both of which are aligned to the business strategy.

Risk management organisation

Risk owner

Board of Directors
(Investment and Risk, Audit, Strategy & Governance Committees)

Executive Management

Risk observer

Risk Committee

Risk management

Specialised risk controlling functions
(e.g. Group Actuarial Departments Life / Non-Life, Asset Management)

Risk taker

Risk management in the company units and processes

Internal Audit

Various risk observers assess the risks entered into by Helvetia Group irrespective of an operational responsibility. The Risk Committee coordinates the collaboration between the risk observers and the risk takers and advises the Board of Directors and Executive Management in their decisions. The central risk controlling role "Group Risk Management" is responsible for the improvement and development of the risk management system as well as for monitoring risks and controlling measures, and serves as a competence centre for the Group's risk management. The Risk Committee is supported by specialised risk-controlling functions, such as the Group actuarial function and risk controlling in asset management. Internal Audit independently monitors the efficiency of the risk management system.

The risk takers control and manage risks in an operational context. They are responsible for complying with / observing the guidelines and policies for risk management within the scope of their operating activities in the respective business areas and processes.

Risk management process and risk environment

The key components of the risk management process at Group level include the identification, analysis and management of risks, the monitoring of the success, effectiveness and appropriateness of the risk management measures, and reporting and communication. The risk management process ensures that sufficient risk-bearing capital is available at any time to cover the risks assumed in accordance with the chosen risk tolerance.

In its business activities, Helvetia is exposed to numerous risks that are included in the Group's risk management process. Market risks arise, in particular, from interest rate changes, fluctuations in share prices, real estate prices, or exchange rates which influence the value of the Group's investments and technical liabilities. Liquidity risk generally refers to the risk of being unable to provide an unexpected cash outflow in a timely manner. Counterparty or credit risk is the risk of a contractual counterparty being unable to pay or of a change in the counterparty's creditworthiness. The technical risks of life and non-life belong to the traditional risks of an insurance company. They are consciously accepted as part of the chosen business strategy. Operational risk includes the risk of losses due to errors or the failure of internal processes, employees or systems, or as a result of external events whereby operational risks are also taken into consideration. Reputational risks can also arise in connection with strategic and emerging risks. Strategic risks include the risk of not achieving business targets due to the inadequate alignment of a company's business activities to the market and in the market environment. Emerging risks are risks that have not yet manifested as actual risks, but are already in existence and have a high potential for large claims. Concentration risks (also known as cluster risks) can arise from risk exposure to a single counterparty or from parallel risk positions that are vulnerable to a mutual risk factor.

A detailed portrayal of the risks resulting from financial instruments and insurance contracts is provided in section 16 (from page 152) of the Financial Report.

Methods for risk analysis and control

The diverse risk environment requires the use of various methods of risk analysis. Among other things, the Helvetia Group uses internal stochastic risk models as an instrument for analysing and quantifying market, counterparty and technical risks. The company applies models, among others for the areas of market risk and technical risk. Risks are controlled and limited by means of hedging instruments, specific product design, reinsurance cover, limit systems (including exposure control and loss limits), diversification strategies, process optimisation and other risk reduction measures.

Risk environment

Market risks	Liquidity risks	Counterparty risks	Technical risks	Operational risks	Strategic risks	Emerging risks
Share price risk	Medium-term	Reinsurance	Life (mortality, longevity, surrender rates, disability, costs, exercising of options)	Financial reporting	Business model	New and qualitatively different risks
Interest rate risk	Short-term	Investments	Non-life (natural hazards, major claims, base volatility, reserve risk)	Business operations (e.g. with regard to outsourcing, BCM)	Fundamental business policy decisions	Phantom risks
Spread risk		Other receivables		Compliance		
Exchange rate risk						
Real estate investment risk						
Long-term liquidity risks						
Other						

Reputational risks

Concentration risks

Capital management

Our capital management is an essential pillar for achieving the Helvetia Group's long-term growth targets aimed at profitability. The optimisation of capital allocation and income flows has the following objectives:

- to ensure compliance with supervisory capital requirements at all times;
- to secure the capital required to underwrite new business;
- to optimise the earning power of its equity and the associated dividend potential;
- to support strategic growth;
- to optimise financial flexibility.

These objectives are kept in balance by taking account of risk capacity and cost / benefit arguments. Furthermore, as part of its capital management, Helvetia pursues the goal of an interactive rating of financial strength from Standard & Poor's of at least "A" at Group level.

Methods for measuring capital

The measurement of capitalisation is carried out both at Group and local level, i.e. at the level of the individual legal entities. At the local level, the country-specific regulatory and commercial law requirements are key. At Group level, capital is measured on the basis of the consolidated balance sheet. In doing so, the capital requirements are measured against the capital models that are relevant to the Helvetia Group: Swiss Solvency Test and Standard & Poor's. When measuring the capitalisation of the Group's legal entities, the applicable solvency rules are applied (Swiss Solvency Test in Switzerland and Solvency II in the EU).

In these capital models, the IFRS equity forms the basis for establishing the available capital. Depending on the model, additional capital is added and other components, such as planned dividend payments and intangible assets, are deducted.

As is the case for Solvency II, albeit not in an identical manner, the Swiss Solvency Test involves measuring all assets and liabilities at market prices in order to calculate the available capital.

Under Standard & Poor's, the Swiss Solvency Test and Solvency II, the required capital is calculated using a risk-based method. In the Swiss Solvency Test, the effects of risks on the available capital are determined by means of scenario simulations and statistical methods, and quantified taking into consideration dependencies and diversification effects in the form of a risk-based capital requirement.

Capital management process

Helvetia applies an integrated approach to capital management. At the strategic level, the capitalisation and risk profile of business units are managed in terms of profitability and growth potential and therefore the strategic Group targets. Capital is managed integrally in accordance with a defined capitalisation target under the relevant capital models, and is aligned with the corporate strategy using multi-year capital planning. At an operational level, the capital management process incorporates the financing of the Group as a whole as well as the safeguarding of the adequate and efficient capitalisation of the individual legal entities of the Group. In this process, capitalisation is closely monitored and optimised according to internally defined thresholds. This management also takes account of liquidity requirements.

Outlook

The supervisory requirements for risk and capital management remain subject to changes. The Swiss Financial Market Supervisory Authority (FINMA) has largely implemented the desired standardisation of the Swiss Solvency Test models for insurance companies. Helvetia has already fully reflected the changes in its capital management.

The European Insurance and Occupational Pensions Authority (EIOPA) has implemented a review process to determine the capitalisation under Solvency II. Helvetia is following these developments as well and is in a position to adapt the calculation logic to the changes and reflect them in its capital management of the relevant market units in a timely and appropriate manner.

Investment management

The Helvetia Group pursues a sustainable investment policy tailored to the liabilities arising from the insurance business. The objective is to generate attractive medium- and long-term returns for our customers and shareholders and to make a reliable contribution to the Group result.

Proven asset liability management – tried-and-tested investment strategy

Helvetia's investment strategy is based on a time-tested asset liability concept. First, a strategic asset allocation for each business unit and the Helvetia Group from a careful analysis of the liabilities is derived. This satisfies both the high security requirements of the insurance business and also takes account of the yield expectations of each of the various stakeholder groups. As part of asset liability management, it is also ensured that there is always enough capital available for the ongoing strategic development of the Group and that the regulatory requirements are taken into consideration. In doing so, the supervisory solvency requirements must be fulfilled at all times. In the life insurance business, the terms of fixed-income securities and liabilities are aligned with one another. Due to the long maturities of the assets, the persistent phase of very low interest rates is only gradually affecting direct yields. At the same time, the reduction in the guaranteed interest rates included in life insurance policies also helps balance out this effect.

Broadly diversified investment portfolio

Increased attention is being paid to the broad diversification of the Helvetia Group's investment portfolio. The balanced distribution of the portfolio applies both between and within the individual asset classes. Moreover, Helvetia places high demands on diversification across issuers and the quality of the counterparties. At the end of the year, more than 50% of the bond portfolio had at least an AA rating.

Attractive, stable investment income

Broadly diversified portfolios are formed through the careful combination of low-risk assets, such as bonds with a high rating and mortgages, with instruments with higher returns, including real estate, equities and alternative investments such as private debt. These portfolios, which are tailored to specific needs, generate attractive risk-adjusted investment returns for our customers and shareholders. The income gained from bonds, mortgages and real estate ensures sustained and stable investment income, while gains in value from the equities create interesting medium-term return potential. Helvetia's high-quality property portfolio is an excellent fit with the liabilities from the insurance business, not only because of the long-term stable and attractive rental income, but also due to the appreciation potential of the real estate.

Prudent investment strategy and timely risk management

The investment strategy is defined in detail and implemented as part of the annual review of the investment policy. Opportunities arising from short- and medium-term market developments should be taken, while remaining within the tactical ranges established by the management. The investment strategy is always supported by timely risk management. The objective of the risk-controlling measures is to protect the balance sheet and income statement from excessive losses in value. This applies both to exposures in foreign currencies that are constantly hedged to a large degree with forwards and to equities whose risks are controlled using options or futures. In addition, counterparty risks are subjected to ongoing analysis and control using various criteria such as ratings, credit quality and the development of interest spreads. In order to avoid concentration risks, absolute exposure limits apply to the individual counterparties, depending on their quality.

Investment strategy and risk management are designed to ensure the Group's long-term solvency and optimise the impact of volatile markets on the annual result.

Share and bonds

2020 will go down as one of the most turbulent stock market years in recent history. After shares hit new record highs in mid-February, prices corrected massively with the rapid spread of the coronavirus during March and, in some cases, fell by more than 30% – doing so within a single month. Only the interventions of various central banks with their expansive monetary policy and the massive economic stimulus programmes adopted by governments were able to stabilise the markets from mid-March onwards.

In most developed countries, interest rates at the end of the year were slightly lower than they had been in the prior year. In particular, US bonds and those of peripheral European countries were able to benefit from falling interest rates. In Switzerland, a sideways trend was observed over the year as a whole, with interest rates persisting at historically low levels. Credit spreads, which widened considerably in March due to the COVID-19 crisis, narrowed sharply once more during the course of the year in the wake of the general recovery on the financial markets.

Fuelled by monetary and fiscal policy as well as the prospect of vaccines becoming available in 2021, the stock markets embarked on a strong recovery from April 2020. Although there was still a significant divergence in the performance of individual industrial sectors, most indices succeeded in largely making up the losses that they suffered during the first quarter of 2020 by the end of the year. The Swiss stock market's Swiss Performance Index (SPI) recorded a return of almost 4%, while the Mid Cap Index generated a return of 6%. With a return of –7.1%, Swiss insurance stocks fared poorly, while the Helvetia shared posted a much weaker performance at –27.9%. The underperformance of the Helvetia share can mainly be explained by the uncertainties regarding the financing of the acquisition of the Spanish insurer Caser prior to the completion of the transaction and the economic and political development in Spain.

Patria Genossenschaft as core shareholder

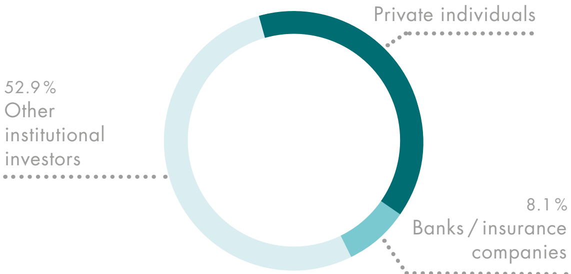
Compared with the end of 2019, there were no changes in the composition of the core shareholder base. As at 31 December 2020, Patria Genossenschaft still held the most significant stake in Helvetia Holding, at 34.1%. The free float was thus unchanged at 65.9%.

The number of shareholders increased significantly relative to the end of 2019 to 22,679 as at 31 December. The reason for this was a shift in the composition of the investor groups. Compared with the end of 2019, the proportion of private individuals in the free float entered in the share register increased to 39.0% while that of financial institutions and other institutional investors fell to 8.1% and 48.5% (excluding the aforementioned core shareholder), respectively. This development can primarily be attributed to the decline

Helvetia share

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

Investor groups (excluding core shareholder base)
in %



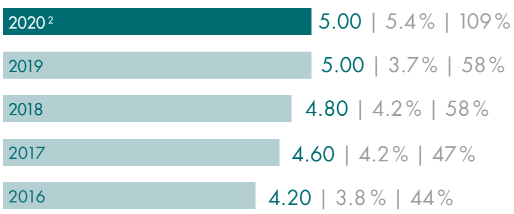
Bonds in circulation

	Issue volume	Interest	Term	Year of issue
Bond	CHF 150 million	1.50% p.a.	10.5 years	2014
Subordinated bond	CHF 225 million	4.00% p.a.	30 years	2014
Subordinated bond	CHF 300 million	3.00% p.a.	Perpetual	2015
Subordinated bond	EUR 500 million	3.375% p.a.	30.5 years	2017
Subordinated bond	CHF 275 million	1.50% p.a.	Perpetual	2020
Subordinated bond	CHF 125 million	1.45% p.a.	20.5 years	2020
Subordinated bond	EUR 600 million	2.75% p.a.	21.25 years	2020
Green subordinated bond	CHF 200 million	1.75% p.a.	Perpetual	2020

in the share price caused by the COVID-19 crisis. As a result, the regional composition of the shareholder base also changed. The majority of the registered shareholders are based in Switzerland. Measured by the registered free float, 80.2 % of the shares are held by investors who have their registered office in Switzerland (31 December 2019: 62.6 %). A total of 19.8 % (31 December 2019: 37.4 %) are held by foreign investors. Unregistered shares remained almost unchanged relative to the previous year, ending the year at 24.6 % (previous year: 24.8 %).

Dividend history

Dividend per share (in CHF) | dividend yield at year-end price | payout ratio[1]



[1] Based on IFRS / previous years based on underlying earnings
[2] Proposal to the Shareholders' Meeting

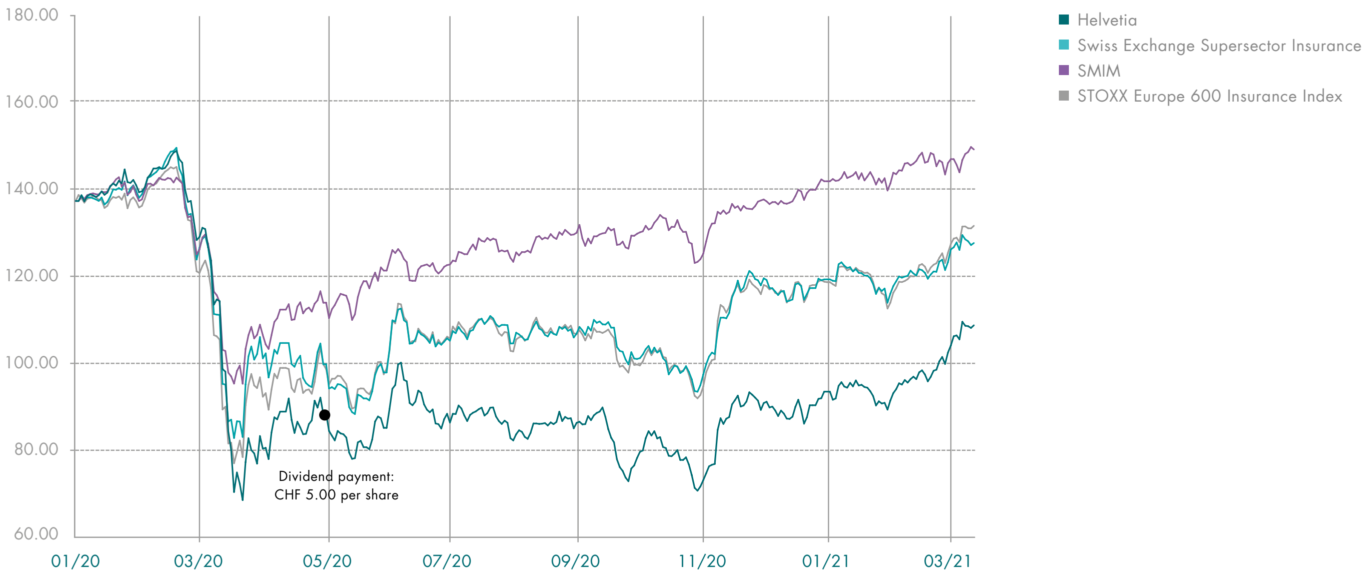
Rise in trading volume and capital increase

In connection with the market fluctuations triggered by the COVID-19 crisis, a strong increase in both the number of traded shares and the trading volume was recorded in 2020. On average, 179,638 Helvetia shares were traded every day, equivalent to an increase of 125 % in a year-on-year comparison. The average daily trading volume rose relative to 2019 by 58 % to CHF 16.1 million.

In order to finance partially the acquisition of the Spanish insurer Caser, the Shareholders' Meeting of 24 April 2020 approved the creation of authorised capital amounting to a maximum of 15 % of the outstanding share capital. As part of a very successful private placement on 18 June 2020, Helvetia subsequently issued 3.3 million new shares with a nominal value of CHF 0.02 each, which is equivalent to 6.6 % of the outstanding capital up to that point. At a price of CHF 91.00 per new share, the capital increase generated gross proceeds of approximately CHF 300 million. In this way, Helvetia was able to finance around a third of the purchase price for the acquisition of a majority holding of 70 % in Caser. The new shares were listed on SIX Swiss Exchange on 22 June 2020 and admitted for trading.

Share price development 1.1.2020 – 12.3.2021

in CHF



Virtual investor communication

Helvetia communicates with shareholders, potential investors, financial analysts, retail investors and the general public comprehensively and on a regular basis. Despite the restrictions due to the COVID-19 pandemic, Helvetia was also in constant dialogue with its investors in 2020. Numerous group and individual discussions with investors were held by phone or digitally. We also participated selectively in the virtual conferences of various financial institutions.

Due to the pandemic, the 2020 Shareholders' Meeting also took place without the physical attendance of the shareholders. The occasion was a success despite the unusual setting: the shareholders approved all the motions of the Board of Directors – including the creation of approved share capital for the acquisition of Caser.

Bonds in circulation

In 2020, the Helvetia Group placed four new, subordinated bonds on the capital market. Two subordinated bonds of CHF 275 million (coupon: 1.50%) and CHF 125 million (coupon: 1.45%) were issued as a replacement for the subordinated bond of CHF 400 million (coupon: 3.50%) due for repayment. The senior bond of CHF 225 million (coupon: 0.75%), which also fell due in 2020, was repaid without being replaced. The Helvetia Group also issued a subordinated bond denominated in euros for the partial financing of the acquisition of Caser (EUR 600 million, coupon of 2.75%) as well as a first green hybrid bond (CHF 200 million, coupon of 1.75%). The latter is being used for, among other things, the further development of Helvetia's real estate portfolio, taking account of sustainability criteria.

Key share data Helvetia Holding AG

	2020	2019
Number of shares issued		
Treasury shares	242 844	267 932
Shares outstanding	52 782 841	49 457 753
Number of shares issued	53 025 685	49 725 685
Price of Helvetia registered shares in CHF		
Year-end	93.4	136.8
High for the year	148.6	139.3
Low for the year	66.0	113.7
Market capitalisation in CHF million	4 952.6	6 802.5
Consolidated equity per share in CHF	121.3	118.0
Price- / book ratio (P / B)1	0.8	1.2
Group profit for the period per share in CHF	4.8	10.5
Price / earnings ratio (P / E)[1]	21.4	13.0
Dividend per share[2]	5.00	5.00
Payout ratio	109%	58%
Dividend yield[1/2]	5.4%	3.7%

1 Based on year-end price
2 Proposal to the Shareholder's Meeting

Corporate governance

Helvetia is committed to meeting the high legal and ethical expectations of its shareholders and all other stakeholder groups to the best of its knowledge and in good faith. This applies, in particular, with respect to responsible and value-oriented corporate governance and control as well as comprehensive and transparent reporting. The main objectives are to further strengthen confidence in the Helvetia Group, to safeguard the interests of our customers, and thus ultimately to ensure and sustainably enhance the value of the Group, while also taking account of the best interests of the public. We successfully ensure that the principles of good corporate governance are consistently implemented and continually optimised throughout the Group. For the Board of Directors, the Executive Management and all employees of Helvetia, corporate governance is an ongoing process that is regularly reviewed. During this process, new developments, findings and needs are immediately integrated into daily tasks and responsibilities. Good corporate governance can only be truly effective if it is constantly aligned to the Group's strategy and positioning. For more information, please refer to pages 10 et.seq. in the company brochure.

This strategic focus expresses Helvetia's commitment to comply as fully as possible with the applicable standards of the "Swiss Code of Best Practice for Corporate Governance", which was issued in 2002 by economiesuisse and updated in 2016, the Corporate Governance Guidelines (RLCG) of SIX Swiss Exchange AG in the version of 20 June 2019, the Circular "Corporate Governance – Insurers" of the Swiss Financial Market Supervisory Authority (FINMA) of 7 December 2016, the Ordinance Against Excessive Compensation in Swiss Listed Companies (VegüV) of 20 November 2013 (as at 1 January 2014) and the FINMA Circular 2010/1 "Compensation systems" in the version of 22 September 2016. The compensation report included in the Annual Report (from page 34 et. seq.) provides details of our compensation system and the compensation paid to the Board of Directors and the Executive Management. If relevant information is provided elsewhere in the Financial Report or in other documents, reference is made to the location or document concerned. Important documents such as the Articles of Association (https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/statuten.pdf) and the organisational rules with appendices (https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/organisationsreglement.pdf) are also published. This website also contains plenty of additional interesting and up-to-date information.

1. Corporate structure and shareholders

1.1 Corporate structure

Helvetia is an international Swiss all-lines insurance group. The parent company, Helvetia Holding AG, is organised in accordance with Swiss law.

1.1.1 Operational Group structure

The management structure is shown on page 36 of the company brochure. This structure is intended to create the best possible legal, financial, fiscal and regulatory framework and to ensure smooth, efficient and flexible business operations.

1.1.2 Listed companies

Helvetia Holding AG has its head office in St. Gallen and is listed on SIX Swiss Exchange AG in Zurich: security number 46,664,220, ISIN CH0466642201, ticker HELN and a market capitalisation of CHF 4,952.6 million as at 31 December 2020. Key data for investors is given on pages 8 to 10 under "Share and bonds". Helvetia Holding AG is the only listed company in our Group structure.

1.1.3 Non-listed companies

The Group's subsidiaries included in the scope of consolidation are listed on pages 180 to 182. Reports on the main subsidiaries – Helvetia Schweizerische Versicherungsgesellschaft AG, St. Gallen (Helvetia Versicherungen), and Helvetia Schweizerische Lebensversicherungsgesellschaft AG, Basel (Helvetia Leben) – can be found in the Notes from page 189.

The complete list of Group companies, including investments, is shown from page 180.

1.2 Major shareholders

We maintain an open and shareholder-friendly strategy in an effort to build up a widely diversified and informed shareholder base. We have a long-term and, in view of the positive development of the Group, very successful relationship with our most important shareholder Patria Genossenschaft, Basel (founding partner). On the reporting date, 22,679 (previous year: 17,021) shareholders were registered in the share register of Helvetia Holding.

Patria Genossenschaft, Basel, remains the largest shareholder with 34.1 %.

At the end of 2020, no shareholder exceeded the reporting threshold of 3 %. All Helvetia's notices on share transactions exceeding the reporting threshold can be viewed at https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html (Issuer: Helvetia Holding AG). Further information on the shareholder structure is given on page 8 under "Share and bonds".

1.3 Cross-holdings

There are no cross-holdings that exceed 5 % of the capital or voting rights.

2. Capital structure

2.1 Capital

Helvetia Holding AG has share capital of CHF 1,060,513.70, consisting of 53,025,685 registered shares with a nominal value of CHF 0.02 each. At the year-end price of CHF 93.40 per share, this equals a market capitalisation of CHF 4,952.6 million.

2.2 Authorised and conditional capital

Authorised capital: Helvetia currently has authorised capital in accordance with Art. 4a of the Articles of Association (https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/statuten.pdf) (see chapter 2.3 below).

Conditional capital: the share capital can be increased by a maximum of CHF 129,793.20, which equates to 12 % of the existing share capital, by issuing a maximum of 6,489,660 fully paid-up registered shares with a nominal value of CHF 0.02 each. The conditions for this are set out in Art. 4 of the Articles of Association (https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/statuten.pdf).

2.3 Changes in capital

At the Shareholders' Meeting on 3 May 2019, a share split at a ratio of 1:5 was approved, meaning that the unchanged share capital of Helvetia Holding AG of CHF 994,513.70 comprises 49,725,685 registered shares with a nominal value of CHF 0.02. The Shareholders' Meeting of 24 April 2020 approved the creation of authorised capital amounting to a maximum of CHF 149,177.00 by issuing a maximum of 7,458,850 registered shares to be fully paid up with a nominal value of CHF 0.02 in accordance with Art. 4a of the Articles of Association. On this basis and with the corresponding authorisation of the Board of Directors, a capital increase of CHF 66,000.00 to CHF 1,060,513.70 through the issuing of 3,300,000 fully paid up registered shares with a nominal value of CHF 0.02 at an issue price of CHF 0.02 was resolved upon on 17 June 2020. The proceeds from the newly issued registered shares were partially used for the financing or refinancing of the indirect acquisition of a majority holding in Caja de Seguros Reunidos, Compañía de Seguros y Reaseguros S.A, Spain. The newly issued registered shares were placed at market conditions. The remaining authorised capital of a maximum of 4,158,850 shares to be fully paid up with a par value of CHF 0.10 each will expire on 24 April 2022 (https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/statuten.pdf).

2.4 Shares and participation certificates

The share capital comprises 53,025,685 fully paid-up registered shares with voting and dividend rights with a nominal value of CHF 0.02 each.

There are no preferential rights or participation certificates. For more details concerning Helvetia shares, please refer to pages 8 to 10. On 31 December 2020, Helvetia held 242,844 treasury shares (0.46 %).

2.5 Dividend right certificates

There are no dividend right certificates.

2.6 Restriction on transferability and nominee registrations

The Board of Directors may refuse to approve registration with voting rights if an individual would then own more than 5 % of the voting rights of the entire share capital entered in the Commercial Register. Here the term "individual" also includes buyers of shares who are connected to each other either by way of capital or votes, or by united management, or in any other form. This restriction also applies if, for example, shares were subscribed or acquired by means of convertible rights associated with instruments issued by the company or third parties. In the reporting year, no new exceptions were declared regarding the restriction of transferability (for major shareholders: see section 1.2).

Private individuals who do not declare in the application for registration that they have acquired the shares on their own behalf (= nominees) will only be entered in the share register for a maximum of 3 % of the total share capital. The registration regulations are described in detail in Art. 7 and 8 of the Articles of Association (https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/statuten.pdf). Any amendment by the Shareholders' Meeting to the statutory restriction of transferability referred to above requires a two-thirds majority of votes represented.

2.7 Convertible bonds and options

There are no convertible bonds, options or employee options.

3. Board of Directors

The Board of Directors of Helvetia Group is the highest management body of the company. It is responsible for the overall management and the strategic direction of the Group and it also appoints and monitors the Executive Management. The Board of Directors currently has ten members. Ms Doris Russi Schurter was elected Chairwoman at the 2018 Shareholders' Meeting and confirmed in this role at the 2019 and 2020 Shareholders' Meetings.

The members of the Board of Directors of Helvetia Holding AG are identical to the Boards of Directors of the two subsidiaries, Helvetia Schweizerische Versicherungsgesellschaft AG and Helvetia Schweizerische Lebensversicherungsgesellschaft AG. All the members of the Board of

The Board of Directors of Helvetia Holding AG As at: 31.12.2020

	Function	Joined	SGC	NCC	IRC	AC
Doris Russi Schurter	Chairwoman	2008	o o			
Dr Hans C. Künzle	Vice-Chairman	2015	o		o o	
Dr Thomas Schmuckli	Vice-Chairman	2018	o		o	
Beat Fellmann	Member	2018			o	o
Jean-René Fournier	Member	2011		o		
Dr Ivo Furrer	Member	2017	o			o o
Prof. Christoph Lechner	Member	2006	o			
Dr Gabriela Maria Payer	Member	2014		o o	o	
Dr Andreas von Planta	Member	2014		o		o
Regula Wallimann	Member	2018		o		o

SGC	Strategy and Governance Committee	NCC	Nomination and Compensation Committee
IRC	Investment and Risk Committee	AC	Audit Committee
o o	Chairperson	o	Member

Directors have experience and knowledge of a wide variety of fields. They have the requisite expertise to represent their personal opinion in discussions with the Executive Management. Since the Helvetia Group conducts a significant proportion of its business abroad, the Board of Directors includes members who have extensive international experience. The Board of Directors attaches importance to its members possessing strong personal values (including integrity), specialised financial, business and insurance knowledge, experience in strategic and executive management, the ability to think in a visionary manner and social skills. Value is likewise attached to achieving appropriate diversity in terms of the percentage of women among its members (currently 30%) and ensuring that its members believe in sustainability and have the necessary amount of time at their disposal for the efficient and proper performance of a director's term of office. As far as the independence of Board members is concerned, we follow the requirements of the Swiss Code of Best Practice for Corporate Governance and also Circular 2017/2 Corporate Governance – Insurers issued by FINMA on 7 December 2016. For example, the Board consists only of members whose personal and business skills enable them to form an independent opinion and take decisions that are in the best interests of the company. All Board members are non-executive members and no Board member belonged to the Executive Management of the Helvetia Group or any of its Group companies in the three financial years preceding the reporting period. No member of the Board of Directors has any significant business relationships with Helvetia other than as a policyholder. Anti-conflict-of-interest rules are consistently applied by all committees. Every year, the Board of Directors assesses the level of compliance with these requirements and the quality of the services it has performed, both in its entirety and within each committee, and – where necessary – identifies any improvements that may be required.

The table on page 13 contains information on the composition of the Board of Directors, the Board committees and the first time each Board member was elected.

3.1 Members of the Board of Directors

Doris Russi Schurter

Law degree (University of Fribourg), lawyer
Swiss, Lucerne, 1956
Chairwoman, non-executive and independent

Committee membership
Strategy and Governance Committee

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungsgesellschaft AG

Professional background, exercising operational executive functions
1980–1982 Swiss Bank Corporation, Basel; 1983–1991 various management positions at Fides Treuhandgesellschaft, Basel and Lucerne; 1992–2005 various management positions as a partner at KPMG Switzerland, including 1994–2005 Managing Partner at KPMG Lucerne

Appointments at listed companies
Chairwoman of the BoD of Luzerner Kantonalbank, Luzern

Appointments at other companies
Member of the BoD of Swiss International Airlines, Basel

Pro bono appointments
Three appointments, in particular President of the Association of Swiss Companies in Germany, VSUD, Basel

Hans C. Künzle

Doctorate in law (University of Zurich)
Swiss, Zurich, 1961
Vice-Chairman, non-executive and independent

Committee membership
Strategy and Governance Committee
Investment and Risk Committee

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungs-gesellschaft AG

Professional background, exercising operational executive functions
Until 1989 at Bülach District Court; 1989–2004 various managing roles at Winterthur Versicherungen, including CEO of Winterthur operations in the Czech Republic and Head of Mergers & Acquisitions at group level; 2004–2014 CEO of the Schweizerische National-Versicherungs-Gesellschaft AG, Basel; since 1 January 2015 Vice-President of the Board of Directors of Helvetia Insurance

Appointments at listed companies
None

Appointments at other companies
Three appointments: Member of the Board of Directors of Hochalpines Institut Ftan (HIF) AG; Member of the Board of Directors of JANZZ.technology AG; Member of the Board of Directors of Swiss Home Finance AG (until mid-January 2021)

Pro bono appointments
Four appointments, in particular President of the National Committee of UNICEF Switzerland and Liechtenstein and Member of the Supervisory Board of the Institute for Business Management of the University of St. Gallen

Thomas Schmuckli

Doctorate in law (University of Fribourg), lawyer
Swiss, Hünenberg See, 1963
Vice-Chairman, non-executive

Committee membership
Strategy and Governance Committee
Investment and Risk Committee

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungs-gesellschaft AG

Professional background, exercising operational executive functions
Credit Suisse: 1993–1998 various management roles in the Legal department of the Leu Group, 1998–2000 Member of a credit recovery task force, 2005–2007 Head of Legal & Compliance Corporate & Institutional Clients, 2007–2013 Head of Legal & Compliance Asset Management Switzerland; Zuger Kantonalbank: 2000–2005 Member of the Extended Executive Management (product, project and process management); independent Member of the Board of Directors since 2014

Appointments at listed companies
Chairman of the BoD of Bossard Holding AG, Zug

Appointments at other companies
Four appointments: Chairman of the Board of Directors of Credit Suisse Funds AG, Zurich; Member of the Board of Directors of MultiConcept Funds Management S.A., Luxembourg; Member of Board of Directors of Hans Oetiker Holding AG, Horgen; Delegate and Chairman of the Board of Directors of Patria Genossenschaft, Basel

Pro bono appointments
Three appointments at charitable organisations and institutions

Beat Fellmann

Degree in economics (University of St. Gallen) and Swiss Certified Public Accountant
Swiss, Seuzach, 1964
Member, non-executive and independent

Committee membership
Investment and Risk Committee
Audit Committee

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungs-gesellschaft AG

Professional background, exercising operational executive functions
Bühler AG: 1991 – 1998 various functions within the Group; Holcim AG (now: Lafarge-Holcim Ltd): 1998 – 2004 Head of Financial Holdings in Zurich, Amsterdam and Hamburg, 2005 – 2008 Deputy Group CFO and Member of the Extended Executive Management; Implenia Ltd: 2008 – 2019 CFO and Head of Corporate Center and Head of Real Estate Investment Committee; Exyte AG, Stuttgart: 2019 – 2020 Member of the Board; Valora Holding AG: since 2020 CFO Group, Member of the Executive Management

Appointments at listed companies
None

Appointments at other companies
Two appointments: Member of the Board of Directors of Vitra Holding AG and member of the Swiss Takeover Board (TOB)

Pro bono appointments
None

Jean-René Fournier

Degree in economics (University of Fribourg)
Swiss, Sion, 1957
Member, non-executive

Committee membership
Nomination and Compensation Committee

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungs-gesellschaft AG

Professional background, exercising operational executive functions
Management positions at UBS; 1997 – 2009 State Council of the canton of Valais; 2007 – 2019 Council of States of the canton of Valais; 2011 – 2013 President of the Finance Commission of the Council of States, Vice-Chairman of the Council of States and President of the Finance Delegation of the Federal Assembly 2017 / 2018; Chairman of the Council of States 2018 / 2019

Appointments at listed companies
None

Appointments at other companies
Five appointments at non-listed companies / institutions: Vice-Chairman of the Board of Directors of Patria Genossenschaft, Basel; Member of the Board of Directors of Forces motrices de la Gougra SA, Sierre, and Grande Dixence SA, Sion; Chairman of the Board of Directors of Immobilien Gletsch AG, Obergesteln; Chairman of the Board of Directors of Loterie Romande

Pro bono appointments
President of the Board of Trustees of the Disability Foundation Valais de Cœur

Ivo Furrer

Doctorate in law (University of Zurich)
Swiss, Winterthur, 1957
Member, non-executive and independent

Committee membership
Strategy and Governance Committee
Audit Committee

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungs-gesellschaft AG

Professional background, exercising operational executive functions
1982–1999 Winterthur Versicherungen, various management positions in Canada, the US and London as well as Chief Underwriting Officer Global Corporate; 1999–2002 Credit Suisse Group, including as a member of the Executive Committee e-Investment Services Europe; 2002–2008 Zurich Financial Services, including Head of International Key Account Business in Germany, member of the Global Corporate Executive Committee, CEO Life Switzerland; 2008–2017 Swiss Life Group, CEO Switzerland and member of the Corporate Executive Board

Appointments at listed companies
Member of the BoD of Julius Baer Group Ltd; Member of the BoD of Fundamenta Group AG

Appointments at other companies
Four appointments, in particular member of the Liechtenstein Financial Market Authority (FMA), Vaduz; member of the Board of Directors of inventx AG, Chur

Pro bono appointments
Member of the Board of Trustees of the Swiss Foundation for Work and Further Education (SSAW); Chairman of digitalswitzerland, Zurich

Christoph Lechner

Professor and doctor of economics (University of St. Gallen), Swiss and German citizenship, Hettlingen, 1967
Member, non-executive and independent

Committee membership
Strategy and Governance Committee

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungs-gesellschaft AG

Professional background, exercising operational executive functions
1987–1995 various positions at Deutsche Bank, including Corporate Banking and Assistant to the Management (Germany); Corporate Finance (Singapore); 1995–2004 University of St. Gallen, promotion and habilitation, guest professor in the US (Wharton and Connecticut) as well as South America (IAE Argentina); since 2004 Professor of Strategic Management at the University of St. Gallen; Director at the Institute of Management (IfB)

No further appointments

Gabriela Maria Payer

Doctorate in philosophy (University of Zurich)
Swiss, St. Moritz, 1962
Member, non-executive and independent

Committee membership
Nomination and Compensation Committee
Investment and Risk Committee

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungs-gesellschaft AG

Professional background, exercising operational executive functions
Until 1993 responsible for marketing at IBM and American Express; 1993–2012 numerous management roles with UBS AG, including: 1999 set-up and management of UBS e-banking, 2005 worldwide management of Human Resources Wealth Management & Business Banking, 2009 founding and management of the UBS Business University for the entire Group; from 2012–2017 Head of Training and Member of the Executive Management of the Swiss Finance Institute; since 2012 owner of the consulting company, PAYERPARTNER, for strategic business

Appointments at listed companies
Member of the BoD of VP Bank AG, Liechtenstein

Appointments at other companies
Two appointments: Chairwoman of the Board of Directors of the Upper Engadine Healthcare Foundation (SGO), Samedan, and Vice-Chairwoman of Sygnum Bank Ltd, Zurich and Singapore

Pro bono appointments
Three advisory board appointments: Universities of Bern and Lucerne as well as the Swiss Leadership Forum, Zurich

Andreas von Planta

Doctorate in law (University of Basel), LL.M. (Columbia University), lawyer,
Swiss, Cologny / GE, 1955
Member, non-executive and independent

Committee membership
Nomination and Compensation Committee
Audit Committee

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungs-gesellschaft AG

Professional background, exercising operational executive functions
Since 1983 law firm Lenz & Staehelin, Geneva; partner from 1988–2017; senior counsel since 2018

Appointments at listed companies
Member of the BoD of Novartis AG, Basel

Appointments at other companies
Seven appointments, in particular Chairman of the Board of Directors of HSBC Private Bank (Suisse) SA, Geneva; and President of the Regulatory Board of SIX Swiss Exchange (previously registration office of SWX Swiss Exchange)

Pro bono appointments
None

Regula Wallimann

Degree in economics (University of St. Gallen),
Swiss and US Certified
Public Accountant
Swiss, Meilen, 1967
Member, non-executive and independent

Committee membership
Nomination and Compensation Committee
Audit Committee

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungs-gesellschaft AG

Professional background, exercising operational executive functions
1993 – 2017 Accountant at KPMG, including assumption of responsibility for the auditing of large, listed, internationally active industrial firms as Global Lead Partner from 2003 – 2017; independent Member of the Board of Directors since 2017

Appointments at listed companies
Member of the Board of Directors of Straumann Holding AG, Basel; Member of the Board of Directors of Adecco Group AG, Zurich

Appointments at other companies
Member of the BoD of Swissgrid Ltd, Aarau

Pro bono appointments
Member of the Supervisory Board of the Institute for Accounting, Controlling and Auditing (ACA) of the University of St. Gallen (HSG)

Secretary of the Board of Directors
Barbara Bolliger
Law degree (University of Zurich), lawyer

3.2 Other activities and interests

Information on the activities and interests of the members of the Board of Directors is provided on pages 14 to 19.

In addition, there are the following business relationships with companies represented by members of the Board of Directors:

– Jean-René Fournier and Thomas Schmuckli represent Patria Genossenschaft, Basel.
– Thomas Schmuckli is Chairman and Jean-René Fournier the Vice-Chairman of the Board of Directors of the Patria Genossenschaft, Basel, the statutory objectives of which are to promote the conclusion and execution of life insurance contracts with Helvetia in the interests of its members, and to secure the economic independence and development of Helvetia by means of financial participation.
– State Councillor Jean-René Fournier was the only member of the Board of Directors who held public political office up to the start of December 2019.

3.3 Statutory rules regarding the number of activities allowed pursuant to Art. 12 para. 1 (1) VegüV

According to Art. 32 (Mandates outside the Group) of the Articles of Association (https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/statuten.pdf), members of the Board of Directors may not hold more than five additional mandates with listed companies and ten additional mandates with non-listed companies.

This restriction does not apply to:

a) Mandates with companies that are controlled by the company directly or indirectly or in joint agreement with third parties or which control the company directly or indirectly or in joint agreement with third parties;
b) Mandates accepted by a member of the Board of Directors on instructions of the company or companies directly or indirectly controlled by the company. Members of the Board of Directors may not hold more than ten such mandates; and

c) Mandates with associations, charitable organisations, foundations and staff pension funds. Members of the Board of Directors may not hold more than ten such mandates.

Mandates include mandates in the most senior governing or managing body of a legal entity that is obliged to register with the Commercial Register or a similar foreign register. Mandates with different legal entities controlled by the same company or beneficial owner count as a single mandate.

A list of such mandates of the individual Board members is provided on pages 14 to 19.

3.4 Election and term of office

All Board members, the Chairwoman and the members of the Nomination and Compensation Committee are individually elected at the Shareholders' Meeting each year in accordance with the provisions of the VegüV. Re-election of existing Board members is possible. The option of re-election ends at the latest with the Ordinary Shareholders' Meeting in the year in which a Board member turns 70. At the 2020 Shareholders' Meeting, Prof. Christoph Lechner did not stand for re-election to the Nomination and Compensation Committee. In his place, Mr Jean-René Fournier was elected to the Nomination and Compensation Committee by the Shareholders' Meeting. The other Board members and the members of the Nomination and Compensation Committee stood for re-election.

3.5 Internal organisation

Corporate governance at Helvetia is based on the relevant legal provisions (in particular company law and stock market legislation) and on internal directives and regulations.

3.5.1 Division of duties in the Board of Directors

The diagram on page 13 shows the tasks that were delegated to the committees by the Board of Directors. The figure shows the constitution of the Board of Directors as at 31 December 2020. The Board of Directors appoints the Vice-Chairmen, the Chairwoman and members of the various committees (exception: the members of the Nomination and Compensation Committee) as well as the secretary of the Board of Directors. The Chairwoman heads the Board of Directors. She convenes the meetings of the Board, prepares the agenda for the Board meetings and chairs these meetings. She prepares the Shareholders' Meeting and the invitation to the Shareholders' Meeting, and also chairs this meeting. She draws up the strategic objectives that are discussed by the Board of Directors and represents the shareholders in important strategic projects in consultation with the CEO. She ensures that shareholders receive timely and correct information on the Group's business operations and nurtures relationships with major investors. Together with the other executive bodies of the Group, the Chairwoman ensures good corporate governance and an effective internal control system. She serves as line manager to the CEO and acts in consultation with the CEO whenever possible. She and the CEO prepare the CEO's annual agreement on objectives, and she assesses the CEO's performance every year. The Chairwoman may take part in important meetings of the Executive Management as a guest; to this end she receives the agenda and accompanying documents for all meetings. She manages the Group's Internal Audit team as well as the head of the General Council, assesses requests for information, meetings or inspection of documents from members of the Board of Directors as well as their acceptance of new board or similar mandates (the Strategy and Governance Committee decides on such mandates of the Chairman), signs Commercial Register applications and handles other tasks delegated to her by the Board of Directors. She may inspect any and all documents at all times. If the office of Chairwoman is vacant, the Board of Directors appoints a Chairperson from among its own members until the conclusion of the next Ordinary Shareholders' Meeting.

3.5.2 Composition of the Board committees

In order to employ the broad business experience of its individual members in its decision-making processes and to meet its supervisory reporting obligations, the Board of Directors has formed the following special committees from among its own members to assist the Board in close cooperation with the Executive Management in its management and control activities: the Strategy and Governance Committee, the Nomination and Compensation Committee, the Investment and Risk Committee and the Audit Committee. The duties and powers of these committees are described in detail in the organisational regulations (https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/organisationsreglement.pdf) and the composition of each committee is presented on page 13.

a) The Strategy and Governance Committee (SGC) prepares the resolutions to be passed by the Board of Directors in the event of a change or redefinition of strategy. It monitors, in particular, strategy implementation, deals with mergers, acquisitions and disposals of companies or major portfolios, and prepares the required resolutions by the full Board of Directors. It also ensures good corporate governance within the Helvetia Group. The SGC assumes duties and powers that have been assigned to it by the Board of Directors, deals with issues entrusted to it by the Chairwoman that are not reserved for the full Board of Directors in accordance with the law, the Articles of Association or Group regulations, and discusses important and urgent issues.
b) The Nomination and Compensation Committee (NCC) puts forward proposals regarding the structure of the compensation system that applies to the members of the Board of Directors and the compensation of the members of the Executive Management, and submits proposals on the fixed and variable salaries and remuneration of the members of the Executive Management to the Shareholders' Meeting. The NCC approves the concept and strategy of the employee pension funds in Switzerland on behalf of the employer and takes note of their annual financial statements. It prepares the resolutions by the Shareholders' Meeting regarding the appointment and dismissal of members of the Board of Directors. The NCC also puts forward proposals regarding personnel decisions and appointments and dismissals of members of the Executive Management, handles the appointment and dismissal of the Chief Executive Officers of all country markets, and periodically reviews plans and measures to retain and promote senior managers.
c) The Investment and Risk Committee (IRC) formulates the investment concept, basic guidelines and investment strategy. It proposes the strategic ranges of asset allocation, approves the investment strategy, supervises the investment activities of the Helvetia Group and decides on investments to the extent that the Board of Directors has delegated this task to it. The IRC determines the applicable risk limits, and monitors all risks (including the strategic risks and operational risks relevant to the whole company) as well as the related risk management measures and compliance with limits.
d) The Audit Committee (AC) assists the Board of Directors in its duties with regard to overall supervision and financial control. It examines the accounts from the perspective of completeness, integrity and transparency, and verifies their compliance with applicable accounting standards and external reporting requirements. It assesses risk governance and risk organisation, and monitors the functional capacity and effectiveness of the internal control systems (ICS). The AC monitors the operational risks and related risk management measures and verifies the independence and quality of the audits by the internal and external auditors. It ensures optimum cooperation between internal and external control units, the AC, the Chairwoman of the Board of Directors and the Executive Management. The AC approves the internal audit plan and assists with the development of external audit plans, examines the results of audits, comments on them for the attention of the Board of Directors, and may, if necessary, award special audit assignments. The AC prepares the election of the statutory auditors, and submits the necessary proposals to the Board of Directors. It verifies the consistency of auditing activities with any existing consulting mandates and examines the overall fee structure.

3.5.3 Modus operandi of the Board of Directors and its committees

The Board of Directors convenes as often as business requires, as a rule five to six times a year. The half-day meetings are generally held at the Group head office in St. Gallen, and the executive seminar, which usually lasts two days, is generally held at external premises. Due to the COVID-19 pandemic, most half-day meetings were held via video conference in 2020. The Board of Directors is quorate if the majority of its members are present. Its resolutions are carried with a majority of the votes of the members in attendance. Resolutions may also be passed by circular letter, which was the case on five occasions in 2020.

As a general rule, meetings are attended by all Board members and, in an advisory capacity, also some of the members of the Executive Management. Meetings are generally organised as follows: the meeting starts as a closed meeting of the Board of Directors for discussing internal topics. The meeting is then continued in the presence of the CEO and, depending on the topic, some or all of the members of the Executive Management.

In the reporting year, 12 meetings, generally of a half day duration, were held as well as a two-day seminar, six times in the absence of one member of the Board of Directors. In order to deal with specific issues, the Board of Directors may call on specialists to attend its meetings, which is regularly the case. Members of the Board of Directors and all executive bodies are obliged to abstain if business is being dealt with that involves their own interests or the interests of related parties (natural persons or legal entities).

The SGC convenes as often as business requires. In order to deal with specific issues, it may call on internal or external specialists to attend its meetings, which is regularly the case. The CEO participates in an advisory capacity. In 2020, the SGC had four meetings, all of which were attended by all members of the Board of Directors. Most of the meetings lasted half a day.

The NCC convenes as often as business requires. In order to deal with specific issues, the Committee may call on internal or external specialists to attend its meetings, which is regularly the case. The CEO takes part in an advisory capacity where topics that affect the Executive Management are concerned. The NCC met six times in 2020, two times in the absence of one member of the Board of Directors. Most of the meetings lasted half a day. In 2020, a circular resolution was used.

The IRC convenes as often as business requires. The CEO, CFO, CIO and the Head of Risk Management attend its meetings in an advisory capacity. In 2020, they attended all meetings. In order to deal with specific issues, the Committee may call on internal or external specialists to attend its meetings, which is regularly the case. In 2020, the IRC had seven meetings, all of which were attended by all members of the Board of Directors. Most of the meetings lasted half a day.

The AC met six times in 2020. One member was absent from one of the meetings. The CEO, CFO and the Head of Internal Audit attend the meetings in an advisory capacity; in 2020, they attended all meetings. The external auditors also attended five of the six meetings. In order to deal with specific issues, the Committee may call on internal or external specialists to attend its meetings, which is regularly the case. Most of the meetings lasted half a day.

The Chairwoman may take part in the meetings of the NCC, IRC and AC as a guest.

3.6 Delineation of powers

The Board of Directors possesses the following powers based on its inalienable and non-transferable duties stipulated in the provisions of Swiss company law, the Articles of Association and the internal organisational regulations of the Helvetia Group:

- overall management of the Group;
- definition of the organisational principles;
- definition of the structure and principles of accounting, financial control and financial planning;
- appointment and dismissal of members of the Executive Management;
- overall supervision of the management of the Group's business activities;
- preparation of the business and compensation report;
- preparation of the Shareholders' Meeting;
- implementation of its resolutions; and
- approval of major legal transactions.

Appendix I of the organisational regulations contains a detailed description of the division of powers between the Board of Directors, the Board committees and the Executive Management: (https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/organisationsreglement.pdf).

3.7 Information tools and control instruments regarding the Executive Management

The Board of Directors is kept up to date in a variety of ways concerning Helvetia's activities, its course of business and trends in the market. At its meetings, it requests regular information concerning:

- content and outcome of matters dealt with by the various Board committees, including all resolutions and proposals – all committees are required to submit copies of their minutes without delay;
- course of business and market trends, to be provided by the CEO and the respective market area and support function heads, as well as the main projects, to be provided by the persons responsible, as necessary;
- status of compliance with budget and other annual objectives as well as strategic plan values for several years;
- results and findings of the audits conducted by the external and internal auditors which are in particular discussed by the AC and recorded in its minutes;
- the most important strategic, financial and operational risks, any changes to them and risk management measures that have been taken or are planned;
- compliance with legal and regulatory provisions and internal regulations;
- significant developments and events that could influence the interests of stakeholders, spontaneously on the occurrence of special events, otherwise in a detailed annual report and a condensed interim report.

Every month, the members of the Board of Directors receive key data concerning the course of business. They also periodically receive reports on current issues relating to governance as well as selected analyses and situation reports concerning market trends, market players and noteworthy occurrences. The regular reports submitted to the Board of Directors and its committees are listed in Appendix II of the organisational regulations (https://www.helvetia.com/content/dam/os/corporate/web/de/home/investor-relations/auf-einen-blick/publikationen/unternehmens-publikationen/organisationsreglement.pdf).

At the meetings, every member of the Board of Directors may ask other members and members of the Executive Management for information concerning all matters pertaining to the Group. Outside of meetings, every member of the Board of Directors may ask the Executive Management to provide information about the general course of business or the course of specific business cases, and / or may inspect any business documents as required.

In 2020, the Chairwoman of the Board of Directors met regularly with the CEO in order to exchange information as well as with other members of the Executive Management outside of the regular meetings.

Helvetia has introduced and implemented a coordinated and formalised concept for risk management and risk control. Further information on risk management and risk control can be found on pages 4 et. seq.

The Board of Directors also has the Internal Audit unit at its disposal as an auditing and supervisory body that monitors compliance with legal and regulatory provisions, internal guidelines and directives systematically, purposefully and in a risk-oriented manner. It also receives reports concerning Helvetia’s general development and specific activities in the areas of corporate governance, compliance and risk management.

4. Executive Management

The Executive Management is the highest executive body of the Helvetia Group and is responsible for implementing the strategy adopted by the Board of Directors.

The Executive Management has been headed by Dr Philipp Gmür since 1 September 2016. Together with the division heads of the Executive Management and the Executive Management boards of the market units outside of Switzerland, he is responsible for the operational management of the Group.

On 1 May 2020, Mr Martin Jara joined Helvetia as the new CEO of the Swiss country market area and a member of the Executive Management. In this context, the Group's management structure was adjusted on 1 May 2020, whereby the Occupational Pension Plans Switzerland, Private Pensions Switzerland, Non-Life Switzerland and Distribution Switzerland areas were consolidated in the Swiss country market operating unit. Messrs Donald Desax, Reto Keller, Adrian Kollegger and Ralph Jeitziner therefore departed the Executive Management on 1 May 2020.

Donald Desax retired on 1 September 2020, having previously worked at Helvetia since 1986. From 1997, he assumed responsibility for the Occupational Pension Plans business area, initially as a member of the Executive Management Switzerland and from 1 January 2017 until 30 April 2020 as a member of the Executive Management.

On 30 September 2020, Paul Norton stepped down after 13 years as CFO of the Helvetia Group and a member of the Executive Management. In this role, he made a significant contribution to successfully positioning Helvetia on a sustainable basis. This included carefully managing the balance sheet and steering Helvetia's results as it navigated the financial crisis, lending support during numerous acquisitions with his knowledge and foresight and modernising the areas of risk and capital management as well as investor relations.

Ms Annelis Lüscher Hämmerli was appointed his successor as CFO and a member of the Executive Management on 1 October 2020.

Mr Roland Bentele, Head of Corporate Center, was also appointed a member of the Executive Management on 1 October 2020. Roland Bentele joined Helvetia in 2014 as Head of Human Resources International and has headed the Corporate Center support function since mid-2019.

A detailed organisational chart as at 31 December 2020 can be found in our company brochure on page 36.

4.1 Members of the Executive Management

Philipp Gmür

Doctorate in law (University of Fribourg), lawyer, LL.M. (Duke Law School), Swiss, Lucerne, 1963
Chief Executive Officer / Group CEO

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungs-gesellschaft AG

Professional background
1988 – 1990 worked in various courts, administration and law firms; 1991 – 1993 Court Clerk at the High Court of Lucerne; 1993 joined Helvetia: head of regional office in Lucerne; 2000 Member of the Executive Management of Helvetia Switzerland: Head of Sales; 2003 Member of the Group Executive Management and CEO Switzerland; in his current position since 1 September 2016

Appointments at listed companies
Member of the Board of Directors of Allreal Holding AG

Appointments at other companies
Member of the Board Committee of the Swiss Insurance Association (SVV); Member of the Board of Directors of economiesuisse; Member of the Board of Trustees of Avenir Suisse; Vice-Chairman of the Board of Directors of Kursaal Casino AG Lucerne and a further Board of Directors appointment at a non-listed company

Pro bono appointments
Chairman of the Funding Association and member of the Executive Committee of the I. VW Institute of Insurance Economics, St. Gallen; Vice-President of the Executive Committee of the Europa Forum, Lucerne, and two Board of Trustees appointments

Achim Baumstark

Diploma in computer science (University of Karlsruhe)
German, Basel, 1964
Head of IT / Group CTO

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungs-gesellschaft AG

Professional background
1992 – 1995 Consultant and Project Manager at Andersen Consulting; 1995 – 2000 Programme Manager at debis Systemhaus, Stuttgart; 2000 – 2005 Managing Director, Chief Operating Officer at Daimler Chrysler Services Information Technology Ltd, United Kingdom; 2005 – 2006 Chief Information Officer for Europe / Africa / Asia Pacific at Daimler Chrysler Financial Services AG, Berlin; Director ITF / F at Daimler Chrysler AG, Stuttgart; 2009 – 2012 Head of Group Solutions at Zurich Financial Services; 2012 – 2013 Chief Information Officer at Zurich Switzerland; 2013 – 2017 Chief Information Officer, member of the Executive Board of the Helsana Group; member of the Executive Management in his current position since 1 April 2017

No further appointments

Roland Bentele

Doctorate in law (University of Fribourg)
Swiss, St. Gallen, 1961
Head of Corporate Center

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungs-gesellschaft AG

Professional background
1989 – 1991 Assistant, University of Freiburg; 1992 – 1993 Auditor, St. Gallen District Court; 1994 – 1996 Legal Assistant, Legal department of the Civil Engineering and Road Administration of the Canton of St. Gallen; 1996 Personnel Consultant, Urs Ledermann + Partner AG; 1996 – 1997 Legal Assistant, law firm Jürg Grämiger; 1997 – 2002 various roles, finally as Head of Human Resources Swissair Airline, Member of the Executive Board, SAir Group / Swissair; 2002–2004 Senior Vice President Human Resources, Hilti AG; 2004 – 2009 Head of Human Resources, Member of the Executive Board, Unique (Flughafen Zürich AG); 2009 – 2013 Managing Director, from 2013 Chairman of the Board of Directors, Neomentum AG; 2014 joined Helvetia Versicherungen, Head of Human Resources International, from 2017 Head of HR Group, Member of the Extended Executive Management, since 2019 Head of Corporate Center, since 2020 Member of the Executive Management in his current position

Appointments at listed companies
None

Appointments at other companies
Member of the Board of Directors of Genossenschaft Konzert und Theater St. Gallen

Pro bono appointments
Member of the Swissair Staff Foundation for Children in Need; Member of the Board of Verein Textilmuseum St. Gallen; Vice Chairman of the Board of Pflegeheim St. Otmar

Markus Gemperle

Doctorate in law University of St. Gallen,
Swiss, Niederteufen, 1961
CEO Europe

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungs-gesellschaft AG

Professional background
1988 – 1990 Academic Assistant, Institute of Insurance Economics, University of St. Gallen; 1990 joined Helvetia Insurance: head of various departments in the non-life business in Switzerland; 2002 Head of Corporate Centre Helvetia Group; 2004 Member of the Executive Management of Helvetia Switzerland: Head of IT; 2006 Member of the Executive Management of Helvetia Switzerland: Head of Operations & Partners; 2008 Member of the Group Executive Management: Head of Strategy & Operations; 2015 Member of the Executive Management in his current position

Appointments at listed companies
None

Appointments at other companies
Member of the Board of Directors at Abraxas Informatik AG, St. Gallen

Pro bono appointments
None

Martin Jara

Doctorate in economics (University of St. Gallen)
Swiss, Effretikon and Basel, and Austria, 1972
CEO Helvetia Switzerland

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungs-gesellschaft AG

Professional background
1995 – 2001 Academic Assistant, Institute of Insurance Economics, University of St. Gallen; 2002 – 2005 international functions, Winterthur Group, finally as: Head of COO & Regional Office CEE, Belgium, Spain & UK Life; 2005 – 2008 Winterthur Agency Head and Risk / Underwriting Improvement Management, SUVA; 2008 – 2020 Allianz Suisse: until 2011 Head of Broker Business, 2010 – 2014 Head of Market Management & Corporate Development, Member of the Executive Board, 2014 – 2020 Head of Sales, Member of the Executive Board; 1 May 2020 joined Helvetia Versicherungen, Member of the Executive Management in his current position

No further appointments

André Keller

Business Administrator HWV, CFA, FRM, CAIA
Swiss, Wettswil am Albis, 1970
Chief Investment Officer (CIO)

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungs-gesellschaft AG

Professional background
Until 1998 Swiss Bank Corporation / UBS AG; 1998 – 2009 Swiss Re: various management positions, including 2004 – 2007 Head of Asset Allocation, 2007 – 2009 Head of Alternative Equity Strategies; 2009 – 2014 Nationale Suisse: Head of Asset Management and Deputy CIO; 2014 – 2015 Catlin Group Ltd: Head of CIO Office, Deputy CIO; 2015 – 2019 XL Group Ltd, later AXA XL: Managing Director, Head of Global Asset Positioning, from 2017 Executive Vice President, Group CIO; 1 April 2019 joined the Helvetia Group and Member of the Executive Management in his current role

Appointments at listed companies
None

Appointments at other companies
Member of the Board of Trustees of the Helvetia pension and supplementary funds; Member of the Board of Trustees of the Helvetia pension financing foundation; Member of the Investment Committee of the Swiss Insurance Association (SIA)

Pro bono appointments
None

Annelis Lüscher Hämmerli

Dr. rer. nat (Max Planck Institute, Plön) / Master of Advanced Studies in Finance, ETH and University of Zurich, Diploma as IFRS Accountant
Swiss, Bern, 1975
Chief Financial Officer (CFO)

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungs-gesellschaft AG

Professional background
2004 – 2007 Swiss Life: Head Financial Risk Methods; 2007 – 2020 Swiss Life Asset Managers: Head Investment Risk; 2016 – 2020 Swiss Life Asset Managers: Chief Risk Officer; 2020 – 2020 Swiss Life Asset Managers France: Chief Investment Officer; 1 October 2020 joined Helvetia Versicherungen, Member of the Executive Management in her current role

Appointments at listed companies
Member of the Board of Directors of Berner Kantonalbank

Appointments at other companies
None

Pro bono appointments
None

Beat Müller

Degree in actuarial science (University of Basel), Actuary SAA, graduate Swiss pension insurance expert
Swiss, Breitenbach, 1964
Head of Actuarial Services

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungs-gesellschaft AG

Professional background
1985–1989 various positions at a pension fund advisory office and at IBM; 1990 joined Helvetia Insurance: 1990–2007 Actuary and Chief Actuary Life Insurance, from 2003 also Head of Actuarial Services Life Helvetia Group; 2007 Head of Actuarial Services / ALM and Member of the Executive Management of Helvetia Switzerland; Member of the Executive Management in his current role since 1 January 2017

Appointments at listed companies
None

Appointments at other companies
Vice-President of the Swiss Association of Actuaries; Member of the Strategy and Governance Committee of the Swisscanto Collective Foundation of the Cantonal Banks

Pro bono appointments
None

David Ribeaud

Diploma in natural sciences (ETH Zurich), Actuary SAV
Swiss, Zurich, 1970
CEO Specialty Markets

Other appointments within the Group
Helvetia Schweizerische Versicherungsgesellschaft AG
Helvetia Schweizerische Lebensversicherungs-gesellschaft AG

Professional background
Joined Swiss Re in 1995, last working as Senior Underwriter Property & Casualty; 2001 moved to Zurich Global Corporate Switzerland as actuary head; 2005 Chief Pricing Actuary Europe General Insurance; 2009–2011 Chief Underwriting Officer at Zurich Italy; 2012 joined executive management at Nationale Suisse as Head of Customer Service & Non-Life Switzerland and from 2013 as Head of Specialty Lines & Foreign Countries; since 1 January 2015 Member of Group Executive Management in his current position

No further appointments

Note: The CVs of the members of the Executive Management are available on the Internet at https://www.helvetia.com/corporate/web/en/home/about-us/overview/executive-management.html.

4.2 Other activities and interests

See pages 24 to 28 in this regard.

4.3 Statutory rules regarding the number of activities allowed pursuant to Art. 12 para. 1 (1) VegüV

According to Art. 32 (mandates outside the Group) of the Articles of Association (https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/statuten.pdf), members of the Executive Management may not hold more than five additional mandates with listed companies and ten additional mandates with non-listed companies. In practice, this rule is interpreted considerably more restrictively for members of the Executive Management as it is assumed that full-time members of the Executive Management have to invest their time at work primarily in the interests of the company and that external mandates should only be approved by way of exception (e.g. family companies or in order to gain additional experience by being a member of the board of another company).

This restriction does not apply to:

a) Mandates with companies that are controlled by the company directly or indirectly or in joint agreement with third parties or which control the company directly or indirectly or in joint agreement with third parties;
b) Mandates accepted by a member of the Executive Management on instructions of the company or companies directly or indirectly controlled by the company. Members of the Executive Management may not hold more than ten such mandates; and
c) Mandates with associations, charitable organisations, foundations and staff pension funds. Members of the Executive Management may not hold more than ten such mandates.

Mandates include mandates in the most senior governing or managing body of a legal entity that is obliged to register with the Commercial Register or a similar foreign register. Mandates with different legal entities controlled by the same company or beneficial owner count as a single mandate.

A list of such mandates of the individual Executive Management members is provided on pages 24 to 28.

4.4 Management contracts

There are no management contracts with external parties that have to be disclosed.

5. Compensation, shares and loans

5.1 Contents and method for determining compensation and participation programmes

According to the VegüV, the Board of Directors is also in charge of general compensation issues and compensation models. It is supported in its work by the NCC, which provides advice to the Board of Directors at least once a year in the decision-making process in accordance with the internal organisational regulations and has final decision-making power in some areas. The (total) compensation of the members of the Executive Management is reviewed at regular intervals in cooperation with consulting firms specialising in compensation issues for insurers and financial services providers, and takes account of the function and responsibility assumed by each Executive Management member as well as the compensation paid by the Group’s competitors. In 2020, individual Executive Management functions were reviewed in light of impending organisational and personnel changes. Members of the Executive Management do not participate in meetings of the Board of Directors in which discussions are held on issues relating to compensation and corresponding decisions are made.

Since 2017, the Board of Directors has only been granted fixed compensation, in which components of previously paid variable long-term compensation have been integrated.

The delineation of powers for compensation matters is defined in Appendix I of the organisational regulations: (https://www.helvetia.com/content/dam/os/corporate/web/documents/nvestor-relations/business-publications/organisationsreglement.pdf). For details on compensation, please refer to the compensation report on pages 39 to 43.

5.2 Details on issuers subject to the Ordinance Against Excessive Compensation in Swiss Listed Companies (VegüV)

5.2.1 Statutory rules regarding principles of performance-related compensation and additional amount for new Executive Management members

In addition to their fixed compensation, the members of the Executive Management can also be paid variable compensation that is based on the achievement of specific performance objectives. The variable compensation should be geared toward the business performance. The performance objectives can include personal objectives, Group objectives and division-specific objectives. Objectives that are related to the market, other companies or similar benchmarks are also possible. The function and level of responsibility of the recipient of the variable compensation should be taken into account when formulating the performance objectives. The Board of Directors or, if the matter has been delegated to it, the Compensation Committee determines the weighting of the performance objectives and the target values and reports on these in the compensation report. In 2017, the Board of Directors decided to in future only pay itself fixed compensation. A member of the Board of Directors must obtain at least 30% of this fixed compensation in the form of blocked shares. Compensation is paid in the form of cash, shares, options, similar instruments or units, benefits in kind or services. The Board of Directors or, if the matter has been delegated to it, the Compensation Committee determines the conditions and deadlines for allocation, exercise and transfer as well as the vesting periods and conditions of expiry, if any. The Board may decide that conditions and deadlines for exercise and transfer as well as vesting periods are shortened or cancelled, payments are made under the assumption that the target values are reached or payments are cancelled if specific events defined in advance should occur, such as a change in control or the termination of an employment or mandate relationship. In doing so, the Board of Directors takes account of the company's ability to recruit suitable employees on the labour market and to retain these employees (https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/organisationsreglement.pdf). Compensation can be paid by the company or by a company controlled by it (Art. 30 of the Articles of Association, https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/statuten.pdf). If there are any changes to the Executive Management during the course of a year, the company or the companies controlled by it are authorised to pay an additional amount for this period to each member of the Executive Management who joins the Executive Management or is promoted on the Executive Management after the date on which the Shareholders' Meeting approved the compensation if the amount that was already approved is not sufficient to cover their compensation. The additional amount per compensation period may not exceed 40% for the Chief Executive Officer and 25% for the other positions on the Executive Management of the total maximum amount of compensation that was most recently approved for the Executive Management (Art. 29 of the Articles of Association, https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/statuten.pdf).

5.2.2 Statutory rules for loans, credits and pension benefits to members of the Board of Directors and the Executive Management

Loans may only be granted to the members of the Board of Directors at market conditions and to the members of the Executive Management at the usual employee conditions. Loans may only be granted for as long as the total amount of all outstanding loans to members of the Board of Directors and the Executive Management, including the new loans, is not more than twice the total amount of compensation that was most recently approved by the Shareholders' Meeting (Art. 33 of the Articles of Association, https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/statuten.pdf).

5.2.3 Statutory rules regarding voting on compensation by the Shareholders' Meeting

Pursuant to the Ordinance Against Excessive Compensation in Swiss Listed Companies (VegüV), the Board of Directors compiles a yearly compensation report submitting the total amounts of fixed compensation of the Board of Directors and fixed and variable compensation of the Executive Management to the Shareholders' Meeting for approval. No payment / share allocations may take place before the final approval of the compensation for the Board of Directors and the Executive Management by the Shareholders' Meeting.

From the 2019 Shareholders' Meeting, it will only be necessary to vote prospectively on the total amount of fixed compensation for the Board of Directors. The Shareholders' Meeting (SM) therefore has the following powers in matters concerning compensation:

- As regards the general report on business performance: review of the compensation report and thus the principles and conditions under which the compensation for the members of the Board of Directors and the Executive Management are determined.
- Approval of the following total amounts by way of individual voting:

a) fixed compensation of the Board of Directors for the period from the current Shareholders' Meeting to the next Shareholders' Meeting (prospective);
b) fixed compensation of the Executive Management for the period from 1 July following the current Shareholders' Meeting to 30 June of the next year (prospective);
c) variable compensation of the Executive Management for the past financial year (retrospective).

(Art. 28 of the Articles of Association, https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/statuten.pdf).

6. Co-determination rights of shareholders

Helvetia observes the principle of equal treatment of shareholders.

6.1 Voting rights restrictions and proxy voting

Certain restrictions on voting rights that are identical to the restrictions relating to the transferability of registered shares of Helvetia Holding AG are described in section 2 above.

The Board of Directors specifies the rules that govern participation in the Shareholders' Meeting and the determination of voting rights. For independent voting proxies (who do not necessarily have to be shareholders themselves), it may stipulate regulations that deviate from the restriction of proxy voting to 10% of the share capital. At the 2020 Shareholders' Meeting, no individual shareholder with voting rights represented more than 10% of the voting rights, with the exception of Patria Genossenschaft as individual shareholder and founding member of Helvetia in its current form.

Shareholders who possess voting rights but who do not attend the Shareholders' Meeting may assign their voting rights to a third party (who does not necessarily have to be a shareholder) by means of a written power of attorney. However, he or she may only represent the voting rights of third parties if, together with his or her own shares, they do not exceed 10% of the total share capital. Here, too, shareholders who are connected to each other by way of capital or votes or by united management or in any other form count as one shareholder.

6.2 Statutory quorum

The Shareholders' Meeting is quorate regardless of the number of shareholders in attendance and votes represented by proxy. Unless stipulated otherwise by legal provisions or the Articles of Association, the Shareholders' Meeting passes resolutions by an absolute majority of the votes cast. In addition to the resolutions cited in Art. 704, para. 1 of the Swiss Code of Obligations, a two-thirds majority of represented votes is required for amendments to the Articles of Association, the premature termination of office of more than one member of the Board of Directors, and the liquidation of the company. The exceptions for Patria Genossenschaft as an individual shareholder mentioned in section 6.1 also apply here.

6.3 Convening the Shareholders' Meeting

The Shareholders' Meeting is convened by the Board of Directors, or, if necessary, by the statutory auditors. Liquidators and representatives of creditors also have the right to call a meeting.

As a rule, the Ordinary Shareholders' Meeting is held in April / May, but at the latest within six months after the end of the financial year. Extraordinary Shareholders' Meetings take place if the Board of Directors or the statutory auditors consider them necessary, if this is passed by a Shareholders' Meeting or if shareholders who represent at least 10% of the share capital jointly request in writing an Extraordinary Shareholders' Meeting, whilst stating the items on the agenda and the motions to be put forward and choosing the names of the proposed candidates.

Each shareholder receives a personal invitation no later than 20 days before the meeting, including a detailed agenda, a brief explanation of the motions to be put forward, plus other explanations concerning significant occurrences in the reporting year. The invitation and agenda are also published in the Swiss Official Gazette of Commerce.

6.4 Addition of items to the agenda

Shareholders with voting rights who together represent shares with a par value of at least CHF 2,000 may request the addition of items to the agenda in writing, stating the motions to be put forward, no later than 45 days before the Shareholders' Meeting.

6.5 Registration of shares

The right to exercise voting rights is reserved for persons who were registered in the share register as shareholders with voting rights as of the cut-off date specified by the Board of Directors and announced in the Swiss Official Gazette of Commerce. In exceptional cases, guest tickets for the Shareholders' Meeting may be issued, but holders of such tickets do not have any voting rights. Every share registered in the register entitles the holder to cast one vote.

7. Change in control and protection measures

7.1 Obligation to announce takeover bids

Art. 37 of the Articles of Association (https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/statuten.pdf) states that the obligation to announce a takeover bid in accordance with Art. 135 of the Financial Market Infrastructure Act (FinMIA) of 19 June 2015 only applies if a shareholder acquires 40% or more of the voting rights.

7.2 Clauses regulating a change in control

Employment contracts of Helvetia do not contain any agreements regarding a change in control. The practice of "golden parachutes" does not apply at Helvetia. Normal periods of notice apply (maximum twelve months for members of the Executive Management, six months for other managerial staff), during which the rules for contractual and variable compensation components remain applicable.

8. Statutory auditors

8.1 Term of office and tenure of office of the lead auditor

The independent auditors KPMG AG, Zurich, have served as the auditors of Helvetia Holding AG and its consolidated subsidiaries since 2005. The statutory auditors' term of office must be renewed by the Shareholders' Meeting every year. The KPMG AG audit team for the 2020 financial year consisted of:

– Rainer Pfaffenzeller (since 2019), German Public Auditor and Swiss Audit Expert, Partner Financial Services; lead auditor.
– Christoph Hörl (since 2020), ACCA, CPA, Senior Manager.

8.2 Audit fees

In the reporting year, the fees charged by the auditors amounted to: CHF 4,650,562.00.

8.3 Fees for additional consultancy services

CHF 467,361.00. These fees covered quality assurance review services for the introduction of new accounting standards and tax advisory services.

8.4 Information tools of the external auditors

The AC prepares the election of the statutory auditors. It monitors and assesses their audit activities. This supervision is predominantly carried out by means of the external auditors' reports on audit results, the reporting process, decisions, for example on IFRS issues, and statements in the local audits. Important findings are summarised in a management letter.

Representatives of the external auditors attend meetings of the AC in an advisory capacity. Copies of the minutes are sent to all members of the Board of Directors. Reports on the activities of the AC are provided at the meetings of the full Board of Directors. In the reporting year, six meetings were held and the external auditors also attended five meetings. Discussions between the external auditors, the Chairwoman of the Board of Directors, the Chairman of the AC, the CEO and the CFO take place annually. Meetings or an exchange of experience with specialists from the areas of finance, risk management, legal and compliance, general council and corporate governance are held periodically. The external and internal audit teams also liaise frequently regarding issues such as audit planning, audits and results as well as current problems.

9. Information policy

Helvetia communicates with shareholders, potential investors, retail investors and the general public comprehensively and on a regular basis. Shareholders receive a short letter to shareholders about the previous business year and most important key figures along with the invitation to the Shareholders' Meeting. The annual report and the letter to shareholders in spring as well as the interim report in autumn are made available to the general public. The documents are available on the following website: https://www.helvetia.com/corporate/web/de/home/investoren/uebersicht/publikationen/halbjahresabschluss.html. Other current and archived information on the Helvetia Group is available on our website https://www.helvetia.com/corporate/web/en/home.html. Topics include corporate governance, strategy, employees, charitable activities, branding, history and corporate responsibility as well as investor interests such as the key figures, corporate story, equity story, bonds, rating, annual and interim results and information about the stock including the current share price performance. In addition, further publications, media releases and important dates can be found here. Interested parties may also register online to receive the latest information on the company directly and to request particular publications. The following link can be used for this: https://www.helvetia.com/corporate/web/en/home/media-and-topics/overview/news-subscription.html.

Helvetia periodically meets with institutional investors and presents the published financial results at special roadshows. Our Investor Relations team will be pleased to assist with any personal enquiries; contact details are provided on page 203 of this financial report as well as on our website.

Prior to the Shareholders' Meeting, shareholders have the option of paperless communication with the share register of Helvetia. Various services can be processed online. Access is gained via the QR code that is provided to shareholders together with the instructions and one-time code as part of the invitation to the Shareholders' Meeting.

Compensation report

The first section of the compensation report of the Helvetia Group sets out the general principles, main components and criteria regarding the compensation concept and participation rights as well as the loan and credit terms and conditions for members of the Board of Directors (BoD) and the Executive Management (EM) on Group level and the teams in the respective market units. It provides an overview of the philosophy, guiding principles and processes pertaining to the compensation paid by Helvetia that apply to all operational and executive levels. The application of the general principles in the financial year and the specific payments as well as the relevant information for the vote on compensation are then – unless explicitly mentioned – only presented in a second and third part for the BoD and the EM, which must be reported pursuant to the "Ordinance Against Excessive Compensation in Swiss Listed Companies" (VegüV) of 20 November 2013 (as at: 1 January 2014). All sections comply with the "Swiss Code of Best Practice for Corporate Governance" issued by economiesuisse in 2002 and updated in 2016, the Corporate Governance Guidelines (RLCG) of SIX Swiss Exchange of 20 June 2019, Circular 2010 / 1 "Compensation Systems" by the Swiss Financial Market Supervisory Authority FINMA of 22 September 2016, the Swiss Code of Obligations and the Ordinance Against Excessive Compensation in Swiss Listed Companies (VegüV) of 20 November 2013, which entered into force on 1 January 2014.

Helvetia remuneration model

Board of Directors

Executive Management / CEO

All employees in Switzerland

Fixed component	**Variable component**		
Base salary / basic remuneration	Individual target achievement as % of base salary	Results-based compensation component as % of base salary	Long-term compensation component (LTC) as % of base salary / basic remuneration
Board of Directors: uniform basic remuneration (exception: Chairwoman of the Board of Directors and Vice-Chairmen) with allowances for committees and committee chairpersons (cash and in shares) **EM and employees:** fixed salary based on individual function (position, skills, responsibility, etc.) incl. fringe benefits (cash)	Variable compensation component based on personal target achievement (cash)	Compensation paid depending on the general business performance (cash)	Long-term investment instrument (EM: basis of calculation: shares; transfer of ownership in shares or in cash

I. General compensation principles

The Helvetia Group applies a multi-level and yet simple and transparent compensation system for all employees in Switzerland as well as for its governing and executive bodies with a reporting duty (BoD and EM). As shown below, this system is composed of fixed and variable compensation components. At Helvetia, compensation is deliberately fixed so that:

- is transparent, fair and appropriate for the members of the BoD and EM and for all managers and employees;
- takes account of the responsibility carried by the function holder, the quality of his or her work and the effort and time involved in carrying out the work;
- there is an appropriate relationship between the fixed and variable compensation components to ensure that the variable compensation is not so high that it has a negative impact on employees' risk tolerance and motivates them to focus on short-term criteria only;
- it is function-appropriate and shaped to a considerable extent by individual targets and the overall result of the company and
- is reasonable and competitive compared to the salaries paid by other companies in the same labour market and business sector.

The BoD is in charge of general compensation issues and compensation models. It is supported in its work by the Nomination and Compensation Committee, which provides assistance to the BoD in the decision-making process in accordance with the internal organisational regulations and has final decision-making power in some areas. Pursuant to the Ordinance Against Excessive Compensation in Swiss Listed Companies (VegüV), the BoD compiles a yearly compensation report submitting the total amounts of fixed compensation of the BoD and fixed and variable compensation of the EM to the Shareholders' Meeting for approval. No payment / share allocations may take place before the final approval of the compensation for the BoD and the EM by the Shareholders' Meeting.

The Shareholders' Meeting (SM) therefore has the following powers in matters concerning compensation:

a) As regards the general report on business performance: Review of the compensation report and thus the principles and conditions under which the compensation for members of the BoD and the EM are determined.
b) Approval of the following total amounts by way of individual voting:
– fixed compensation of the BoD for the period from the current SM to the next SM (prospective);
– fixed compensation of the EM for the period from 1 July following the current SM to 30 June of the next year (prospective);
– total variable compensation of the EM for the past financial year (retrospective).

The delineation of powers for compensation matters is defined in Appendix I of the organisational regulations: https://www.helvetia.com/content/dam/os/corporate/web/documents/investor-relations/business-publications/organisationsreglement.pdf.

Fixed compensation components

The Nomination and Compensation Committee defines the principles on which compensation decisions are based. With regard to the SM that takes place in April and the compensation periods beginning subsequently (BoD: SM to SM, EM: 1 July to 30 June of the following year), the compensation concepts are reviewed by the Nomination and Compensation Committee to ensure that they are still appropriate and in line with the market; a proposal for appropriate adjustments to the total sum is then submitted to the BoD and then to the SM at which final approval will be granted.

Various documents are used as the basis for ensuring that the fixed compensation components are appropriate and in line with the market. For example, renowned, independent institutes are commissioned from time to time to prepare comparative studies that can serve as a benchmark. The compensation reports of comparable competitors are also analysed.

Variable compensation components

The variable compensation components for members of the EM – and all Helvetia employees in Switzerland – are determined by the Nomination and Compensation Committee during the first quarter of every year once the key figures for the past financial year and the individual target achievement results are available to the BoD for final approval by the SM (EM total amounts). The Nomination and Compensation Committee uses a criteria matrix to assess the results-based target achievement; this matrix is discussed in detail below in conjunction with the long-term compensation component (LTC).

Other compensation components

Helvetia also offers employee benefits packages, which are attractive in a market comparison, to all its employees and managerial staff. The employee benefits insurance provides employees and their dependants with the assurance that they will be financially secure on retirement or in the event of illness, the incapacity to work or death, in a way befitting employees who work for an insurance company. Helvetia's compensation systems as well as the employee benefits programmes, some of which can be optimised at an individual level, have proven their value; they are correct and fair, balanced and competitive, and the amounts that are paid can be justified at all times.

1. Compensation for the Board of Directors

The compensation principles relevant for the BoD and individual components of the compensation concept as well as the procedure used for determining performance-related payments are set out in the compensation regulations approved by the full BoD. Since the 2017 financial year, the compensation for the members of the BoD has consisted of fixed components only.

a) Fixed compensation
Every BoD member receives a fixed basic fee determined in advance, which is generally the same for all members of the BoD. Differences arise from the allowances that are paid to the Vice-Chairmen and the members and chairpersons of the committees. These payments take account of the responsibility and specific functions of each of the individual BoD members. The higher total compensation paid to the Chairwoman takes into account her greater involvement in the company's management and operational activities. Details of the committee chairpersons and the committee memberships of the individual BoD members can be found in the table on page 13. Thirty percent of the total compensation calculated on the basis of the basic fee as well as the allowances for committee chairpersons and committee members will be paid out in the form of shares that are blocked for at least three years (standard solution). The members of the BoD can apply for an extension to the vesting period for each generation of shares. There is a claw-back option, i.e. the return of the blocked shares if the business performance is bad during the vesting period, the reasons for which lie in gross mistakes made by the BoD during the reference year (analogous to the LTC rule in the compensation regulations for the EM). The remaining 70% of the total compensation is paid out in cash. When a Director leaves the BoD, the fixed compensation is paid on a pro rata basis up to the end of the month in which he or she leaves the Board of Directors.

b) Expenses
The members of the BoD receive lump-sum expense allowances of CHF 10,000 per Director as part of their total fixed compensation for each term of office. This lump-sum expense allowance covers minor expenditures and travel expenses for the members of the BoD within Switzerland. Other expenses can – provided they are not covered directly by the company – be billed. The Chairwoman of the Board of Directors is also compensated for the use of external infrastructure.

c) Shares and options
Members of the BoD receive part of their fixed remuneration in the form of shares (see a). They do not participate in any employee share purchase plans. They also did not participate in any previous share option programmes.

d) Severance pay, loans and discounts
No provision is made for severance payments, and no such payments were made or promised in the past or in the reporting year. Loans are granted at usual market conditions. In principle, BoD members also do not benefit from any discounts (premium discounts, etc.) that are offered to the EM and the Helvetia employees.

2. Compensation for the Executive Management

The compensation of the members of the EM comprises the components described below:

a) Fixed compensation
The members of the EM are paid a fixed compensation in cash which is determined every year by the Nomination and Compensation Committee for the period from 1 July to 30 June of the following year and the total amount of which is approved by the SM. This is determined individually using a system applied by a consulting firm specialising in compensation issues for insurers and financial services providers, and takes account of the function and responsibility assumed by each EM member as well as the compensation paid by the Group's competitors. It also includes all child or education allowances and long-service bonuses.

b) Variable compensation
The final amount of the variable compensation, the total amount of which must also be approved by the SM before it is paid out, is dependent on the following three factors:

Individual target achievement (20% of fixed compensation): This reference value is multiplied by the degree of achievement of the personal targets agreed with the line manager in advance. The result of this multiplication is paid out to the EM member in cash. The individual targets of an EM member can include quantitative and / or qualitative components and depend on his or her operational responsibility. Compensation for individual target achievement is due to the EM member regardless of the general business result.

Results-based compensation component (reference value 20% of fixed compensation): This compensation component based on the annual result is multiplied by the percentage of target achievement, which also applies for establishing the results-based variable compensation for all employees in Switzerland. The resulting amount is paid out to the EM member in cash. The amount of the results-based compensation is based on the operating result and the achievement of the budget goals for the relevant financial year with a special consideration of developments in Switzerland.

Long-term results-based compensation component (LTC up to no more than 40% of fixed compensation): This compensation component with a longer-term orientation is multiplied by the percentage of the strategic target achieved. In contrast to the annual results-based compensation component, the amount calculated in this way is granted to the EM member in the form of a deferred claim to a certain number of shares. The relevant share price is calculated on the basis of the closing price on the date of the meeting of the Nomination and Compensation Committee at which the extent of target achievement is determined. The relevant number of shares is transferred to the ownership of the EM member after three years either in the form of shares or as a cash payment based on the share price at that time, provided that there were no negative developments in this period that were triggered in the reporting year and can be attributed to the conduct of the EM member in question. If the person in question leaves the EM, his or her deferred claim lapses as follows: cancellation of all claims for the year in which notice of termination was given, cancellation of one-half of the claims in the first preceding year, and no cancellation of any claims from the second preceding year. This concept establishes a direct link between the members of the EM and the long-term development of the company in two ways: positive or negative share price trends over the three-year period, and the possibility that the number of allocated shares can be reduced retroactively.

On the date of allocation, the costs of the LTC are known to the company and the SM. Helvetia buys the corresponding number of shares on the allocation date and transfers these shares to a vested custody account. After three years the exact same number of shares deposited in this vested custody account is transferred to the ownership of the EM members. Helvetia does not incur any additional costs at this time. The price may change in the period between the allocation of deferred shares and the transfer of the shares to the ownership of the EM member. The EM members, and not the company, have exposure to price change risk (both positive and negative developments). In contrast to other systems, however, the number of shares allotted for each financial year does not change over the period of the deferral if business is good. There is the possibility of a redemption or a return of the blocked shares (claw-back) in the event of poor business performance within the blocking period, if the reasons for this are material mistakes of the EM member in the reference year

The extent of target achievement to which strategic objectives have been achieved (ranging from 0% to 125%) is fixed annually during the first quarter following the end of a financial year by the Nomination and Compensation Committee of the BoD on the basis of the criteria below. The Committee has additional room for discretion, allowing it to take additional criteria and an overall assessment into account, while remaining within the established upper limit of 125%:

- Profit: The reference figure is the annually reported Group profit for the period relative to the previous year.
- Growth: The reference figure is the growth in business volume in the active business sectors relative to the relevant market segment achieved in the financial year.
- Risk-adjusted return: The calculation is based on the return on equity (ROE) in the reporting year relative to the important sector-relevant solvency figures.

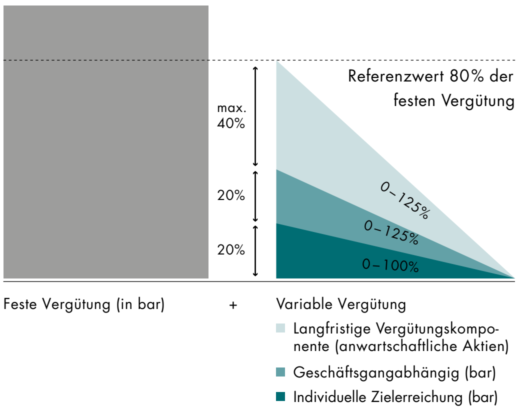
– Shareholder value: The reference figure is the overall performance (total return; share performance incl. dividends) of the Helvetia registered share compared with the performance of the Stoxx Europe 600 Insurance index (index of comparable European insurance stocks).

For the LTC (EM), there is an additional restriction in that no deferred shares are allocated if the Group as a whole reports a loss, and / or the solvency figures are insufficient. The percentage of target achieved (LTC, results-based component), as calculated by the Nomination and Compensation Committee of the BoD, is multiplied by the respective target figure (percentage of the fixed compensation). The results-based component calculated in this way and the result of the individual target achievement together comprise the total variable compensation of the employees and the EM. These variable compensation components (individual, results-based and LTC for the EM) are an important feature of Helvetia's performance culture, under which every individual employee is compensated according to the quality and quantity of his or her work as well as his or her responsibility and workload and also the result achieved by the company as a whole. The variable compensation components are paid out in cash and only the LTC is paid in the form of deferred shares after three years or in the equivalent amount in cash, if desired.

c) Expenses and benefits in kind
The reimbursement of expenses is governed by written regulations. The EM members are entitled to a company car which they may also use for private purposes for a fixed fee. The employer does not grant any other benefits in kind.

d) Shares and options
The EM members can, on a voluntary basis, acquire the maximum number of shares available to them under the employee share purchase plan. The same conditions apply as for all other employees of Helvetia in Switzerland (see section 3). They therefore also benefit from the discount of 16.038% that is granted because these shares are blocked for three years.

Compensation for Executive Management



There have not been any share option programmes since 2003

e) Severance pay and loans
No provision is made for severance payments, and no such payments were made or promised in the past or in the reporting year. Loans are granted at usual employee conditions.

f) Pension benefits
The benefits to which EM members are entitled under occupational pension plans are in line with the model for internal pension regulations applicable to all employees. The employer pays the standard contribution. The employer also finances the option for EM members to retire from the age of 60. These additional contributions are presented as part of the overall pension contributions made to EM members. No extraordinary benefits are paid.

Executive Management of the market units

The Executive Management abroad is compensated according to the local market conditions governing the compensation systems. The local compensation systems can include fixed and variable salary components. At Group level, members of the local Executive Management abroad are also paid a results-based Group bonus in the form of shares, based on a reference figure of 10% of the local basic compensation. The reference figure is also multiplied by the LTC percentage of target achieved. This Group bonus has been designed to promote a sense of belonging to the Group of the Executive Management teams abroad.

3. Helvetia employees in Switzerland: share purchase plan

In 2005, an employee share purchase plan was introduced in Switzerland to allow employees to participate in the performance of Helvetia and thus to strengthen their personal ties to the company. Employees can purchase registered shares of Helvetia Holding AG at reduced prices. The number of available shares is specified by the BoD, taking account of the financial results and the functions of the employees concerned. The purchase price is calculated on the basis of the average stock market price during the five trading days following the publication of the financial results. Participation in this scheme is voluntary. As these shares are subject to a mandatory vesting period of three years, they can be sold by the company at a tax-exempt discount of 16.038 %. The EM members can also take part in this programme, but the BoD members may not. The employee share purchase plan is also not available abroad. As no share purchase plan was offered for employees in 2020, expenses for 2020 were recognised in the income statement as CHF 0.00 (previous year: CHF 1.6 million).

II. Compensation paid to the Board of Directors and the Executive Management in 2020

This section provides information on the compensation, shares and loans granted to the BoD members and EM members with a reporting duty of the Helvetia Group in the 2020 financial year.

1. Compensation paid to the Board of Directors

In the reporting year, the BoD members received fixed compensation totalling CHF 2,912,430. The fixed compensation includes all allowances and expenses set out in the compensation regulations as well as the contributions to social insurance schemes. In the previous year, the members of the BoD received fixed remuneration of CHF 2,886,145.

At the reporting date, a mortgage loan had been granted to Jean-René Fournier for CHF 765,000 (previous year: CHF 765,000). In the reporting year, the loan, a fixed mortgage at normal customer conditions, had the same interest rate as in the previous year of 1.57 %. There are no other employee discounts on insurance contracts, loans or guarantees.

Compensation for the Board of Directors

	Fixed compensation[1]	
	2020	2019
1.1. until 31.12., in CHF, incl. contributions to social insurance schemes		
Doris Russi Schurter (Chairwoman)	740 787	724 754
Hans C. Künzle (Vice-Chairman)	301 820	294 866
Thomas Schmuckli (Vice-Chairman)	280 665	260 336
Hans-Jürg Bernet (member until Shareholders' Meeting 2019)	0	89 417
Beat Fellmann (member)	233 067	213 722
Jean-René Fournier (member)	176 653	144 664
Ivo Furrer (member)	254 222	241 345
Christoph Lechner (member)	204 860	227 534
Gabriela Maria Payer (member)	254 222	248 251
Andreas von Planta (member)	233 067	227 534
Regula Wallimann (member)	233 067	213 722
Total compensation of the Board of Directors	**2 912 430**	**2 886 145**

[1] 30 % of the fixed compensation will be paid in shares blocked for a minimum of three years.

All compensation and fees paid to the BoD members are shown in the table below. No payments were or are made to BoD members who have left.

2. Compensation paid to the Executive Management

In the reporting year, the EM members received fixed compensation totalling CHF 8,208,871. The fixed compensation includes all scheduled allowances, meeting attendance fees and expenses. Variable compensation of CHF 3,403,379 was granted to the EM. This is subject to approval by the SM. In the previous year, the members of the EM received fixed remuneration of CHF 8,681,135 and variable remuneration of CHF 5,448,336.

As part of this variable compensation, the EM was allocated LTC shares of CHF 1,150,108 (previous year: CHF 2.29 million). This corresponds to 11,242 shares at a price of CHF 102.30 as of reference date 1 March 2021 (previous year: 16,749 shares at CHF 136.60).

EM members may conclude insurance contracts, loans and other services under the terms and conditions currently in effect for employees. At the reporting date, mortgage loans had been granted to Philipp Gmür (CHF 1,000,000 [previous year: CHF 1,000,000]), Beat Müller (CHF 1,170,000 [previous year: CHF 1,070,000]), David Ribeaud (CHF 1,015,000 [previous year: CHF 1,015,000]) and Roland Bentele (CHF 1,350,000). In the reporting year the loan to Philipp Gmür, which is a fixed mortgage at normal employee conditions, had an interest rate of 0.95% (previous year: 0.95%). The loan to Beat Müller of CHF 986,000 earned interest at 0.81% in 2020 (previous year: 0.81%), the extra mortgage of CHF 184,000 earned interest at 0.81% (previous year: 0.81%). The loan to David Ribeaud of CHF 595,000 earned interest at 0.89% in 2020 (previous year: 0.89%), the extra mortgage of CHF 420,000 earned interest at 0.95% as in the previous year. The loan to Roland Bentele of CHF 1,350,000 earned interest at 0.80% in 2020. There are no other loans or guarantees.

During the reporting year, EM members received non-monetary benefits as part of the company car programme valued at CHF 74,542 (previous year: CHF 42,014). All other benefits that the EM members have received as employees (e.g. discounts on insurance products) are included in the fixed remuneration listed above. They did not receive additional benefits in kind or bill the company for any additional services.

Compensation for Executive Management[1]

1.1. until 31.12., in CHF	2020	2019
Salaries and other short-term benefits:		
– Fixed compensation (incl. expense allowances, child / education allowances, long-service awards, company car)	5 488 133	6 097 182
– Employer contributions to pension funds and contributions to social insurance schemes	2 720 738	2 583 953
Total fixed compensation paid out	**8 208 871**	**8 681 135**
– Variable compensation[2]	1 802 074	2 458 202
– Share-based compensation in the form of deferred shares acquired during the financial year (LTC)[3]	1 150 108	2 287 913
– Employer contributions to pension funds and to social insurance schemes	451 197	742 221
Total variable compensation	**3 403 379**	**5 488 336**
Total compensation of Executive Management	**11 612 250**	**14 169 471**

[1] Including the amounts for the members of the Executive Management who departed the Executive Management during the course of the year (for Donald Desax, Reto Keller, Adrian Kollegger and Ralph Jeitziner until 30 April 2020; for Paul Norton until 30 September 2020) (see explanations in section 2, page 41, of the compensation report on the changes in the Executive Management).

[2] Total bonus amount based on personal and results-based target achievement

[3] Comprises the value of the deferred shares allocated as part of the LTC; M. Jara received CHF 90,000.00 and A. Lüscher Hämmerli CHF 200,000.00 in deferred shares on taking up their positions.

On 1 May 2020, Mr Martin Jara joined Helvetia as the new CEO of the Swiss country market area and a member of the Executive Management. In this context, the Group's management structure was adjusted on 1 May 2020, whereby the Occupational Pension Plans Switzerland, Private Pensions Switzerland, Non-Life Switzerland and Distribution Switzerland areas were consolidated in the Swiss country market operating unit. Messrs Donald Desax, Reto Keller, Adrian Kollegger and Ralph Jeitziner therefore departed the Executive Management on 30 April 2020.

On 30 September 2020, Paul Norton stepped down after 13 years as CFO of the Helvetia Group and a member of the Executive Management. Ms Annelis Lüscher Hämmerli was appointed his successor as CFO and a member of the Executive Management on 1 October 2020.

Mr Roland Bentele, Head of Corporate Center, was also appointed a member of the Executive Management on 1 October 2020.

In accordance with Art. 29 of the Articles of Association, should there be changes within the EM during the course of the year, each member who joins the EM or is promoted within the EM following the granting of approval by the SM for the proposed compensation can be paid an additional amount for this period if the compensation already approved by the SM is not sufficient to cover his or her compensation. The additional amount for each new member of the EM may not exceed 25% and for a new CEO (promoted or new employee) 40% of the most recently approved total amount for the maximum compensation to be paid to the EM (see also the explanations to section 5.2 from page 30 in the chapter on "Corporate governance").

For Martin Jara, an amount of CHF 115,058 was paid out for the period from 1 May 2020 to 30 June 2020. Martin Jara also received an amount of CHF 90,000 as compensation for his forfeited claims with his previous employer, while Annelis Lüscher Hämmerli's forfeited claims with her previous employer amounted to CHF 200,000. These amounts were allocated to Martin Jara and Annelis Lüscher Hämmerli in the form of deferred shares. These deferred shares, which will only be transferred to the ownership of Martin Jara and Annelis Lüscher Hämmerli in three years' time in accordance with the LTC rule, will – like the LTC entitlements of the Executive Management for 2020 – be presented for approval as part of the retrospective approval of the variable compensation of the Executive Management.

Payments to former EM members

The compensation received by Paul Norton following his departure from the Executive Management on 30 September 2020 for his work as Head of Special Projects comprises fixed compensation in the amount of CHF 157,093, variable compensation of CHF 74,656 as well as employer contributions to pension funds and social insurance schemes in the amount of CHF 108,089.

3. Highest individual compensation

The highest individual amount paid out in the reporting year was paid to CEO Philipp Gmür. Subject to approval by the SM, this amounted to CHF 2,013,364 in total (previous year: CHF 2,265,933), comprising the following: cash remuneration of CHF 1,348,805 (fixed component CHF 1,032,605, variable component CHF 316,200), share-based payments of CHF 204,089 in the form of deferred shares, employer contributions for pension funds and contributions to social insurance schemes of CHF 460,470.

III. Compensation for the Board of Directors and the Executive Management to be approved by the 2021 Shareholders' Meeting

Under the VegüV and the Articles of Association, the SM must approve the following compensation for the BoD and the EM:

- Total amount of the fixed compensation for the BoD for the period from the 2021 SM to the 2022 SM.
- Total amount of the fixed compensation for the EM for the period from 01.07.2021 to 30.06.2022.
- Total amount of variable compensation for the EM for the past financial year 2020.

As regards fixed compensation, these total amounts refer to different time periods in comparison to the figures given in section II and in reference to financial year 2020: SM to SM or 1 July to 30 June, respectively, of the year following the SM. These figures are therefore not directly comparable. To provide the reader with a comparison, however, the amounts to be approved are compared to the figures from the same period of the previous year (the amounts approved by the SM and actually paid out).

1. Approval of the total amount of fixed compensation for the Board of Directors for the period from the 2021 Shareholders' Meeting to the 2022 Shareholders' Meeting

The Board of Directors reviewed its fixed compensation and decided not to adjust the rates for the basic and various additional payments for the 2021 / 2022 period. Any amendments to the compensation result from changes with respect to contributions to social insurance schemes.

The Board of Directors requests approval from the Shareholders' Meeting for fixed remuneration for the Board of Directors in the total maximum amount of CHF 3,100,000 for the period from the Shareholders' Meeting 2021 to the Shareholders' Meeting 2022.

2. Approval of the total amount of fixed compensation for the Executive Management for the period from 1 July 2021 to 30 June 2022

The fixed compensation for the EM up to 1 July 2021 has been reviewed. Function-related and individual adjustments will be made in individual cases. Further changes in the proposed total amount arise from the reorganisation of the Executive Management as of 1 May 2020 and the addition to the Executive Management of Annelis Lüscher Hämmerli and Roland Bentele (see II section 2 above).

For the 2021 / 2022 period, the following total amount for fixed compensation for the EM will be proposed due to the aforementioned changes.

The Board of Directors requests approval from the Shareholders' Meeting for the fixed compensation for the Executive Management in the total maximum amount of CHF 8,100,000 for the period from 1 July 2021 to 30 June 2022.

Total fixed compensation amount for the Board of Directors (prospective) SM to SM

	Prospective 2021 / 2022	Actual 2020 / 2021	Approved for 2020 / 2021	Change
Total fixed compensation incl. contributions to social insurance schemes (AHV/IV/EO)	3 100 000	2 895 292	3 000 000	
Total variable compensation Board of Directors	**3 100 000**	**2 895 292**	**3 000 000**	**–3.5 %**

Total fixed compensation Executive Management for the period 1.7.–30.6.

	Prospective 2021 / 2022	Actual 2020 / 2021	Approved for 2020 / 2021	Change
Fixed compensation incl. expenses, child / education allowances, long-service awards, company car schemes, employer contributions to pension funds and contributions to social insurance schemes	8 100 000	7 677 686	7 750 000	
Total fixed compensation Executive Management	**8 100 000**	**7 677 686**	**7 750 000**	**–0.9 %**

3. Approval of the total amount of variable compensation for the Executive Management for the past financial year 2020

The variable compensation components of the EM and their calculation were described in para. 2 and the amounts were disclosed in section II. Due to the retrospective definition and approval of the variable compensation, these amounts here also correspond to the amounts already stated in the report for the financial year 2020. The resulting differences between 2019 and 2020 arose solely from changes in the extent of target achievement. The method of calculation and the reference figures did not change.

The Board of Directors requests approval from the Shareholders' Meeting for total variable compensation for the Executive Management in the amount of CHF 3,500,000 for the past financial year 2020.

Total variable compensation Executive Management (retrospective) for financial year

	Retrospective 2020	Paid out 2020 for 2019	Approved for 2019	Change
Variable compensation[1] including employer contributions to pension funds and contributions to social insurance schemes	3 500 000	5 488 335	5 500 000	
Total variable compensation Executive Management	**3 500 000**	**5 488 335**	**5 500 000**	**–0.2 %**

[1] Comprises the value of the deferred shares allocated as part of the LTC

Report of the Statutory Auditor

To the General Meeting of Helvetia Holding AG, St. Gallen

We have audited the remuneration report dated 24 March 2021 of Helvetia Holding AG for the year ended 31 December 2020. The audit was limited to the information according to articles 14-16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance) contained in the sections II, on pages 39 to 43 of the remuneration report.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report for the year ended 31 December 2020 of Helvetia Holding AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Rainer Pfaffenzeller
Licensed Audit Expert
Auditor in Charge

Christoph Hörl
Licensed Audit Expert

Zurich, 24 March 2021

Business performance

Business performance

Market environment

Our market position in competitive markets

In over 160 years, Helvetia Group has grown from a number of Swiss and foreign insurance companies into a successful insurance group that conducts business across Europe. Helvetia is the number three Swiss all-line insurer in the Swiss insurance market. Helvetia is also well positioned in other key European markets. In June 2020, we therefore acquired a majority holding in the Spanish insurance company Caser. This investment has seen Helvetia become one of the top eight providers in the Spanish non-life business. The Group is one of the top eight insurance companies in Austria and is ranked 14th in the Italian non-life business. We still believe there are growth opportunities in Germany (see chart) due to the lower market positions. The countries in which Helvetia operates are among the biggest insurance markets by volume worldwide: Switzerland, Germany, Italy and Spain hold global market shares of 0.9%, 3.9%, 2.7% and 1.1%, respectively.[1] With the Specialty Markets segment, which comprises transport, art and engineering insurance as well as active reinsurance, Helvetia is further expanding its expertise as a specialty insurer. For example, the Group operates in France as a specialist SME insurer and occupies the position of number two on the market in the transport insurance segment.

Our market positions

Strong potential for growth based on room to expand market positions abroad

The markets in which Helvetia is active generate a volume of around USD 824 billion, representing almost 13 % of the global market[1].

CH **No. 3****
CHF 4 533 million
66 % Life
34 % Non-life

DE **No. 28****
CHF 985 million
33 % Life
67 % Non-life

AT **No. 8****
CHF 535 million
31 % Life
69 % Non-life

IT **No. 23****
CHF 941 million
43 % Life
57 % Non-life

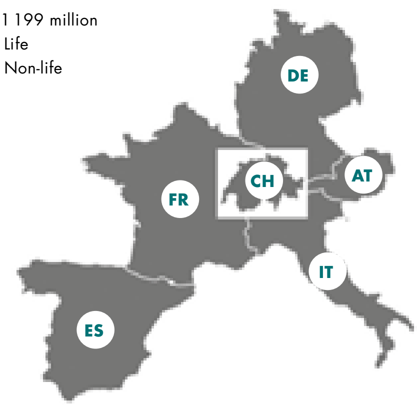
FR **Niche positions No. 2** (transport / marine)**
CHF 337 million

ES **No. 10* (including Caser)**
CHF 1 199 million
32 % Life
68 % Non-life

[1] Source: Swiss Re, Sigma 4 / 2020

Premium volumes of country markets for financial year 2020

*Figures for 2020
**Figures for 2019



Market environment in the European insurance market[2]

The COVID-19 pandemic during the past financial year plunged the global economy into a recession. For 2020, a decline in economic output of almost 4% is expected, with developed countries being hit harder than the emerging markets. In both the US and the eurozone as well as in Switzerland, the economy contracted. While a decline in GDP of just above 3% is anticipated for the US and Switzerland, economic performance in the eurozone was even weaker, with a fall of more than 7%.[3] The persistently low interest rates also continued to pose a challenge for insurance companies. Despite the sector proving itself to be resilient, the global insurance market was therefore also unable to escape the impact of the crisis. According to forecasts, global premium income in 2020 will be 1.4% down on the prior-year figure. A marked decline in the EMEA region was offset in part by continued growth in China.

The global **non-life business** recorded premium volume growth of around 1% in spite of the pandemic. This growth was supported by price increases in the business with commercial customers across most business lines and regions. Among the developed markets, only the EMEA region recorded a slight decline in premiums in the non-life business, with a fall of 0.5% being observed. This was despite the fact that significant price increases were achieved here in the corporate customer business. The premium volume developed resiliently in the German non-life business, however, where premium income rose market-wide by 2.1%.[4] The non-life business in Switzerland also increased slightly in 2020. Premium income climbed by an estimated 1.4%.[5] The property insurance business lines were the primary contributors to this growth. In contrast, motor vehicle insurance was slightly down. Lower tariffs and reduced demand in the area of motor vehicle liability insurance put pressure on this business line.

It is expected that the technical profitability of the global non-life insurance sector remained stable in 2020 relative to the previous year. While estimates from Swiss Re suggest that the pandemic led to losses of between USD 50 billion and USD 80 billion, these losses chiefly relate to the corporate customer business due to business interruptions. On the other hand, the lockdowns ordered in many countries led to an improvement in technical profitability in the business with retail customers. In particular, claims frequencies in the areas of motor vehicle and household contents insurance were lower in some cases. In Germany and France, the sector's technical profitability thus remained relatively stable, while in Italy it benefited from the lower claims burden in the dominant motor vehicle business.

The growth in the global **life insurance business** was hit harder by the pandemic. The global premium volume declined in this business area by more than 4%. The most significant decrease was recorded by the European industrialised countries, with a drop of almost 10%. In addition to the recession, the still low interest rate environment led to subdued demand for savings insurance. A considerable premium decline of 17.7% is also expected for the business in Switzerland,[5] with the extraordinarily high single premiums from contract takeovers owing to AXA's departure from the full insurance business in the previous year being the main reason for this. The premium volume in the individual life business, on the other hand, remained almost unchanged.

The global **reinsurance market** operated in an orderly fashion during 2020 despite the record number of hurricanes and the COVID-19 pandemic. Global claims from insured disasters reached a high level last year at USD 83 billion.[6] 2020 was the industry's fifth most costly year. In addition to the known threats from natural hazards, the world was beset by a global pandemic. The situation relating to the coronavirus led to uncertainty with respect to technical issues such as the scope of coverage and the validity of exclusions in primary and reinsurance contracts. In many cases, corresponding decisions and interpretations are still pending, making the starting position for the industry complex.

This situation impacted this year's negotiations for the renewal of reinsurance contracts. In the process, the reinsurers succeeded in pushing through price increases and contract amendments for 2021. On the other hand, the sector also demonstrated that it is able to provide the required risk capacities. This shows that the global reinsurance market is also resilient and efficient during difficult periods. We are therefore looking to the future with cautious optimism. Topics such as the impact of climate change, the regulatory environment and the further development of the pandemic will, however, continue to occupy market participants.

Market environment in the European capital markets

In 2020, the coronavirus not only dominated the everyday lives of people. The capital markets were also significantly exposed to the developments of the pandemic as well as the associated measures implemented by central banks and governments. The increasing spread of the coronavirus led to a continuous spike in uncertainty on the markets, which reached its high point in March. The collapse in share prices was massive and at times the major indices were 20% or more down on where they started the year. Credit spreads shot up and, in particular, reduced the value of bonds with lower credit ratings.

1 Swiss Re, sigma 4 / 2020
2 Swiss Re, sigma 7 / 2020
3 Fitch Ratings, Global Economic Outlook – December 2020
4 German Insurance Association (GDV), https://www.gdv.de/de/medien/aktuell/versicherer-blicken--vorsichtig-optimistisch-nach-vorn----mit-leichtem-wachstum-2020--sehr-zufrieden--65340
5 Swiss Insurance Association (SVV), https://www.svv.ch/de/schweizer-versicherungswirtschaft-beweist-stabilitaet
6 Swiss Re, https://www.swissre.com/media/news-releases/nr-20201215-sigma-full-year-2020-preliminary-natcat-loss-estimates.html

The situation on the financial markets did not calm until the massive monetary policy measures and nine-digit economic programmes of the governments came into force. The communicated support packages reached enormous levels and eclipsed financial aid measures seen in past crises. The US Federal Reserve reduced its key interest rate, which it had only increased in 2019, by 150 basis points and rolled out a comprehensive package of monetary policy measures. Other central banks also announced far-reaching measures, leading to a strong recovery on the markets that continued until the end of the year. The uncertainty surrounding the presidential election in the US and the delays in the counting of votes were unable to prevent the markets from continuing their uptrend. In autumn, hopes that a coronavirus vaccine would soon emerge gave a further boost to these developments.

With respect to equities, significant differences in price developments were observed in the different industrial sectors at the end of the year. The big winners could be found in the technology sector, where companies' business models were largely able to benefit from the coronavirus crisis. Among the losers were the energy sector and, in particular, segments such as retail, tourism and aviation. As was also the case in previous years, the Swiss real estate market proved to be a reliable source of income. Despite the waiving of rental payments owing to coronavirus-related business closures, total returns developed positively. This was thanks to both direct rental income as well as the positive development in valuations.

Looking to the future, optimism is likely not only to be driven by the vaccination programmes that are now in motion, but also, in particular, by the combination of a continued expansive monetary policy by the leading central banks, fiscal policy support measures and the further recovery of the real economy. The US Federal Reserve reiterated its efforts to stimulate the economy with low interest rates and bond purchases. The European Central Bank also increased and extended its purchase programme until at least the end of March 2022. However, the assessment of factors within the context of the coronavirus as well as potential phases of heightened volatility should continue to receive a high level of attention. The mutations of the coronavirus and limitations in the effectiveness of vaccines mean there is the potential for setbacks in containing the pandemic. The economically restrictive measures of governments can therefore also lead to payment defaults in the industries they affect.

Please note:
Sums in this section 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.

Helvetia Group's business performance

The most important details about the 2020 annual financial statements at a glance

Caser with good earnings contribution

The year 2020 was marked by the consequences of the COVID-19 pandemic. In this challenging environment, Helvetia succeeded in completing the transaction to acquire the Spanish insurance company Caser and its financing and thus lay the foundation for further profitable growth in the future. The Group thus reached a strategic milestone and advanced to market position eight in the Spanish non-life business. In the past business year, Caser succeeded in increasing the premium volume in non-life and with life risk products significantly above market in a difficult market environment. Thanks to a solid technical development with low exposure to COVID-19 losses, the company made a substantial contribution to the Group's IFRS net income after tax (pro rata). In addition, Helvetia benefited from a substantial increase in operating cash production to finance the dividend thanks to the acquisition of Caser.

Successful business development in the second half of the year

- Helvetia increased its business volume in 2020 by 4.5% (in OC) to CHF 9,713.6 million. One of the main drivers of the increase was the acquisition of Caser. The non-life business showed a pleasingly strong premium growth of 18.6 percent in OC[1], driven mainly by Specialty Markets and property insurance in Switzerland and Europe, in addition to Caser. In the life business, investment-linked products in Europe performed very well despite the difficult market environment, both thanks to the Caser acquisition and organically. Total life volume nevertheless declined by 9.4%(in OC), as expected. The development is due to the scheduled introduction of a new tariff in Swiss group life.
- Thanks to the robust technical development in the life and non-life business areas, Helvetia generated a solid IFRS net income after tax of CHF 281.7 million (2019: CHF 538.1 million). Caser contributed a substantial profit of CHF 54.3 million (pro rata). The IFRS net income after tax was mainly affected by lower investment results due to the collapse of the stock markets caused by the pandemic in the first half of the year and COVID-19 losses amounting to CHF 97.5 million (net, before taxes).
- In the non-life business, the net combined ratio was 94.0 percent. The good level is testimony to the resilience and good quality of the portfolio in the face of COVID-19 damage. The Europe segment achieved an improvement thanks to the acquisition of Caser with a favourable combined ratio as well as a low exposure of the country markets Spain and Italy to pandemic claims and lower claims frequency in individual lines during the lockdown periods.
- The life business also proved resilient - the new business margin of 2.6% was clearly above the strategic target.

Sustainable dividend

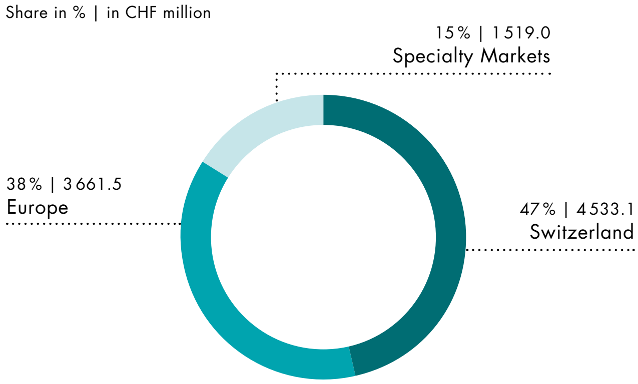
The acquisition of Caser strengthened operating cash production. This increased significantly to CHF 319.0 million in 2020 (2019: CHF 279.3 million). Helvetia thus ensures an attractive and sustainable dividend payment. For the 2020 financial year, the Board of Directors proposes to the Annual General Meeting an unchanged dividend per share of CHF 5.00, which corresponds to a dividend yield of 5.4%.

The details of business performance at Group level are as follows:

The **business volume** amounted **CHF 9,713.6 million.** (2019: CHF 9,454.1 million). On a currency-adjusted basis, this represents an increase of 4.5%. In Swiss francs, the business volume grew by 2.7%. This growth is partly due to the acquisition of Caser. Based on a pro rata consolidation (six months), the 2020 financial statements include a business volume

Business volume by segment in financial year 2020

Share in % | in CHF million



Total 100% | 9713.6

of CHF 715.3 million from Caser. Although Spain was severely affected by the pandemic, Caser developed very successfully in the past financial year and achieved growth in the non-life business and in risk premiums in the life business that was significantly above the market. On the other hand, the Group's non-life business was a pleasingly strong growth driver with an increase of 18.6 percent in OC. In addition to the positive impact of the acquisition of Caser, Helvetia was able to grow significantly here, particularly in the Specialty Markets segment (+23.5% in OC), which is due to positive price and volume effects. The non-life business in Switzerland (+3.2% in OC) and in Europe (organic +2.2% in OC) also showed impressive growth rates despite the crisis, mainly in the property insurance business. In the life sector, the business volume with capital-preserving, investment-linked products in individual life in Europe (+16.2% in OC) developed very well. The Caser acquisition on the one hand and significant growth in periodic premiums on the other contributed to this increase. As a result of a one-time strategic decision in the Swiss group life business, life insurance as a whole recorded a currency-adjusted volume decline of 9.4%. With the introduction of a new tariff as of 1 January 2020, Helvetia has strengthened the future profitability of Swiss group life. As expected, this led to a significant premium decline of 20.8% in this line of business in Switzerland in the 2020 financial year.

Helvetia now also reports the **Income from service and commission business.** This amounted to **CHF 225.9 million** and was significantly increased thanks to the acquisition of Caser and its non-insurance business.

The **IFRS net income after tax** was at **CHF 281.7 million** (2019: CHF 538.1 million). The pandemic caused major distortions on the capital markets in the first half of the year, which weakened the investment results in the life and non-life business although rising equity markets in the second half supported a sizeable recovery. The technical results of the non-life and life business divisions remained at a solid level in the 2020 financial year. Our diversification that was further optimised with the acquisition of Caser here also paid off. Caser contributed a pleasing IFRS net income after tax of CHF 54.3 million pro rata (6 months) to Helvetia's success in 2020. Caser's result also benefited from exceptionally low loss frequencies in individual lines during the lockdown periods. The resilience of Helvetia's underlying business shows that the Group is very well positioned for the future despite the difficulties brought on by the crisis. In total, the net losses from COVID-19 amounted to CHF 97.5 million. It includes regular claims from insured persons, but also the settlement solutions offered by Helvetia for business interruption insurance in Switzerland and Germany. With the settlement solutions that Helvetia offered customers with a pandemic exclusion in the business interruption insurance and the associated contract adjustments, Helvetia created security for the customers and for Helvetia and significantly reduced the exposure to further pandemic losses. In life insurance, Helvetia also improved the risk position and strengthened future profitability with the introduction of a new tariff in the Swiss group life business.

The non-life and life **business areas** showed resilience in the face of the pandemic, underpinning the high quality of the portfolios. Both business lines recorded lower investment results following the stock market collapse in the first half of the year. In life insurance, the decline was partially compensated by lower expenses for interest-related reserve strengthening and policyholder participation. The underwriting result in non-life was influenced by COVID-19 losses and higher costs due to projects. However, thanks to the good quality and diversification of the portfolio, the result also benefited from a favourable claims environment. In addition, Caser made a notable contribution to the division's result. The IFRS net income after tax in other activities decreased compared to the previous year, mainly due to the impact of COVID-19 losses and a cluster of natural events in Italy on the Group reinsurance IFRS net income after tax and transaction, financing and integration costs related to the acquisition of Caser.

According to **reporting segments**, Helvetia recorded a lower IFRS net income after tax in Switzerland compared to the previous year in both the non-life and life business. This is mainly due to lower investment results in both business areas and COVID-19 losses and project costs in the non-life business. In addition, a one-time positive tax effect resulting from the Swiss tax reform in the previous year no longer occurred. Regardless of these developments, the Swiss home market made a reliable and substantial contribution to the Group's result. The IFRS net income after tax of the Europe segment increased primarily due to the pleasing profit contribution from the acquisition of Caser. The non-life technical result in particular developed positively. Helvetia benefited from the good portfolio quality with low exposure to COVID-19 losses in the country markets of Spain and Italy and lower claims frequencies in individual lines during the lockdown periods. The volatile capital markets had a noticeable impact on the life business. On the other hand, expenses for policyholder participation were lower. The Specialty Markets segment also reported lower investment income due to the stock market collapse in the first half of the year. The IFRS net income after tax of the Corporate segment decreased compared to the previous year primarily due to the impact of COVID-19 losses and an accumulation of natural events in Italy on Group reinsurance as well as transaction, financing and integration costs in connection with the acquisition of Caser.

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

At **94.0%,** the **net combined ratio** at Group level is at a good level of despite the COVID-19 losses (2019: 92.3%). This reflects both the continued good quality of the portfolio in all segments and the compensating effect of lower claims frequencies in individual lines during the lockdown periods. In addition, the ratio benefited from the acquisition of Caser with a favourable combined ratio. In addition, higher technical costs, mainly due to projects, had an impact on the Group's expense ratio.

In the life business, the focus continued to be on securing profitability. With a lower volume of new business as a result of the new tariff in Swiss group life, the **new business margin** (excl. Caser) amounted to 2.6% (2019: 2.9%) and was thus significantly above the target set in the financial goals of the *helvetia 20.20* strategy. The main drivers for the slight decline were lower interest rates and adjusted cost assumptions. On the other hand, the new business margin also benefited from adjusted risk discount rates and a further improvement in the new business mix.

Helvetia continues to enjoy a **solid capital position**. Equity[2] increased to CHF 6,400.3 million compared to the end of 2019 (CHF 5,834.1 million), primarily due to the acquisition of Caser and the capital increase to finance it. The **return on equity** was 4.2% (2019: 9.3%).

Net combined ratio of
94.0%

IFRS net income after tax of
282 million

Business volume
9714 million

[1] OC = Original currency
[2] Equity without preferred securities

Performance of business areas: Non-life

Overview

In the non-life business area, Helvetia significantly increased its premium volume in the 2020 financial year. The IFRS net income after tax, on the other hand, declined mainly due to lower investment results and claims expenses as a result of the pandemic as well as project costs, but remained at a solid level thanks to the resilient underwriting.

Non-life business volume

In the non-life business area, Helvetia was able to significantly increase premiums in the reporting period to **CHF 5,430.3 million** (2019: CHF 4,675.5 million). Compared to the previous year, this means a currency-adjusted increase of 18.6%. Expressed in Swiss francs, the growth rate was slightly lower at 16.1% due to negative exchange rate effects. Slightly more than half of the growth is due to the acquisition of Caser. Helvetia also recorded strong organic growth of 8.2% (in OC).
Premiums developed as follows, broken down by segments and lines of business:

Development by segment

Switzerland

CHF 1,529.0 million +3.2% (in OC)

- Property insurance (+9.7% in OC) as growth driver due to expansion of partner business (B2B2C); strong growth also at online insurer Smile

Europe

CHF 2,382.3 million +27.1% in OC

- Acquisition of Caser led to strong growth in Spain (+140.0% in OC)
- Solid growth rates in Austria (+5.8% in OC) and Germany (+3.2% in OC), Italy with slightly declining premium volume (–1.1% in OC) due to the effects of the pandemic
- Property business (+47.8% in OC) as the main growth driver

Specialty Markets

CHF 1,519.0 million +23.5% in OC

Strong growth in all three market units:
- Specialty Lines CH / International: +34.5% (in OC)
- France: +17.8% (in OC)
- Active Reinsurance: +20.1%

By line of business

Property insurance
CHF 1,998.5 million +31.3% in OC

Motor vehicle
CHF 1,443.9 million +7.0% in OC

Active Reinsurance
CHF 729.1 million +20.1%

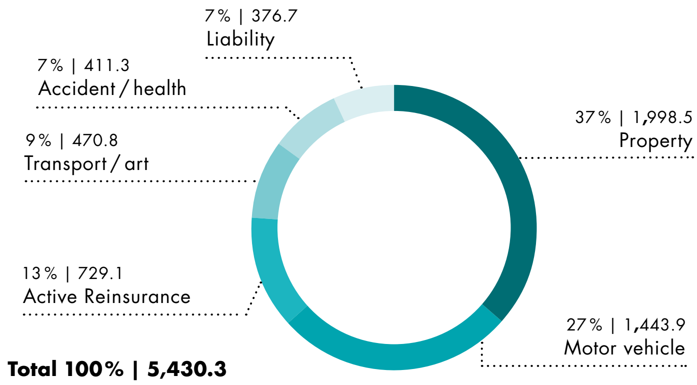
Transport / art
CHF 470.8 million +22.1% in OC

Health / accident
CHF 411.3 million +14.0% in OC

Liability
CHF 376.7 million. +6.4% in OC

Non-life business volume by business line in financial year 2020

Share in % | in CHF million



IFRS net income after tax for non-life

In the non-life business area, the effects of the COVID-19 crisis on the investment result and the technical result became apparent in the 2020 financial year. Nevertheless, the division generated a solid IFRS net income after tax of **CHF 258.5 million** (2019: CHF 398.5 million).

The development of earnings is shown in detail as follows:

- Decrease in investment result as a result of the stock market collapse caused by the pandemic in the first half of the year, although rising equity markets in the second half supported a sizeable recovery
- High quality and good diversification of the portfolio pays off: pleasing profit contribution from the acquisition of Caser and a solid underwriting result despite losses from the COVID-19 pandemic, mainly in Switzerland and Germany; additional impact of higher project costs and lower run-off profits primarily in Switzerland

Net combined ratio

The net combined ratio amounted to 94.0% and thus increased compared to the previous year (2019: 92.3 %). Thanks to the good quality of the portfolio and a positive impact from the acquisition of Caser, the ratio was very robust despite losses from COVID-19.

The following factors influenced the development:

- Increase in claims ratio (+0.9% pts) to 62.6%
  - Influence of COVID-19 losses in the amount of 2.3 percentage points
  - Lower run-off gains from reserves for claims from previous years primarily in Switzerland
  - Resilient development of the claims ratio testifies to high portfolio quality; in addition, positive influence of a lower burden of major claims from natural events and lower claims frequencies in individual lines of business as a result of the lockdowns to combat the pandemic

- Increase in cost ratio (+0.8% pts) to 31.4%
  - Higher administrative expense ratio mainly driven by increased project costs
  - Slightly higher acquisition cost rate due to shifts in the business mix

Performance of business areas: Life

Overview

As expected, Helvetia 2020 recorded a decline in volume in the life business area. The IFRS net income after tax decreased due to the impact of the stock market collapse caused by the pandemic on investment gains and losses. The development of the investment results was partially compensated by lower expenses for interest-related additional reserves and policyholder participation as well as a better risk result. Compared to the previous year, there was also no one-off positive tax effect in Switzerland.

Life business volume

The business volume in the life business area amounted to **CHF 4,283.3 million** in 2020. This corresponds to a decrease of 9.4% (in OC) compared to the previous year (2019: CHF 4,778.6 million). Expressed in Swiss francs, business volume declined by 10.4%. The main reason for this development was the introduction of a new tariff in the Swiss group life business as of 1 January 2020, which strengthens the future profitability of the business but, as expected, led to a decline in premiums in this line.

Broken down by segments and lines of business, business volume developed as follows in the reporting period:

Development by segment

Switzerland

CHF 3,004.1 million –17.5%

- As expected, significant decrease in premium volume in the Group life business (–20.8%) due to a tariff adjustment to strengthen future profitability
- Planned decline in traditional individual life business (–7.9%)
- Lower business volume in investment-linked insurance solutions (–8.5%) driven by lower single premiums with an increase in periodic premiums

Europe

CHF 1,279.2 million +16.7% in OC

- Growth in Germany (+6.7% in OC) thanks to higher business volume in investment-linked products (+11.6% in OC)
- Planned reduction in sales of traditional products and difficult market environment led to a decline in volume in Italy (–17.3% in OC)
- Strong growth in Spain (+170.1% in OC) due to the acquisition of Caser
- Growth in Austria (+1.5% in OC) driven by investment-linked products (+5.2% in OC)

Further details on the segments are explained from page 59 onwards.

By line of business

Investment-linked insurance solutions

CHF 985.6 million +5.7% in OC

- Growth in Europe (+16.2% in OC) thanks to the acquisition of Caser in Spain and successful sales in Germany and Austria
- Declining volume in Switzerland (–8.5%) driven by lower single premiums with an increase in periodic premiums

Traditional insurance solutions

CHF 975.1 million –3.8% in OC

- Sales volumes reduced as planned in all country markets with a small increase in Europe due to the acquisition of the Caser portfolio

Group life business

CHF 2,322.6 million –16.5% in OC

- Swiss group life business (–20.8%) driving the development due to an expected decline in premium volume as a result of a tariff adjustment to strengthen future profitability
- Partially offsetting effect of strong growth in Spain due to Caser acquisition

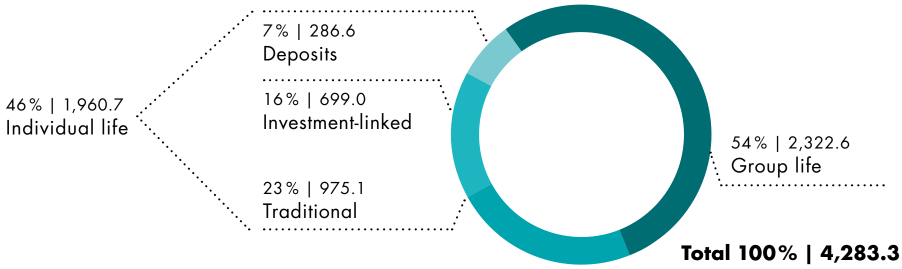
IFRS net income after tax for life

The IFRS net income after tax of the life business segment showed a robust development of **CHF 167.1 million** (2019: CHF 224.4 million), despite the impact of capital market fluctuations in the wake of the pandemic on the investment result. The acquisition of Caser also made a positive contribution.

The following factors had an impact on the development of results:

Life business volume by business line in financial year 2020

Share in % | in CHF million



- Slightly higher margin after costs with improved risk result and declining interest and cost results:
  - Interest result below the previous year due to lower investment returns and the decline in the portfolio following the introduction of a new tariff in Swiss group life and the transfer of investment properties to Helvetia (CH) Swiss Property Fund in Switzerland
  - Significantly increased risk result due non-recurring high run-off gains primarily due to the decline in the Swiss group life portfolio following the introduction of a new tariff
  - Cost result influenced by lower income from cost premiums, mainly as a result of the expected decline in volume in the Swiss group life business, and higher costs
- Significantly lower profits from investments as a result of the stock market collapse caused by the pandemic in the first half of the year, although rising equity markets in the second half supported a sizeable recovery
- Positive development of the extraordinary result, as interest-related additional reserves were lower and one-off reserves for future conversion rate losses could be released due to the smaller portfolio in the Swiss group life business
- Lower expenses for policyholder participation
- Omission of a one-off positive effect in the previous year due to the tax reform in Switzerland

New business margin and embedded value

New business – the corresponding figures from Caser will only be included from 2021 – was robust in the 2020 financial year in view of the further decline in interest rates. The **new business margin** decreased by 0.2% points compared to the same period of the previous year and stood at **2.6%** (2019: 2.9%). The main drivers for the slight decline were lower interest rates and adjusted cost assumptions. On the other hand, the new business margin also benefited from adjusted risk discount rates and a further improvement in the new business mix. The **value of new business** fell by 33.7% compared to the same period of the previous year and amounted to **CHF 55.1 million**. This decline was mainly due to the lower volume of new business as a result of the new tariff in the group life business in Switzerland.

As at 31 December 2020, Helvetia Group's **embedded value** was **CHF 4,705.0 million**. This represents an increase of 19.9% compared to the beginning of the year (2019: CHF 3,924.9 million). Main driver of the increase was the acquisition of Caser, whose embedded value is included in the value of Helvetia Group for the first time as of 31 December 2020. Additionally, growth was driven by the expected roll-forward and profitable new business as well as economic deviations due to lower capital costs and model adjustments. On the other hand, the operating deviations due to the smaller portfolio following the introduction of the new tariff in the Swiss group life business and dividend payments had an opposite effect.

Other activities

In addition to the Corporate segment (financing companies, Corporate Centre, centrally managed investments [funds] and Group reinsurance), the other activities segment includes the non-insurance business of Caser, Helvetia Asset Management AG, MoneyPark AG and various smaller foreign service companies that cannot be allocated to the Life or Non-life business areas.

In 2020 the **IFRS net income** after tax of Other activities amounted to **CHF –143.9 million** (2019: CHF –84.7 million).

The following factors contributed to the development of earnings:

- Negative technical result of intra-group reinsurance mainly due to the participation in claims caused by the pandemic in Germany, Austria and Switzerland and the influence of an accumulation of natural events in Italy
- Transaction, financing and integration costs in connection with the acquisition of the Spanish insurance company Caser as well as project costs
- Partially offsetting effects from the usual consolidation effects of the funds allocated to this segment, that were positive in the 2020 financial year, as well as the income from the initial issue of the Helvetia (CH) Swiss Property Fund

Investments

The investment volume increased by CHF 6.0 billion compared to the previous year and amounted to CHF 60.6 billion at the end of 2020. This change is mainly due to the acquisition of the Spanish insurer Caser, which was completed in June. There were only slight changes in the capital investment structure. Interest-bearing securities remained the dominant asset class, followed by real estate and mortgages. The shares of the other categories were each well below 10%. The financial investments with market risk for the policyholder remained constant at a share of 8%.

Despite the turbulence on the capital markets, Helvetia achieved a Group investment performance of CHF 1,431.8 million in 2020 (2019: CHF 2,834.7 million). This corresponds to a total return of 2.7%. In addition to current income, the overall result was driven by an increase in unrealised gains due to the increase in value of interest-bearing securities as interest rates continued to fall. In contrast, the collapse of the equity markets in the first half of the year due to the outbreak of the pandemic led to losses on equities and derivatives, which resulted in a slightly negative contribution of gains and losses on investments to the income statement.

Bonds and real estate as a stable backbone

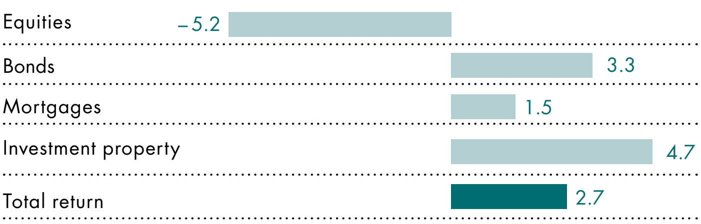
At CHF 888.5 million, current income from financial investments and investment properties was below last year's level, mainly due to lower returns on reinvestments in the persistently low-interest-rate environment. Current income continued to prove a stable backbone of the overall result. Income from real estate and mortgages made a disproportionately high contribution of CHF 320.1 million to this result. The direct return declined slightly compared to the previous year from 1.9% to 1.7%.

At CHF −47.9 million, gains and losses from investments in the income statement were below the previous year's figure (CHF 455.6 million), which was characterised by a strong performance of the equity markets. In 2020, the outbreak of the pandemic caused a collapse in the equity markets, resulting in losses on equities and derivatives in the first half of the year. In the second half of the year, rising equity markets supported a sizeable recovery of the investment result.

The Group investment performance, which in addition to the current income and the changes in value of the portfolio recognised in the income statement also includes the change in unrealised gains and losses in equity, closed clearly in positive territory at

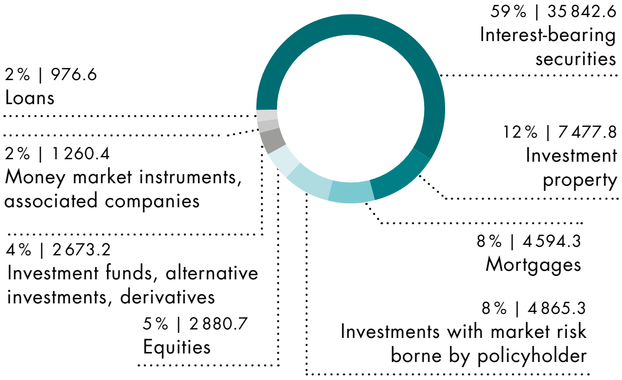
Investment performance by asset class

in %



Investment structure in the 2020 financial year

Share in % | in CHF million



Total 100% | 60 570.9

a total return of 2.7%. The main driver of the Group investment performance was higher valuations for fixed income securities due to lower interest rates.

Active risk management by means of a proven hedging concept

The challenging market development, especially during the COVID-19 crisis, required the focused attention of risk management in the 2020 financial year. Helvetia implemented its proven concept of adhering to risk and loss limits during the market fluctuations in the first quarter. As part of this concept, the equity exposures and risks held by Helvetia are monitored and managed in a timely manner. Helvetia thus pursues a long-term investment strategy that manages financial market risks against major and sustained price losses while complying with the limits set by the Board of Directors and the Executive Management. This protects the balance sheet from excessive losses, which is Helvetia's priority over generating short-term profits. This investment policy has proven itself in past crises and forms a cornerstone for risk management as well as the management of financial market risks. For this reason, the equity holdings were already hedged to a significant degree with derivative instruments at the beginning of the year. The rapid and strong decline of the stock markets in March necessitated increasing hedging measures in order to comply with the set risk limits and to limit possible further losses. Due to the equity exposure, which was therefore reduced with hedging instruments, Helvetia initially only participated to a limited extent in the strong market recovery immediately after the major collapse. In the course of the year, the equity exposure was steadily brought back to the long-term target ratio in line with the loss limit concept.

Performance of Group investments

in CHF million	2020	2019
Current income on Group financial assets	644.9	695.4
Rental income on Group investment property	243.6	251.7
Current income on Group investments (net)	**888.5**	**947.1**
Gains and losses on Group financial assets	–152.0	304.3
Gains and losses on Group investment property	104.1	151.3
Gains and losses on Group investments (net)	**–47.9**	**455.6**
Investment result from Group financial assets and investment property (net)	**840.6**	**1402.7**
Change in unrealised gains and losses recognised in equity	591.2	1432.0
Total profit from Group financial assets and investment property	**1431.8**	**2834.7**
Average Group investment portfolio (without Caser in the first half of the year)	52853.0	49330.7
Direct yield	1.7%	1.9%
Investment performance	2.7%	5.9%

Business performance of segments: Switzerland

Overview

In Switzerland, Helvetia recorded a **business volume** of **CHF 4,533.1 million**. This represents a decrease of 11.5% compared to the previous year. In non-life insurance, meanwhile, the volume could be clearly increased. In the life business, however, the volume declined as expected, driven by the introduction of a new tariff in group life.

The **IFRS net income** after tax was mainly influenced by lower investment results as well as COVID-19 losses and project costs in the non-life underwriting result. Compared to the previous year, there was also no one-off positive tax effect as a result of the tax reform. The **IFRS net income** after tax amounted to **CHF 212.4 million** (2019: CHF 427.5 million).

Business volume

In the **non-life business**, Helvetia increased its **premium volume** by 3.2% (in OC) to **CHF 1,529.0 million** (2019: CHF 1,482.7 million).

The **life business volume** amounted to **CHF 3,004.1 million** (2019: CHF 3,640.9 million). Compared to the previous year, this represents a decrease of 17.5%.

By lines of business, premiums in the non-life and life business developed as follows:

Non-life business volume by line of business

Motor vehicle
CHF 601.9 million +0.4%

Property insurance
CHF 595.5 million +9.7% in OC

- Driven by expansion of partner business (B2B2C)

Health / accident
CHF 171.9 million –1.2%

Liability insurance
CHF 157.0 million –2.8%

Transport
CHF 2.8 million –13.6%

Life business volume by line of business

Investment-linked insurance solutions
CHF 370.8 million –8.5%

- Lower business volume driven by lower single premiums with increase in periodic premiums

Traditional insurance solutions
CHF 499.1 million –7.9%

- Deliberate curbing of the sales of traditional guarantee products

Group life business
CHF 2,134.1 million –20.8%

- Expected decrease in premium volume due to tariff adjustment to strengthen future profitability
- Both periodic premiums (–15.0%) and single premiums (–26.5%) lower than in the previous year

IFRS net income after tax

The **IFRS net income** after tax in **non-life** business amounted to **CHF 87.6 million** and was lower than in the previous year (2019: CHF 241.2 million).

The **life business area's** IFRS net income after tax also declined, mainly due to lower gains on investments and the absence of a positive one-off tax effect in the previous year. In the past financial year, Helvetia posted an **IFRS net income** after tax of **CHF 118.8 million** (2019: CHF 195.6 million).

The following factors influenced the development of results in the non-life and life business:

Non-life earnings trend

- Underwriting result mainly influenced by COVID-19 losses and increased technical costs primarily due to projects, with a good development of claims expenses from the year under review (excl. COVID-19 losses) thanks to good portfolio quality and a favourable claims environment in general
- Decrease in investment result as a result of the stock market collapse caused by the pandemic in the first half of the year, although rising equity markets in the second half supported a sizeable recovery
- One-time write-off of CHF 40.2 million (before tax) due to the realignment of a project to renew the system landscape

Life earnings trend

- Higher margin after costs thanks to better risk result with declining interest and cost results:
  - Interest result below the previous year due to lower investment returns and the decline in the portfolio following the introduction of a new tariff in group life as well as the transfer of investment properties to Helvetia (CH) Swiss Property Fund
  - Significantly increased risk result due to non-recurring high run-off gains primarily due to the decline in the group life portfolio following the introduction of a new tariff
  - Cost result influenced by lower income from cost premiums, mainly as a result of the expected decline in volume in the group life business, and higher costs
- Significantly lower gains and losses from investments as a result of the stock market collapse caused by the pandemic in the first half of the year, although rising equity markets in the second half supported a sizeable recovery
- Positive development of the extraordinary result, as interest-related additional reserves were lower and one-off reserves for future conversion rate losses could be released due to the smaller portfolio in the group life business
- Omission of a one-off positive effect in the previous year due to the tax reform

Net combined ratio

At **92.9%**, the **net combined ratio** in Switzerland was higher than in the previous year (2019: 86.2%).

The following factors influenced the development:

- Increase in claims ratio (+3.7% pts)
  - Burden from COVID-19 losses, both due to regular claims from insured persons and from the widely accepted settlement solution offered by Helvetia for customers with a pandemic exclusion in epidemic insurance
  - Lower run-off gains from reserves for claims from previous years mainly due to interest-related reserve strengthening in the accident/health business as well as a continuous run-off of reserves for claims from whiplash injuries and of reserves for the portfolios of Alba and Phenix acquired in 2010
  - Partially compensating effect due to a positive development of the current year claims ratio (excl. COVID-19 losses) thanks to the good portfolio quality in a favourable claims environment in general and low burden from major losses from natural events

- Increase in the cost ratio (+3.0% pts)
  - Increased administration cost rate primarily due to higher project costs with stable acquisition cost ratio

Business performance of segments: Europe

Overview

In the Europe segment, the **business volume** increased significantly to **CHF 3,661.5 million** following the acquisition of the Spanish insurance company Caser. This corresponds to an increase of 23.3% in original currency and 18.8% in the Group currency, the Swiss franc. The **IFRS net income** after tax also developed positively and increased to **CHF 174.6 million** (2019: CHF 127.9 million), mainly thanks to the acquisition.

Business volume

In the **non-life business area,** Helvetia recorded **premiums** in the amount of **CHF 2,382.3 million** (2019: CHF 1,945.5 million). Compared to the previous year, the Europe segment achieved a currency-adjusted increase of 27.1%, which is primarily due to the acquisiton of Caser.

In the **life business area,** the **business volume** amounted to **CHF 1,279.2 million** and thus increased by 16.7% (in OC) compared to the previous year, also largely due to the Caser acquisition.

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 664.5 million +3.2% in OC
- Growth driven by non-life business (+6.4% in OC), especially with corporate clients
- Impact of COVID-19 pandemic especially on Motor division (–0.2% in OC)

Italy
CHF 537.2 million –1.1% in OC
- Motor business (–4.3% in OC) impacted by COVID-19 pandemic
- Partially compensating influence of growth in the property (+2.2% in OC) and liability lines (+4.4% in OC)

Austria
CHF 370.0 million +5.8% in OC
- Pleasingly stable growth rates in all insurance lines, especially in property business (+5.9% in OC) and motor vehicle insurance (+6.5% in OC)

Spain
CHF 810.6 million +140.0% in OC
- Growth driven by the acquisition of Caser; also solid growth in property insurance thanks to resilient personal lines business

Development of life business volume: By country

Germany
CHF 320.7 million +6.7% in OC
- Continued very successful sales of investment-linked insurance solutions as growth driver (+11.6% in OC)
- Traditional insurance declines as planned (–3.9% in OC)

Italy
CHF 404.3 million –17.3% in OC
- Stable development of capital-saving deposits despite difficult environment (–0.4% in OC)
- Significant decline in volume with traditional insurance companies as planned (–26.8% in OC)

Austria
CHF 165.5 million +1.5% in OC
- Gratifying increase in premium volume with investment-linked insurance solutions (+5.2% in OC) as growth driver
- Decline in traditional products as planned (–7.1% in OC)

Spain
CHF 388.8 million +170.1% in OC
- Growth driven by the acquisition of Caser

Non-life: by line of business

Property insurance
CHF 1,016.3 million +47.8% in OC

Motor vehicle
CHF 810.5 million +12.8% in OC

Health / accident
CHF 239.4 million +27.7% in OC

Liability
CHF 218.6 million +13.4% in OC

Transport / art
CHF 97.5 million +10.8% in OC

Life: by line of business

Investment-linked insurance solutions
CHF 614.7 million +16.2% in OC

Traditional insurance solutions
CHF 476.0 million +0.6% in OC

- All country markets with deliberate curtailment of sales of traditional guarantee products
- Small increase due to the acquisition of the Caser portfolio

Group life business
CHF 188.5 million +100.5% in OC

- Strong growth in Spain as a result of the Caser acquisition

IFRS net income after tax

The **IFRS net income** after tax in the business area **non-life** insurance increased to **CHF 128.3 million** (2019: CHF 98.8 million).

In the **life business area,** the **IFRS net income** after tax increased to **CHF 48.3 million** (2019: CHF 28.8 million).

The development of earnings in the non-life and life business is positively influenced by the Caser acquisition.

By source of profit, the following factors had an impact on the result:

Non-life earnings trend

- Stronger underwriting result thanks to the acquisition of Caser with a favourable combined ratio, low exposure to COVID-19 losses in the country markets of Spain and Italy and lower loss frequencies in individual lines during lockdown periods
- Decline in investment results due to the stock market collapse caused by the pandemic in the first half of the year, although rising equity markets in the second half supported a sizeable recovery

Life earnings trend

- Profit contribution from the acquisition of Caser (pro rata) as the main driver
- Lower gains from investments due to the pandemic-related collapse in the equity markets in the first half of the year, although rising equity markets in the second half supported a sizeable recovery
- Compensating positive effect mainly from lower expenses for policyholder participation participation

Result

	2020	2019
Europe	**174.6**	**127.9**
Germany	24.2	29.3
Italy	39.2	36.2
Spain	83.3	32.0
Helvetia	*29.0*	*32.0*
Caser[1]	*54.3*	–
Austria	27.9	30.4

[1] Pro rata July – December 2020

Net combined ratio

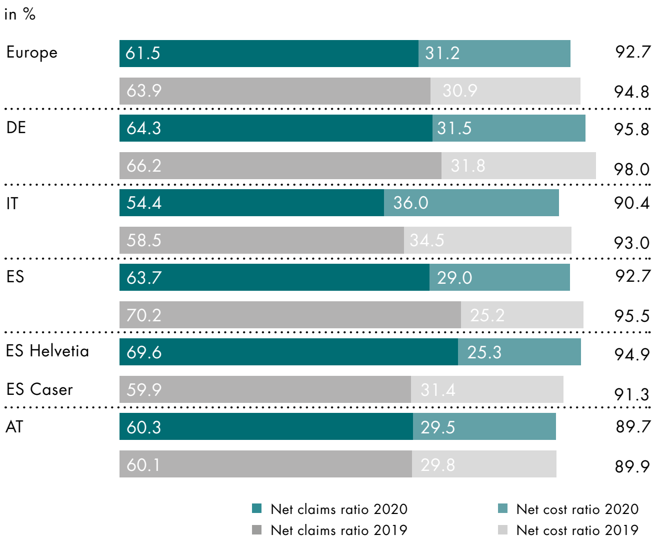
The **net combined ratio** improved in the 2020 financial year to **92.7%** (2019: 94.8%). The development is due to a positive influence of the acquisition of Caser, a low exposure of the country markets Spain and Italy to COVID-19 claims and lower claim frequencies in individual lines during the lockdown periods.

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

- Loss ratio improvement of 2.4% points due to low exposure to COVID-19 claims in Spain and Italy, a beneficial impact of the Caser acquisition and lower loss frequencies in individual lines during lockdown periods
- Stable expense ratio almost at the level of the previous year (+0.3% pts)

All units reported a net combined ratio below 100%.

Combined ratio



Business performance of segments: Specialty Markets

Overview

Helvetia grew significantly in the Specialty Markets segment in the reporting period. The result, on the other hand, declined due to weaker investment results.

Business volume

In the past financial year, the Specialty Markets segment generated **premiums** in the amount of **CHF 1,519.0 million** (2019: CHF 1,247.3 million), which corresponds to a strong increase of 23.5% (in OC).

The lines of business assigned in thes segment performed as follows:
- Specialty Lines CH / International: CHF 453.3 million (+34.5% in OC); strong premium development thanks to price increases, new business and the opening up of new lines of business
- France: CHF 336.6 million (+17.8% in OC); ongoing transformation from a pure transport insurer to a comprehensive provider of special insurances
- Active Reinsurance: CHF 729.1 million (+20.1%); increase in premium volume due to new business in property insurance, price recoveries and growth in special insurance business

IFRS net income after tax

The **IFRS net income** after tax amounted to **CHF 42.5 million** – a decrease compared to the IFRS net income alter tax of CHF 58.5 million in the previous year.

The following factors influenced the development of earnings:

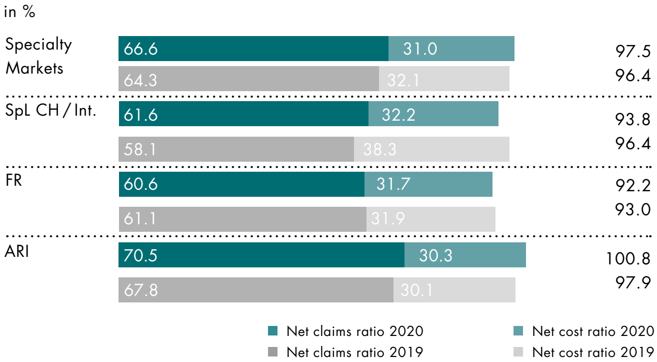
- Decrease in investment result as a result of the stock market collapse caused by the pandemic in the first half of the year, although rising equity markets in the second half supported a sizeable recovery
- Slightly weaker technical result mainly due to COVID-19 losses and individual large claims in Active Reinsurance, with positive development in Specialty Lines CH / International and France

Net combined ratio

The **net combined ratio** was **97.5 %** (2019: 96.4 %). The following factors contributed to the development of the quota:

- Increase in the claims ratio (+ 2.3 % pts.) mainly due to COVID-19 losses and individual large claims in Active Reinsurance
- Improvement in the expense ratio (– 1.1 % pts.), primarily due to the growth-related economies of scale

Combined ratio



Corporate

In addition to the financing companies and the holding company, the Corporate segment includes the Corporate Centre, the centrally managed investments (funds) and the Group reinsurance. The **IFRS profit** after tax for this segment was **CHF – 147.9 million** and therefore below the IFRS net income after tax of the previous year of CHF –75.8 million. The decline resulted on the one hand from a negative technical result of the Group's internal reinsurance mainly due to the participation in pandemic claims in Germany, Austria and Switzerland as well as the influence of an accumulation of natural events in Italy. On the other hand, transaction, financing and integration costs in connection with the transaction for the acquisition of the Spanish insurance company Caser and project costs burdened the result of the segment. Partially offsetting effects resulted from the usual, consolidation effects of the funds allocated to this segment, that were positive in 2020 as well as the income from the initial issue of the Helvetia (CH) Swiss Property Fund.

Financial report

Consolidated financial statements of Helvetia Group

Notes to the consolidated financial statements

Financial statements of Helvetia Holding AG

Consolidated income statement

in CHF million	Notes	2020	2019
Income			
Gross premiums written	3	9 427.0	9 214.7
Reinsurance premiums ceded		–485.3	–403.1
Net premiums written		8 941.7	8 811.6
Net change in unearned premium reserve		–55.5	–128.6
Net earned premiums		8 886.2	8 683.0
Current income from Group investments (net)	7.1.1	888.5	947.1
Gains and losses on Group investments (net)	7.1.3	–47.9	455.6
Income investments with market risk for the policyholder	7.1.5	186.4	469.4
Share of profit or loss of associates		0.2	4.4
Income from fee and commission business[1]	3.7	225.9	101.3
Other income[1]		171.7	53.3
Total operating income		10 311.0	10 714.1
Expenses			
Claims incurred including claims handling costs (non-life)		–3 373.1	–2 716.7
Claims and benefits paid (life)		–5 939.8	–3 985.0
Change in actuarial reserves		1 898.7	–1 143.4
Reinsurers' share of benefits and claims		279.2	157.0
Policyholder dividends and bonuses		–206.8	–258.6
Income attributable to deposits for investment contracts		–49.6	–103.9
Net benefits to policyholders and claims		–7 391.4	–8 050.6
Acquisition costs[1]		–1 432.5	–1 232.1
Reinsurers' share of acquisition costs		103.1	79.7
Operating and administrative expenses[1]		–980.5	–726.6
Interest payable		–14.3	–10.7
Other expenses[1]		–212.9	–103.1
Total operating expenses		–9 928.5	–10 043.4
Profit or loss from operating activities		382.5	670.7
Financing costs		–62.6	–105.9
Profit or loss before tax		319.9	564.8
Income taxes	10.1	–38.2	–26.7
Profit or loss for the period		**281.7**	**538.1**
Attributable to:			
Shareholders of Helvetia Holding AG		264.8	539.2
Non-controlling interests		16.9	–1.1
Earnings per share:			
Basic earnings per share (in CHF)	11.5	4.76	10.52
Diluted earnings per share (in CHF)	11.5	4.76	10.52

[1] Due to its growing significance, Helvetia now reports "income from fee business" seperately. Fee and commission income was previously included in various other items. The previous year's figures were adjusted accordingly (see section 2.3).

Consolidated statement of comprehensive income

in CHF million	2020	2019
Profit or loss for the period	**281.7**	**538.1**
Other comprehensive income		
May be reclassified to income		
Change in unrealised gains and losses on investments	591.3	1 432.7
Change from net investment hedge	98.2	21.8
Foreign currency translation differences	–106.4	–85.5
Change in liabilities for contracts with participation features	–298.7	–664.1
Deferred taxes	–65.9	–127.1
Total that may be reclassified to income	218.5	577.8
Will not be reclassified to income		
Revaluation from reclassification of property and equipment	–0.1	–0.7
Revaluation of benefit obligations	–14.6	–163.7
Change in liabilities for contracts with participation features	0.5	17.5
Deferred taxes	0.8	24.1
Total that will not be reclassified to income	–13.4	–122.8
Total other comprehensive income	205.1	455.0
Comprehensive income	**486.8**	**993.1**
Attributable to:		
Shareholders of Helvetia Holding AG	439.2	994.8
Non-controlling interests	47.6	–1.7

Consolidated balance sheet

in CHF million	Notes	2020	2019
Assets			
Property and equipment	5	1 039.8	563.6
Goodwill and other intangible assets	6	1 960.8	1 339.8
Investments in associates	7.4.1	30.9	30.8
Investment property	7.5	7 477.8	7 028.9
Investment property held for sale	7.5	–	519.6
Group financial assets	7.2	48 196.9	42 679.3
Investments with market risk for the policyholder	7.2	4 865.3	4 266.1
Receivables from insurance business	9.7	1 878.3	1 551.9
Deferred acquisition costs	9.6	669.4	506.9
Reinsurance assets	9.5	727.0	523.8
Deferred tax assets	10.5	31.1	6.2
Current income tax assets		184.0	22.0
Other assets		499.5	385.7
Accrued investment income		312.0	266.0
Cash and cash equivalents		1 849.0	1 305.2
Total assets		**69 721.8**	**60 995.8**

in CHF million	Notes	2020	2019
Liabilities and equity			
Share capital	11.1	1.1	1.0
Capital reserves		949.2	659.7
Treasury shares		–8.4	–11.7
Unrealised gains and losses (net)	11.2.4	485.7	401.6
Foreign currency translation differences		–477.9	–464.2
Retained earnings		3 097.2	3 505.5
Valuation reserves for contracts with participation features	11.2.5	1 865.4	1 736.2
Equity of Helvetia Holding AG shareholders		5 912.3	5 828.1
Non-controlling interests		488.0	6.0
Equity (without preferred securities)		6 400.3	5 834.1
Preferred securities	11.3	775.0	700.0
Total equity		7 175.3	6 534.1
Actuarial reserves (gross)	9.1	40 971.2	37 770.2
Provision for future policyholder participation	9.1	3 365.1	2 427.6
Loss reserves (gross)	9.1	5 560.9	4 865.9
Unearned premium reserve (gross)	9.1	2 313.4	1 574.1
Financial liabilities from financing activities	8.1	2 289.1	1 533.7
Financial liabilities from insurance business	9.8	2 342.7	1 869.1
Other financial liabilities	8.2	1 137.5	333.9
Liabilities from insurance business	9.7	2 041.3	2 000.6
Non-technical provisions	12.1	139.4	152.5
Employee benefit obligations	13.2	868.5	831.3
Deferred tax liabilities	10.5	873.6	816.7
Current income tax liabilities		180.8	30.6
Other liabilities and accruals		463.0	255.5
Total liabilities		62 546.5	54 461.7
Total liabilities and equity		**69 721.8**	**60 995.8**

Consolidated statement of equity

	Notes	Share capital	Capital reserves	Treasury shares	Unrealised gains and losses (net)
		11.1			11.2.4
in CHF million					
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		–	–	–	231.6
Income and expense that will not be reclassified to income		–	–	–	–0.5
Total other comprehensive income		–	–	–	231.1
Comprehensive income		–	–	–	231.1
Transfer from / to retained earnings		–	–	–	0.0
Change in minority interests		–	–	–	–
Purchase of treasury shares		–	–	–25.3	–
Sale of treasury shares		–	–1.6	25.9	–
Share-based payment		–	1.4	–	–
Dividends		–	–	–	–
Share capital increase		–	–	–	–
Shareholders' contributions		–	45.0	–	–
Allocation of shareholders' contributions		–	–45.0	–	–
Balance as of 31 December 2019		**1.0**	**659.7**	**–11.7**	**401.6**
Balance as of 1 January 2020		1.0	659.7	–11.7	401.6
Profit or loss for the period		–	–	–	–
Income and expense that may be reclassified to income		–	–	–	84.8
Income and expense that will not be reclassified to income		–	–	–	–0.1
Total other comprehensive income		–	–	–	84.7
Comprehensive income		–	–	–	84.7
Transfer from / to retained earnings		–	–	–	–0.6
Acquisition of subsidiaries		–	–	–	–
Change in minority interests		–	–	–	–
Purchase of treasury shares		–	–	–9.3	–
Sale of treasury shares		–	–0.6	12.6	–
Share-based payment		–	–0.5	–	–
Dividends		–	–	–	–
Share capital increase		0.1	300.2	–	–
Costs of share capital increase		–	–7.2	–	–
Shareholders' contributions		–	45.0	–	–
Allocation of shareholders' contributions		–	–45.0	–	–
Issuance of preferred securities		–	–2.4	–	–
Redemption of preferred securities		–	–	–	–
Balance as of 31 December 2020		**1.1**	**949.2**	**–8.4**	**485.7**

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
	11.2.2	11.2.5					
–400.6	3 441.8	1 220.0	5 080.3	16.8	5 097.1	700.0	5 797.1
–	409.1	130.1	539.2	–1.1	538.1	–	538.1
–63.6	–	409.6	577.6	0.2	577.8	–	577.8
–	–100.0	–21.5	–122.0	–0.8	–122.8	–	–122.8
–63.6	–100.0	388.1	455.6	–0.6	455.0	–	455.0
–63.6	309.1	518.2	994.8	–1.7	993.1	–	993.1
–	–16.8	–2.0	–18.8	0.0	–18.8	18.8	0.0
–	11.1	–	11.1	–11.1	0.0	–	0.0
–	–	–	–25.3	–	–25.3	–	–25.3
–	–	–	24.3	–	24.3	–	24.3
–	–	–	1.4	–	1.4	–	1.4
–	–237.4	–	–237.4	–0.3	–237.7	–18.8	–256.5
–	–2.3	–	–2.3	2.3	0.0	–	0.0
–	–	–	45.0	–	45.0	–	45.0
–	–	–	–45.0	–	–45.0	–	–45.0
–464.2	**3 505.5**	**1 736.2**	**5 828.1**	**6.0**	**5 834.1**	**700.0**	**6 534.1**
–464.2	3 505.5	1 736.2	5 828.1	6.0	5 834.1	700.0	6 534.1
–	246.6	18.2	264.8	16.9	281.7	–	281.7
–13.7	–	116.2	187.3	31.2	218.5	–	218.5
–	–11.1	–1.7	–12.9	–0.5	–13.4	–	–13.4
–13.7	–11.1	114.5	174.4	30.7	205.1	–	205.1
–13.7	235.5	132.7	439.2	47.6	486.8	–	486.8
–	–17.0	–3.5	–21.1	0.0	–21.1	21.1	0.0
–	–375.5	–	–375.5	438.0	62.5	–	62.5
–	–6.9	–	–6.9	2.3	–4.6	–	–4.6
–	–	–	–9.3	–	–9.3	–	–9.3
–	–	–	12.0	–	12.0	–	12.0
–	–	–	–0.5	–	–0.5	–	–0.5
–	–244.4	–	–244.4	–5.9	–250.3	–21.1	–271.4
–	–	–	300.3	–	300.3	–	300.3
–	–	–	–7.2	–	–7.2	–	–7.2
–	–	–	45.0	–	45.0	–	45.0
–	–	–	–45.0	–	–45.0	–	–45.0
–	–	–	–2.4	–	–2.4	475.0	472.6
–	–	–	–	–	–	–400.0	–400.0
–477.9	**3 097.2**	**1 865.4**	**5 912.3**	**488.0**	**6 400.3**	**775.0**	**7 175.3**

Consolidated cash flow statement

in CHF million	2020	2019
Cash flow from operating activities		
Profit before tax	319.9	564.8
Reclassifications to investing and financing activities (affecting cash)		
Realised gains and losses on property, equipment and intangible assets	–0.4	1.8
Realised gains and losses on sale of subsidiaries and associated companies	1.6	–
Dividends from associates	–1.3	–1.2
Adjustments		
Depreciation / amortisation of property, equipment and intangible assets	170.6	67.8
Realised gains and losses on financial instruments and investment property	108.0	–287.7
Unrealised gains and losses on investments in associates	–0.5	–3.2
Unrealised gains and losses on investment property	–74.8	–99.3
Unrealised gains and losses on financial instruments	–670.6	–627.2
Share-based payments for employees	–0.5	1.4
Foreign currency gains and losses	183.7	164.2
Other income and expenses not affecting cash[1]	0.5	64.2
Change in operating assets and liabilities		
Deferred acquisition costs	–43.3	–24.8
Reinsurance assets	–19.1	–7.4
Actuarial reserves	–1 898.7	1 143.5
Provisions for future policyholder participation	55.5	69.7
Loss reserves	326.9	106.6
Unearned premium reserve	64.3	155.8
Financial liabilities from insurance business	153.7	136.0
Changes in other operating assets and liabilities	255.2	–106.3
Cash flow from investments and investment property		
Purchase of investment property	–231.5	–247.7
Sale of investment property	582.5	214.8
Purchase of interest-bearing securities	–3 344.3	–2 733.4
Repayment / sale of interest-bearing securities	3 473.2	3 550.3
Purchase of shares, investment funds and alternative investments	–1 778.4	–1 772.6
Sale of shares, investment funds and alternative investments	1 421.8	1 272.6
Purchase / Sale of derivatives	–176.9	–4.6
Origination of mortgages and loans	–86.9	–260.8
Repayment of mortages and loans	717.5	428.8
Purchase of money market instruments	–9 189.2	–3 441.5
Repayment of money market instruments	10 194.0	2 343.7
Cash flow from operating activities (gross)	512.5	668.3
Income taxes paid	–83.7	–61.7
Cash flow from operating activities (net)	428.8	606.6

in CHF million	2020	2019
Cash flow from investing activities		
Purchase of property and equipment	–45.6	–35.8
Sale of property and equipment	1.1	2.6
Purchase of intangible assets	–75.9	–74.7
Sale of intangible assets	1.4	0.8
Purchase of investments in asscociates	–0.5	–0.8
Purchase of investments in subsidiaries, net of cash and cash equivalents	–406.7	–26.4
Sale of investments to former subsidiaries, net of cash and cash equivalents	–1.7	–
Dividends from associates	1.3	1.2
Cash flow from investing activities (net)	–526.6	–133.1
Cash flow from financing activities		
Increase of share capital	293.0	0.0
Sale of treasury shares	12.0	24.3
Purchase of treasury shares	–9.3	–25.3
Shareholders' contributions	45.0	45.0
Purchase of investments in subsidiaries	–6.5	–7.9
Issuance of preferred securities	472.2	–
Redemption of preferred securities	–400.0	–
Issuance of debt instruments	813.0	15.8
Repayment of debt	–274.3	–160.8
Dividends paid	–275.3	–260.7
Repayment of lease liabilites	–30.3	–20.6
Cash flow from financing activities (net)	639.5	–390.2
Effect of exchange rate differences on cash and cash equivalents	2.1	–16.5
Total change in cash and cash equivalents	**543.8**	**66.8**

Cash and cash equivalents		
Cash and cash equivalents as of 1 January	1 305.2	1 238.4
Change in cash and cash equivalents	543.8	66.8
Cash and cash equivalents as of 31 December	**1 849.0**	**1 305.2**

Composition of cash and cash equivalents		
Cash	0.2	0.6
Due from banks	1 726.9	1 232.5
Other cash equivalents with a maturity of less than three months	121.9	72.1
Balance as of 31 December	**1 849.0**	**1 305.2**

Other disclosures on cash flow from operating activities:		
Interest received	636.7	690.8
Dividends received	99.9	112.5
Interest paid	56.3	37.8

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

1. General information

Helvetia Group is an all-lines insurance group which operates in many sectors of the life and non-life insurance business as well as in reinsurance. The holding company, Helvetia Holding AG, with headquarters in St. Gallen, is a Swiss public limited company listed on the SIX Swiss Exchange.

Through branch offices and subsidiaries, the Group operates in the insurance markets of Switzerland, Germany, Austria, Spain, Italy, France and Liechtenstein, and worldwide in the active reinsurance business. Helvetia also has branches in Singapore and Malaysia and a representative office in the US. Some of Helvetia's investment and financing activities are managed through subsidiaries and fund companies in Luxembourg.

The Board of Directors approved the consolidated financial statements and released them for publication at its meeting on 24 March 2021. The financial statements will be submitted to the shareholders for approval at the ordinary Shareholders' Meeting on 30 April 2021.

2. Summary of accounting policies

The consolidated financial statements of Helvetia Group were prepared in accordance with the International Financial Reporting Standards (IFRS) and under the historical cost convention with the exception of adjustments resulting from the IFRS requirement to recognise investments at fair value. Fair value measurement methods are explained in section 2.6 (page 79).

2.1 Standards applied for the first time in the reporting year

The following published sector-relevant standards (IAS/IFRS), interpretations (IFRIC) and amendments to the standards were applied by the Group for the first time on 1 January 2020:
– Changes in the reference to the conceptual framework for IFRS Standards
– Changes to IAS 8 and IAS 1 – Definition of Material
– Changes to IFRS 3 – Definition of a Business
– Changes to IFRS 9, IAS 39 and IFRS 7 – Interest Rate Benchmark Reform – phase 1

The adoption of these amendments did not have any material impact on Helvetia Group's asset, financial and income situation.

2.2 Standards not yet applied in the reporting year

Due to their effective dates, the following published sector-relevant standards, interpretations and amendments to standards were not applied to the 2020 consolidated financial statements:

Changes in accounting policies	to be applied for annual periods beginning on/after:
IFRS 16 – Rent concessions due to the COVID-19 pandemic	1 June 2020
IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16 – "Interest Rate Benchmark Reform – Phase 2"	1 January 2021
IAS 37 – Onerous Contracts – Costs of Fulfilling a Contract	1 January 2022
Annual Improvements to IFRS (2018 – 2020	1 January 2022
IFRS 3 – Adjustment of a reference to the framework concept	1 January 2022
IAS 1 – Classification of Liabilities	1 January 2023
IFRS 9 – Financial Instruments	1 January 2023[1]
IFRS 17 – Insurance Contracts	1 January 2023

[1] Changes to IFRS 17 and IFRS 4 were published in June 2020. In this, the coming into force of IFRS 17 was deferred to 1 January 2023 and the option for deferring the introduction of IFRS 9 was extended to 1 January 2023.

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.

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

2.3 Change in presentation

Due to its growing significance, Helvetia now reports "income from fee and commission business" separately. Fee and commission income was previously included in various other items.

The previous reporting periods have been restated. The following table summarises the effects on the 2019 consolidated income statement:

in CHF million	Initially reported	Adjustments	After adjustments
Consolidated income statement			
Income from fee and commission business	–	101.3	101.3
Other income	135.5	–82.2	53.3
Acquisition costs	–1 228.6	–3.5	–1 232.1
Operating and administrative expenses	–716.7	–9.9	–726.6
Other expenses	–97.4	–5.7	–103.1
Profit or loss for the period	**538.1**	**–**	**538.1**
Earnings per share			
Basic earnings per share (in CHF)	10.52	–	10.52
Diluted earnings per share (in CHF)	10.52	–	10.52

2.4 Consolidation principles

All the material companies included in the consolidation have the same reporting periods. Smaller Group companies with different financial years prepare interim financial statements as of the reporting date of 31 December.

2.4.1 Subsidiaries

The consolidated financial statements include the financial statements of Helvetia Holding AG, its subsidiaries and its own investment funds. Consolidation applies when Helvetia Holding AG exercises indirect or direct control over the company's operations. Subsidiaries acquired during the course of the financial year are included in the consolidated financial statements from the date on which Helvetia Group took effective control. Acquisitions of companies are recorded using the purchase method. Intergroup transactions and balance sheet items are eliminated.

Non-controlling interests (minority interests) are valued at the time of acquisition with their proportionate share of the identifiable net assets of the company.

Any changes in Helvetia Group's percentage of shares held in a subsidiary, without losing control, are treated as transactions among shareholders. The adjustments of minority interests are based on the proportional net assets of the subsidiary. Goodwill is not adjusted and no gains or losses are recognised in the income statement.

Fully controlled subsidiaries that are not material for the consolidated financial statements can be included using the equity method or carried as a financial investment.

2.4.2 Associates

Associates of Helvetia Group are accounted for using the equity method if significant influence is exercised by Helvetia Group. The book value of all investments is tested for impairment if there is objective and substantial evidence for impairment at the balance sheet date. Associates of Helvetia Group are listed together with the fully consolidated subsidiaries from the table in section 19.3 (from page 180).

2.5 Foreign currency translation

The reporting currency of Helvetia Group is the Swiss franc (CHF).

2.5.1 Translation of financial statements prepared in foreign currency

Items included in the financial statements of such entities that do not have the Swiss franc as their functional currency were translated using the applicable closing rate. Items in the income statement are translated at the average exchange rates for the reporting period. The resulting translation differences are recorded in "Reserve for foreign currency translation differences" in equity, not affecting profit or loss. Upon (partial) disposal of a subsidiary, these currency differences, attributable to the subsidiary in question and accumulated in equity, are released through income. The rates applied in these financial statements are given in section 4.1 (page 103).

2.5.2 Translation of foreign currency transactions

Foreign currency transactions in the individual entities are accounted for using the exchange rate on the date of the transaction.

The individual entities translate balance sheet items denominated in foreign currencies at the balance sheet date as follows: monetary and non-monetary balance sheet items recorded at fair value, at closing rates, and non-monetary balance sheet items recorded at cost, at historical rates. "Monetary items" include cash and cash equivalents, assets and liabilities for which Helvetia Group either receives or pays a fixed or determinable amount of money.

Foreign currency translation differences are generally recognised in the income statement. For non-monetary financial assets classified as available-for-sale investments, such as shares and shares in investment funds, the unrealised foreign currency result is recognised in equity without affecting the income statement until the financial instrument is sold.

2.6 Estimate uncertainties and key assumptions

Preparing the financial statements in accordance with IFRS requires Group management to make assumptions and estimates that affect the reported amounts of assets and liabilities for the ongoing financial year. All estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual figures and estimates may differ as a result. The following information conveys which of the assumptions needed for the preparation of the financial statements require particular management judgement.

2.6.1 Fair value of financial assets and financial liabilities

The fair value of financial assets is equal to the price at which an asset could be sold on the valuation date in a normal business transaction between market participants.

If the range of possible fair values is very large and reliable estimates cannot be made, the financial instrument is measured at cost, less any value adjustments (impairment).

Financial instruments measured at the prices quoted on an active market belong to the "Level 1" category of valuation methods. Quoted in an "active market" means that the prices are made available regularly, either by a stock exchange, a broker or a pricing service, and that these prices represent regular market transactions.

If a market value in an active market is not available, the fair value is determined using valuation methods. Such methods are considerably influenced by assumptions, which can lead to varying fair value estimates.

Financial instruments for which the model assumptions are based on observable market data are allocated to the "Level 2" valuation category. This category includes comparisons with current market transactions, references to transactions with similar instruments, and option price models. This concerns the following items, in particular:

– Mortgages and loans: The fair value of mortgages and borrower's note loans is determined on the basis of discounted cash flows. This is done using the current Swiss franc swap curve for valuing mortgages. Risk-adjusted yield curves are used for valuing borrower's note loans.

- Interest-bearing securities without an active market, including own bonds: The fair value is based on rates set by brokers or banks, which are validated through comparison with current market transactions and in consideration of transactions with similar instruments, or determined by means of the discounted cash flow (DCF) method.
- Money market instruments: The fair value is not based directly on the market but on rates set by brokers or banks or determined by means of the discounted cash flow method.
- Derivative financial instruments: The fair value of equity and currency options is determined using option price 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.
- Financial liabilities: There is no active market for financial liabilities. The fair value is derived from the fair values of the underlying assets or determined by means of the discounted cash flow method.
- Minority interests in own funds and deposits for investment contracts: The fair value is derived from the fair values of the underlying assets.

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

Helvetia regards the funds as transparent vehicles for the purpose of evaluating the funds for consolidation. The market value of the underlying investments is determined by the fund management.

The market value of private equity investments is calculated via the discounted cash flow (DCF) method. This is done by applying the internal rate of return (IRR).

The "Level" categories relate to the observability of prices and valuation factors and are not an indication of the quality of a financial instrument.

2.6.2 Impairment of available-for-sale investments

The judgement as to whether an equity instrument classified as available-for-sale is subject to impairment depends on the existence of objective indications. One decisive criterion is a constant or considerable decrease in the value of an instrument. At Helvetia Group, instruments are considered impaired if their fair value remains below cost for longer than nine months or falls 20% or more below cost irrespective of the period of time. In addition, ratings and analyst reports can serve as an indication that a company's circumstances have changed with respect to technology, the market, economy or law, to such an extent that the cost can probably no longer be recovered. In these cases, the need for impairment is examined and – if justified – recorded.

2.6.3 Fair value of investment property

In Switzerland, Germany and Austria, investment properties are valued in accordance with the discounted cash flow (DCF) method. The method is described in section 2.12.1 (page 83).

The choice of the discount rate plays an important role in the DCF valuation method. The discount rates are based on a long-term, risk-free average rate plus a premium for market risk plus regional and property-related surcharges and discounts based on the current condition, use and location of the property in question. The discount rates applied in the reporting period are set out in section 7.5 (page 115).

2.6.4 Insurance-specific estimate uncertainties

The uncertainties regarding estimates in the area of technical results are explained in section 2.16 (from page 86). Any material change to the parameters used for the calculation of the provisions is commented on in sections 9.3 from page 128 (non-life business) and 9.4 on page 130 (life business).

2.6.5 Impairment of goodwill

Capitalised goodwill is tested annually for impairment. The method is described in section 2.11 (page 83). The calculation of the recoverable amount is based on a number of assumptions, which are detailed in section 6 (from page 106).

2.7 Current and non-current distinction

Assets and liabilities are classified as current if they are expected to be realised or settled within twelve months after the reporting date. All other assets and liabilities are considered to be non-current.

The following items are basically classified as non-current: "Property and equipment", "Goodwill and other intangible assets", "Investments in associates", "Investment property" and "Deferred tax assets and liabilities".

The following items are fundamentally classified as current: "Current income tax assets and liabilities", "Accrued financial assets" and "Cash and cash equivalents".

All other items are of a mixed nature. The differentiation between the current and non-current balances of relevant items is explained in the Notes. The maturity schedule of financial assets, financial liabilities and provisions for insurance and investment contracts is described in section 16.5 (from page 167) as part of the risk assessment process.

2.8 Property and equipment

Property and equipment are carried at cost less accumulated depreciation and accrued impairment. Depreciation is normally calculated using the straight-line method over the estimated useful life as follows:

Furniture	4 – 15 years
Technical equipment	4 – 10 years
Vehicles	4 – 6 years
Computer hardware	2 – 5 years

The following rates of depreciation apply to owner-occupied property:

Supporting structure	1.0 – 3.5 %
Interior completion	1.33 – 8.0 %

Land is not depreciated. Useful life is adjusted if the pattern of consumption of the economic benefit has changed. Value-adding investments are added to the current book value in the period and are depreciated over the entire term if an increase in the economic benefit is expected from the investment and reliable estimates exist for the cost. Depreciation is recognised in the income statement under "Operating and administrative expenses". Repairs and maintenance are charged to the income statement as incurred. Tangible assets are regularly tested for impairment (see section 2.11, page 83).

2.9 Leasing

When a contract comes into force, an assessment is made as to whether it establishes or includes a lease. A contract is or contains a lease if it conveys the right to control the use of an asset for a period of time in exchange for a consideration. Helvetia applies the guidance in IFRS 16 to determine whether a contract establishes or includes a lease.

2.9.1 Helvetia as lessee

The Helvetia Group primarily presents itself as a lessee when renting business premises. Motor vehicles and other assets are also leased to a lesser extent.

A right-of-use asset and corresponding leasing liability are booked on inception of the contract. The right-of-use asset is initially recognised at acquisition cost. This basically corresponds to the leasing liability. The right-of-use asset is amortised using the straight-line method from the time of acquisition over the duration of the lease. If there are indications of an impairment, the recoverability of the right-of-use asset is reviewed and an impairment is booked if applicable.

The leasing liability corresponds to the present value of the leasing payments not yet paid on inception of the contract. Either the implied interest rate given in the leasing agreement or, in the absence thereof, an interest rate based on the rate Helvetia would have to pay for borrowing capital with maximum seniority in CHF, is used as the discount rate. The maturities of the liabilities are taken into consideration for their valuation. Country and currency-specific supplements are included for foreign Group companies.

The leasing liability is measured at amortised cost applying the effective interest method. It is normally remeasured when the exercising of contractual purchasing, extension or termination options is reassessed. If the leasing liability is remeasured, the book value of the associated right-of-use asset is simultaneously adjusted accordingly.

Right-of-use assets are presented on the balance sheet under "Property and equipment". The lease liabilities come under "Financial liabilities from financing activities".

Leasing payments for low-value leases are recorded as an expense in the income statement during the term of the lease.

2.9.2 Helvetia as lessor

The Helvetia Group lets its own properties to generate investment returns. In this capacity, it is a lessor within the meaning of IFRS 16. The rental agreements invariably count as operating leases.

Rental payments made under these agreements are booked as income and presented as part of "Current income from Group investments".

2.10 Goodwill and other intangible assets

Acquired intangible assets are recognised at cost and amortised over their useful life. If a portfolio of insurance contracts or investment contracts is acquired, an intangible asset is recognised for an amount that equals the present value of all expected future gains minus the solvency costs included in the acquired contracts. This item includes the present value for the income across the whole contract period, even if the premiums have not yet been billed. The so-called "present value of future profit" (PVFP) is amortised in proportion to the gross gains or gross margins over the actual term of the acquired contracts. This term is usually between one and ten years. Helvetia has capitalised PVFP in respect of both the life business and non-life business. This is tested for impairment every year.

Helvetia has concluded distribution agreements with various banks to sell our products. The distribution agreements are recognised at cost and depreciated according to their use. Depreciation is recognised in the income statement under "Operating and administrative expenses".

Included in other intangible assets are brands acquired through acquisitions. These are amortised in accordance with their useful life.

The intangible assets also include intangible assets developed by the company, principally proprietary software that is recorded at cost and amortised on a straight-line basis from the time of commissioning. Depreciation is recognised in the income statement under "Operating and administrative expenses". The useful life is usually between three and ten years.

Intangible assets with an indefinite useful life are not amortised, but are reviewed annually for impairment (see section 2.11, page 83). Goodwill is recognised as of the acquisition date and comprises the fair value purchase price plus the amount of any non-controlling interest in the acquired company and, in a business combination achieved in stages, the acquisition date fair value of the acquisitor's previously held equity interest in the acquired company, minus the net of the acquisition date fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company.

A positive balance is accounted for as goodwill. If the value of the acquired entity's net assets exceeds the acquisition costs at the purchase date, this surplus is immediately recognised in the income statement. Goodwill acquired in a business combination is recognised at cost, net of accumulated impairment loss, and is tested annually for impairment. It is carried as an asset in the local currency of the acquired entity and translated at the applicable closing rate on each balance sheet date.

2.11 Impairment of tangible assets, right-of-use assets, goodwill and other intangible assets

The carrying value of tangible assets, right-of-use assets or an intangible asset amortised using the straight-line method is tested for impairment if there is evidence for impairment. Goodwill and intangible assets with an indefinite useful life are reviewed for impairment annually in the second half of the year. They are also tested for impairment again if there is evidence of impairment.

An intangible asset is impaired if its book value exceeds its recoverable amount. The recoverable amount is measured as the higher of fair value less cost to sell and value in use. Fair value less cost to sell is the amount obtainable from the sale of an asset at current market conditions after deducting any direct disposal costs. Value in use is the present value of estimated future cash flows expected to be generated from the continuing use of an asset and from its disposal at the end of its useful life. For the purpose of impairment testing, the value in use is measured under realistic conditions, with consideration given to planned activities and their resulting cash in and outflows. If the recoverable amount is less than the carrying value, the difference is charged to the income statement as an impairment loss. This is reported in the position "Other expenses".

A reversal of the impairment loss is recognised if there has been a change in the estimates used to determine the recoverable amount since the impairment loss was accounted for. If the new circumstances result in a decreased impairment loss, the reversal impairment is reported up to the maximum of the historical cost and recorded in the income statement in "Other expenses".

For the purpose of impairment testing, goodwill is allocated at the time of acquisition to those cash-generating units (CGU) that are expected to benefit from the synergies generated by the company merger. To calculate any impairment loss, the value in use of the CGU is determined and compared to the carrying value. The value in use is determined using the discounted cash flow (DCF) method, with future operating cash flows less necessary operating investments (free cash flows) being included. Alternatively, the fair value less cost to sell is used for impairment testing. If an impairment loss arises, the goodwill is adjusted accordingly. An impairment loss for goodwill cannot be reversed.

2.12 Investments

At Helvetia Group, investments comprise investments in associates, investment property and financial assets (securities, derivative financial assets, loans and money market instruments). The treatment of investments in associates is described in section 2.4.2 (page 78) as part of "Consolidation principles".

2.12.1 Investment property

The aim of the investment property portfolio is to earn rental income or achieve long-term capital appreciation. Property held for investment purposes includes both land and buildings and is carried at fair value.

Changes in fair value are recognised in the income statement. The fair value of companies in Switzerland, Germany and Austria is measured using a generally accepted discounted cash flow (DCF) valuation method. The portfolio is regularly reviewed on the basis of appraisal reports prepared by independent experts. All other countries use independent experts to determine market estimates, at the most, every three years. These estimates are updated between valuation dates.

The DCF valuation method is a two-tier gross rental method based on the principle that the value of a property equals the total of future earnings on the property. The income from the properties is determined on the basis of the current rental index and adjusted to the assessment horizon on the basis of the current rental potential.

In the first phase, the individual annual cash flows for a property over the next ten years are calculated and discounted as of the valuation date. In the second phase, the unlimited capitalised income value for the time following the first ten years is calculated and also discounted as of the valuation date. The risk-adjusted discounted rates used for the DCF valuation are based on the current condition, use and location of the property in question. The cash flows used for the forecast are based on the rental income that can be earned in the long term. Rental income is recognised on a straight-line basis over the lease term.

2.12.2 Financial assets

The recognition and measurement of financial assets follow the IFRS categories: "loans" (loans and receivables, LAR), "held-to-maturity" (HTM), "at fair value through profit or loss", "available-for-sale" (AFS) and "derivatives for hedge accounting".

Financial assets are initially recognised at fair value including directly attributable transaction costs. Helvetia Group records all acquisitions and disposals of financial instruments at the trade date. Derecognition of a financial investment occurs on expiry of the contract or at disposal if all risks and control have been transferred and if no rights to cash flows from the investment are retained.

Loans (LAR) and financial assets that the Group has the intention and ability to hold to maturity (HTM) are carried at amortised cost (AC). LAR are not traded on an active market. Helvetia Group usually generates them by directly providing funds to a debtor.

"Financial assets at fair value through profit or loss" comprise "financial assets held for trading" and "financial assets designated as at fair value through profit or loss". An instrument is classified as "held for trading" if it is held with the aim of making short-term gains from market price fluctuations and dealer margins. Upon initial recognition, financial investments are irrevocably classified as "designated as at fair value" only if they are a component of a particular group of financial assets that, according to a documented investment strategy, are managed on a fair value basis, or their recognition as at fair value serves to compensate for market value fluctuations of liabilities due to policyholders. The value fluctuations that result from the fair value valuation are directly recognised in the income statement and for Group investments are reported separately from current income in the item "Gains and losses on Group investments (net)".

Financial assets held for an indefinite period and which cannot be classified to any other category are classified as "available-for-sale" (AFS). AFS investments are carried in the balance sheet at fair value. Unrealised gains and losses are recognised directly in equity with no impact on profit or loss. Upon disposal or impairment, the gains and losses accumulated in equity are released through income.

Interest income is recognised on an accruals basis subject to the asset's effective rate of interest (including "Financial assets at fair value through profit or loss"). Dividends are recognised with effect from the dividend payment date. Depreciation and appreciation resulting from the amortised cost method are included in interest income in the income statement. Interest and dividend income from Group financial assets that are designated as "at fair value through profit or loss" are included in the item "Current income on Group investments (net)".

2.12.3 Impairment of financial assets

The carrying values of financial assets that are not classified as "at fair value through profit or loss" (LAR, HTM, AFS) are regularly reviewed for impairment. If objective and substantial evidence indicates permanent impairment at the reporting date, the difference between cost and the recoverable amount is recognised as an impairment through profit or loss. An equity instrument is impaired if its fair value is considerably or constantly below cost (see also section 2.6, page 79). Debt instruments are impaired or sold if it is probable that not all amounts due under the contractual terms will be collectible. This usually happens when contractually agreed interest or redemption payments are stopped or are in arrears, if the debtor suffers from serious financial difficulties and/or if the rating falls below a specific threshold value. If, in order to avoid impairment, new conditions are negotiated for mortgages or loans, the mortgages or loans in question continue to be recognised in the balance sheet at amortised cost.

For LAR and HTM financial assets, the recoverable amount at the reporting date is equivalent to the present value of estimated future cash flows discounted at the original interest rate. Impairments are booked using an allowance account. The impairment is reversed through profit or loss if a subsequent event causes a decrease in the impairment requirement.

For AFS financial assets, the recoverable amount at the reporting date equals the fair value. For non-monetary AFS financial assets, such as shares and investment fund units, any additional impairment loss after the initial impairment is immediately recognised in the income statement. The impairment is not reversed, even if the circumstances causing the impairment cease to apply. Valuation gains are recognised in equity until disposal. For monetary AFS financial assets, such as interest-bearing securities, the impairment is reversed through profit or loss if the circumstances causing the impairment cease to apply.

Financial assets are derecognised no later than when the bankruptcy proceedings end or, in the case of ongoing bankruptcy proceedings, when the outstanding debt plus interest is received. If a settlement is agreed, derecognition takes place at the end of the agreed period after receipt of the payment.

2.13 Financial derivatives

Derivative financial instruments are classified as "Financial assets held for trading" and are shown in the item "Financial assets at fair value through profit or loss" or are carried as "Derivatives for hedge accounting". The hedging strategies used by Helvetia Group for risk management purposes are described in section 16 (from page 152).

Derivatives may also be embedded in financial instruments, insurance contracts or other contracts. They are measured either together with their host contract or separately at fair value. The underlying security and derivative are measured and recognised separately if the risk characteristics of the embedded derivative are not closely related to those of the host contract. Changes in the fair value of derivatives are recognised in the income statement.

2.14 Net investment hedge

For hedges of currency gains and losses on investments in subsidiaries with a foreign reporting currency, the hedge-effective portion of the gain or loss on the valuation of the hedging instrument is recognised in equity, while the ineffective portion is recognised directly in the income statement.

When a net investment hedge ends, the hedge instrument continues to be recognised in the balance sheet at fair value. All gains and losses reported in equity remain a component of equity until the company is (partially) sold. Upon the (partial) sale of the company, the unrealised gains and losses recognised in equity are transferred to the income statement.

2.15 Financial liabilities

Financial liabilities are initially recognised at fair value. Directly attributable transaction costs are offset, except in the case of financial liabilities at fair value through profit or loss. After initial recognition, financial liabilities are carried at fair value or amortised cost (AC). The financial liability is derecognised when the obligation has been discharged.

Those financial liabilities that are held for trading or are irrevocably classified upon initial recognition as "designated as at fair value through profit or loss" are recognised at fair value. The latter classification is given to deposits if they are associated with investment funds or products for which the policyholder benefit is almost identical with the investment return. For these deposits for investment contracts without a discretionary participation feature (see section 2.16, page 86) only the withdrawals and allocations that are part of the operating result are recorded in the income statement. The risk and cost portions of premiums are recognised in the income statement and recorded in the item "Other income". The policyholder's deposit is directly credited or debited with the investment portion of the premium.

Written put options on shares in subsidiaries are reported under IFRS as financial liabilities in the amount of the present value of the overall purchase price. These options are recognised in equity against retained earnings with no impact on profit or loss. Helvetia also offsets value changes against retained earnings with no impact on profit or loss.

Those financial liabilities not held for trading and also not designated as at fair value through profit or loss are recognised at amortised cost. Interest expenses for financial liabilities that are used for financing purposes are recognised in the income statement as "Financing costs". Depreciation and appreciation resulting from the amortised cost method are offset against interest expenses in the income statement.

2.16 Insurance business

Direct business comprises assumed primary business and business ceded to reinsurers. Indirect business consists of active reinsurance business and business retroceded to reinsurers. The technical items are described as "gross" before deduction of ceded business and as "net" after the deduction.

Insurance contracts as defined by IFRS comprise all products containing a significant technical risk. The significance is assessed at product level.

Contracts that are considered insurance products in the formal sense of the law and mainly carry financial risk rather than any significant technical risk are not insurance contracts but are treated as financial instruments, unless they carry a discretionary participation feature (DPF), in which case they are classified as insurance contracts. Under IFRS, discretionary participation features are contractual benefits where, in addition to the guaranteed benefit, the policyholder has a claim to the realised or unrealised investment returns on certain assets or to a share of the insurance company's profit or loss. This additional benefit must form a significant proportion of the overall contractual benefit, and its amount or timing must be at the insurance company's discretion.

2.16.1 Non life business

The technical items in non-life business are established Group-wide on the same principles. All non-life insurance products of Helvetia Group contain significant technical risks and are recognised as insurance contracts.

Loss reserves are set aside for all claims incurred by the end of the accounting period. The reserves also include provisions for claims incurred but not yet reported. Actuarial methods that take account of uncertainties are applied to determine the amount of reserves. Reserves are not discounted, except for those provisions for claims for which there are payment arrangements.

Reserve estimates and the assumptions on which they are based are reviewed continuously. Valuation changes are entered as profit or loss on the income statement at the time of the change.

A Liability Adequacy Test (LAT) is carried out on every reporting date to determine whether, taking into consideration expected future cash flows, the existing liabilities of each sector (property, motor vehicle, liability, transport and accident / health insurance) at all Group companies are adequately covered up to the reporting date in order to ensure a loss-free valuation. Expected future premium income is compared to expected claims expenses, expected administration and acquisition costs and expected policyholder dividends. If the expected costs exceed the expected premium income, the loss reserves are increased – without prior amortisation of the deferred acquisition costs.

Helvetia Group defers acquisition costs. These are calculated from the commission that was paid and are depreciated over the term of the contracts or, if shorter, the premium payment period.

Premiums are booked at the beginning of the contract period. Earned premiums are calculated pro rata temporis per individual contract and recorded as income for the relevant risk periods. Premium proportions relating to future business periods are accounted for as unearned premium reserves. The cost of claims is assigned to the relevant period.

2.16.2 Life business

Helvetia Group classifies all life products containing significant technical risk as insurance contracts.

The technical items in life business are determined in accordance with the local valuation and accounting principles for the respective companies. The assumptions made in setting the reserves are based on best estimate principles that, firstly, take account of the business-specific situation, such as existing investments and the market situation, as well as, for example, possible yields from reinvestments, and secondly, local actuarial bases of calculation (e.g. interest rates, mortality). The assumptions vary according to country, product and year of acceptance, and take account of country-specific experiences.

Unearned premium reserves and actuarial reserves are calculated using local methods. Zillmerisation is not applied to actuarial reserves in any country market apart from Germany and Austria.

All Group companies defer acquisition costs under local accounting rules. Depending on the country, either the effectively incurred acquisition costs or acquisition cost surcharges included in the premium are deferred in part.

A Liability Adequacy Test (LAT) is applied at each reporting date to examine whether existing reserves are sufficient to cover expected future needs. The reserve increases that are shown by the LAT to be necessary are calculated Group-wide according to standard principles. The LAT is based on actuarial principles using best estimate assumptions. The estimate of expected needs is calculated by using the difference between the present value of the benefits (including expected administration costs and expected policyholder dividends) and the present value of expected gross premiums. If expected needs exceed existing reserves (less deferred acquisition costs not included in the actuarial reserve), the actuarial reserve is increased to the required level through profit or loss – without prior amortisation of the deferred acquisition costs. If existing reserves exceed expected needs, the strengthened reserves are reduced again through profit or loss.

Policyholders with contracts containing discretionary participation features may have the right to participate in local investment returns on capital or local company results under local statutory or contractual regulations. Provisions set up for that purpose in accordance with local accounting principles are not changed under IFRS rules and are included under "Provisions for future policyholder participation" or under "Actuarial reserve" in the balance sheet.

Portions of the valuation differences in relation to local accounting principles allocated to contracts containing discretionary participation features which affect either the net income or unrealised gains in equity are also reserved under "Provisions for future policyholder participation". The portion is equal to the percentage rate which sets the minimum participation level of policyholders in the respective revenues under local statutory or contractual regulations. This participation in income is credited or debited to the item "Provision for future policyholder participation" through profit or loss. Similarly, the portion of unrealised gains or losses is recognised in the provisions without affecting profit or loss.

The remaining gains – either through profit or loss or with no impact on the results – that relate to contracts with a discretionary participation feature (i.e. every share for which no legal or contractual obligations exist) are recorded under "Valuation reserves for contracts with participation features" within equity.

Bonuses already assigned which accrued interest are allocated to the deposits of policyholders and are contained in the balance sheet item "Financial liabilities from insurance business".

If insurance contracts contain both an insurance and a deposit component, unbundling is carried out if the rights and obligations resulting from the deposit component cannot be fully reflected without a separate valuation of the deposit component.

Financial derivatives embedded in insurance contracts that are not closely related to the host contract are recognised at fair value. Option pricing techniques are used to assess embedded derivatives. Such embedded derivatives are accounted for under "Other financial liabilities", separate from the actuarial reserve.

Premiums, insurance benefits and costs arising from life insurance contracts are booked as they fall due. These income and expenses are accrued or deferred so that profit from the contracts is recognised in the appropriate period.

2.16.3 Reinsurance

Reinsurance contracts are contracts between insurance companies. As in primary insurance business, there must be sufficient risk transfer for a transaction to be booked as a reinsurance contract, otherwise the contract is considered a financial instrument.

The direct business transferred to reinsurance companies is called ceded reinsurance and includes cessions from the direct life and non-life businesses. Premiums, unearned premium reserves and premium adjustments for ceded business are recognised and shown separately from primary business in the financial statements. The accounting rules used for primary insurance business apply to ceded business.

Assets from ceded reinsurance business are regularly reviewed for potential impairment and irrecoverability. If there is objective and substantial evidence of permanent impairment at the balance sheet date, the difference between the carrying value and estimated recoverable amount is recognised in the income statement as an impairment loss.

Indirect business accepted from another insurance company is called active reinsurance. As in primary insurance business, technical provisions are included in the respective technical items on the liabilities side, and are similarly estimated as realistically as possible using mathematical-statistical models and the most up-to-date information available. They also reflect uncertainties. Non-traditional insurance contracts are treated as financial instruments and are reported under "Reinsurance assets" or "Financial liabilities from insurance business" if no significant insurance risks have been transferred. Net commission is reported directly in the income statement.

Indirect business ceded to insurance companies outside the Group is reported as a retrocession. The principles of ceded business apply in this instance.

2.17 Revenue from contracts with customers

This revenue is generally measured on the basis of the contractual agreements concluded with customers. Amounts received on behalf of third parties (as agent) are not recognised as income.

For services rendered at a point in time revenue is recognised as soon as Helvetia has a right to payment. Revenue from performance over time is either recognised on a pro rata temporis basis or based on the progress of the service performed depending on the type of service.

Revenue is reported as "income from fee and commission business" in the income statement.

The Helvetia Group mainly generates revenue through the following services:

Asset management

Especially single and periodic fees from pure investment contracts and the management of investment funds fall into this category of services. They are services rendered over time. The resulting fees are appropriated pro-rata temporis.

Distribution services

Distribution services include in particular the distribution of mortgage products and the accompanying advice, distribution of fund units and distribution of insurance products from third-party providers. Income comprises case-based commission payments and advisory fees.

Health and elderly care

Helvetia Group operates several retirement homes in Spain. The income results from the ongoing settlement of residential and nursing costs and the case-based invoicing of services used (e.g. hairdresser).

Helvetia Group also operates hospitals and clinics in Spain. The income results from specific case-based services (e.g. diagnosis, emergency care, dental treatment), and from the ongoing settlement of medical services provided over time (e.g. hospitalisation).

Assistance, maintenance and other services

Helvetia Group provides various assistance services in the medical, technical and legal field. In addition, repair and maintenance services for real estate are offered, mainly in Spain. Income results from case-based invoicing as well as from the pro-rata appropriation of income from services provided over time.

2.18 Income taxes

Actual income tax assets and liabilities are calculated using the currently applicable tax rates. Income tax assets and liabilities are only recognised if a reimbursement or payment is expected.

Reserves for deferred income tax assets and liabilities are calculated using the tax rate changes enacted or announced as of the balance sheet date. Deferred income taxes are recognised for all temporary differences between the IFRS carrying values of assets and liabilities and the tax bases of these assets and liabilities, using the liability method. Deferred tax assets from losses carried forward are recorded only to the extent that it is probable that future taxable profit can be offset against the relevant losses. Deferred tax assets and liabilities are offset when an enforceable legal right was granted by the tax authorities in question to set off actual tax assets against actual tax liabilities.

2.19 Receivables

Receivables from the insurance business and other receivables are carried at amortised cost. In general, this corresponds to the nominal value of the receivables. Permanent impairment is recognised through profit or loss. The impairment loss is reported under "Other expenses" in the income statement.

Impairment for receivables from insurance business is booked as individual impairment or collective impairment. If the counterparty does not meet its payment obligations during the normal reminder procedure, the claims are impaired on the basis of the historic delinquency ratio for specific risk groups. Individual impairment is also carried out to take account of current default risks, in the event the counterparty is overindebted or threatened by bankruptcy, or in the event of foreclosure.

2.20 Accrued financial assets

Interest income on interest-bearing financial investments and loans that must be allocated to the reporting year are accrued or deferred under financial assets.

2.21 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and short-term liquid investments with a maturity of not more than three months from the date of acquisition.

2.22 Treasury shares

Treasury shares are recorded at cost, including transaction costs, and reported as a deduction from equity. In case of a sale, the difference between cost and sale price is recorded as a change in capital reserves, with no impact on profit or loss. Treasury shares are exclusively shares of Helvetia Holding AG, St. Gallen.

2.23 Non-technical provisions and contingent liabilities

Non-technical provisions contain current obligations that will probably require an outflow of assets, but the extent of such obligations and the time they will be called have not yet been determined exactly. Provisions are created if, on the balance sheet date and on the basis of a past event, a current obligation exists, an outflow of assets is likely and the extent of the outflow can be reliably estimated.

Any current obligations for which an outflow of assets is unlikely or the extent of which cannot be reliably estimated are reported under contingent liabilities.

2.24 Employee benefits

Employee benefits include short-term employee benefits, post-employment benefits, other long-term employee benefits and termination benefits.

Short-term employee benefits are due in full within twelve months after the end of the reporting period. They include salaries, social security contributions, holiday and sickness pay, bonuses and non-monetary benefits for active employees. Expected expenses for entitlements that can be accumulated, such as accrued holiday and overtime entitlements, are recognised as short-term liabilities at the balance sheet date.

Post-employment benefits pertain to defined contribution plans and defined benefit plans. The amount of the employers' contributions for defined contribution plans depends on the employee services rendered during the reporting period and is charged directly to the income statement. Defined benefit plans, pension obligations and related past service cost are calculated at each balance sheet date by a qualified actuary, using the projected unit credit method. The actuarial assumptions applied to the calculations consider the regulations of the respective countries and Group companies. Changes in the assumptions, experience adjustments and differences between the expected and actual return from the plan assets are actuarial gains and losses. These are recognised as revaluations in comprehensive income with no effect on the income statement. Net interest income from plan assets to be recognised in the income statement is calculated using the same interest rate applied to the calculation of interest on defined benefit obligations.

For funded benefit plans, a surplus in the plan which is recognised in comprehensive income with no effect on the income statement may arise if the fair value of the plan assets exceeds the present value of the defined benefit obligations. Portions of this surplus are only recognised and recorded as an asset if an economic benefit in the form of future reductions in contributions or refunds to the employer arises ("asset ceiling"). There is a contribution reduction as defined by IFRS if the employer must pay lower contributions than service cost.

Other long-term employee benefits are benefits that fall due twelve months or more after the balance sheet date. At Helvetia Group, these consist mainly of long-service awards and are calculated using actuarial principles. The amount recognised in the balance sheet is equal to the present value of the defined benefit obligation less any plan assets.

Termination benefits consist, for example, of severance pay and benefits from social schemes for redundancies. Such benefits are immediately recognised as expenses in the income statement at the time the employment relationship is terminated.

2.25 Share-based payments

Share-based payment transactions include all compensation agreements under which employees receive shares, options or similar equity instruments or the granting Group company assumes obligations that depend on the price of its shares. All share-based payment transactions with employees are recognised at fair value.

A long-term compensation component (LTC) for the Board of Directors and the Executive Management was introduced as part of the variable salary. This consists of Helvetia Holding AG shares allocated prospectively over three years. The objective is to promote a longer-term business perspective. This payment is recognised proportionally in the income statement every year until ownership to the shares is transferred.

Equity instruments granted to employees through employee share purchase plans represent compensation for services already rendered for which compensation expenses arise in the granting company. The amount of the compensation expenses is based on the fair value of the equity instruments at the grant date and is expensed over the vesting period.

2.26 Other liabilities

Other liabilities are carried at amortised cost, which is generally equal to the nominal value.

2.27 Offsetting of assets and liabilities

Assets and liabilities are netted in the balance sheet when there is a legal right to offset the recognised amounts and only the net position has actually been reported.

3. Segment information

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

The segment "Switzerland" comprises the Swiss country market and the financial intermediaries MoneyPark and Finovo. The "Europe" segment comprises the country markets of Germany, Italy, Spain and Austria. 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 Group's own fund companies, Group reinsurance and Helvetia Holding AG.

For additional information, the Helvetia Group classifies its activities as life business, non-life business and other activities.

In the life business, the Helvetia Group offers various product lines, such as life insurance, pension plans and annuity insurance.

The non-life business provides property, motor vehicle, liability, transport, health and accident insurance. The non-life business also includes Active Reinsurance.

Units without any technical business which can be directly classed in the "life" or "non-life" business are presented in the respective segment. All other units are classed as "Other activities".

The accounting principles used for segment reporting correspond to the significant accounting policies for the financial statements. The Helvetia Group treats services and the transfer of assets and liabilities between segments like transactions with third parties. Investments in other companies and dividend income from associated companies between segments are eliminated in the respective segment. All other cross-segment relationships and revenues within the Group are eliminated entirely.

The allocation of the individual Group companies to the regions and segments is set out in section 19.3 (from page 180).

3.1 Segment information

in CHF million	Switzerland 2020	Switzerland 2019	Europe 2020	Europe 2019
Income				
Gross premiums written	4 472.4	5 057.6	3 435.6	2 909.8
Reinsurance premiums ceded	–133.6	–128.6	–326.8	–276.8
Net premiums written	4 338.8	4 929.0	3 108.8	2 633.0
Net change in unearned premium reserve	–44.1	–8.8	69.9	–31.0
Net earned premiums	4 294.7	4 920.2	3 178.7	2 602.0
Current income on Group investments (net)	683.4	739.2	205.3	193.6
Gains and losses on Group investments (net)	–69.3	267.1	44.8	140.2
Income investments with market risk for the policyholder	38.0	101.5	148.8	368.0
Share of profit or loss of associates	1.3	4.0	0.5	0.8
Income from fee and commission business[1]	98.8	68.2	126.1	32.2
Other income[1]	20.4	13.3	54.6	15.7
Total operating income	5 067.3	6 113.5	3 758.8	3 352.5
of which transactions between geographical segments	82.1	71.2	200.7	191.2
Total revenues from external customers	5 149.4	6 184.7	3 959.5	3 543.7
Expenses				
Claims incurred including claims handling costs (non-life)	–914.8	–793.8	–1 552.4	–1 208.9
Claims and benefits paid (life)	–4 950.2	–3 363.8	–989.6	–621.2
Change in actuarial reserves	2 053.8	–532.0	–154.9	–611.0
Reinsurers´ share of benefits and claims	98.8	26.5	250.2	155.1
Policyholder dividends and bonuses	–189.4	–199.5	–10.4	–51.2
Income attributable to deposits for investment contracts	–5.9	–8.6	–43.7	–95.3
Net benefits to policyholders and claims	–3 907.7	–4 871.2	–2 500.8	–2 432.5
Acquisition costs[1]	–371.5	–396.6	–708.9	–553.1
Reinsurers´ share of acquisition costs	25.9	20.9	94.3	79.4
Operating and administrative expenses[1]	–475.3	–389.3	–331.4	–202.3
Interest payable	–8.6	–8.4	–6.9	–4.4
Other expenses[1]	–101.2	–57.0	–66.7	–49.1
Total operating expenses	–4 838.4	–5 701.6	–3 520.4	–3 162.0
Profit or loss from operating activities	228.9	411.9	238.4	190.5
Financing costs	–12.4	–12.5	–12.1	–4.6
Profit or loss before tax	216.5	399.4	226.3	185.9
Income taxes	–4.1	28.1	–51.7	–58.0
Profit or loss for the period	**212.4**	**427.5**	**174.6**	**127.9**

[1] Due to its growing significance, Helvetia now reports “income from fee business” seperately. Fee and commission income was previously included in various other items. The previous year’s figures were adjusted accordingly.

	Specialty Markets		Corporate		Elimination		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	1 519.0	1 247.3	491.8	397.9	−491.8	−397.9	9 427.0	9 214.7
	−246.4	−175.5	−270.9	−223.4	492.4	401.2	−485.3	−403.1
	1 272.6	1 071.8	220.9	174.5	0.6	3.3	8 941.7	8 811.6
	−78.2	−86.2	−2.5	0.7	−0.6	−3.3	−55.5	−128.6
	1 194.4	985.6	218.4	175.2	–	–	8 886.2	8 683.0
	25.8	28.7	−6.2	6.1	−19.8	−20.5	888.5	947.1
	−78.5	1.8	55.1	46.5	–	–	−47.9	455.6
	–	–	−0.4	−0.1	–	–	186.4	469.4
	0.0	−0.1	−1.6	−0.3	–	–	0.2	4.4
	–	–	3.1	0.9	−2.1	0.0	225.9	101.3
	87.1	24.7	9.9	0.3	−0.3	−0.7	171.7	53.3
	1 228.8	1 040.7	278.3	228.6	−22.2	−21.2	10 311.0	10 714.1
	179.4	127.4	−486.3	−409.6	24.1	19.8	–	–
	1 408.2	1 168.1	−208.0	−181.0	1.9	−1.4	10 311.0	10 714.1
	−905.3	−716.1	−408.1	−209.2	407.5	211.3	−3 373.1	−2 716.7
	–	–	−12.0	−14.2	12.0	14.2	−5 939.8	−3 985.0
	–	–	3.1	2.3	−3.3	−2.7	1 898.7	−1 143.4
	117.0	90.4	233.5	110.3	−420.3	−225.3	279.2	157.0
	−7.0	−7.9	–	–	–	–	−206.8	−258.6
	–	–	–	–	–	–	−49.6	−103.9
	−795.3	−633.6	−183.5	−110.8	−4.1	−2.5	−7 391.4	−8 050.6
	−350.3	−282.1	−142.7	−111.7	140.9	111.4	−1 432.5	−1 232.1
	58.5	38.1	60.9	51.1	−136.5	−109.8	103.1	79.7
	−73.9	−77.7	−101.7	−58.2	1.8	0.9	−980.5	−726.6
	0.0	0.6	−2.5	−2.9	3.7	4.4	−14.3	−10.7
	−28.8	−11.4	−16.2	14.0	0.0	0.4	−212.9	−103.1
	−1 189.8	−966.1	−385.7	−218.5	5.8	4.8	−9 928.5	−10 043.4
	39.0	74.6	−107.4	10.1	−16.4	−16.4	382.5	670.7
	−0.2	−0.2	−54.3	−105.0	16.4	16.4	−62.6	−105.9
	38.8	74.4	−161.7	−94.9	0.0	0.0	319.9	564.8
	3.7	−15.9	13.9	19.1	0.0	0.0	−38.2	−26.7
	42.5	**58.5**	**−147.8**	**−75.8**	**0.0**	**0.0**	**281.7**	**538.1**

Details on the Europe segment

	Germany		Italy	
	2020	2019	2020	2019
in CHF million				
Income				
Gross premiums written	985.2	980.4	775.0	897.3
Reinsurance premiums ceded	–72.5	–66.3	–96.7	–94.0
Net premiums written	912.7	914.1	678.3	803.3
Net change in unearned premium reserve	2.5	0.1	–8.3	–19.8
Net earned premiums	915.2	914.2	670.0	783.5
Current income on Group investments (net)	50.8	57.9	76.7	84.0
Gains and losses on Group investments (net)	20.7	91.2	19.4	28.3
Income investments with market risk for the policyholder	65.2	145.7	36.6	95.3
Share of profit or loss of associates	–	–	–	–
Income from fee and commission business[1]	9.0	8.0	18.0	18.5
Other income[1]	31.6	5.4	7.9	3.5
Total operating income	1 092.5	1 222.4	828.6	1 013.1
of which transactions between geographical segments	2.1	2.0	–	–
Total revenues from external customers	1 094.6	1 224.4	828.6	1 013.1
Expenses				
Claims incurred including claims handling costs (non-life)	–493.9	–433.2	–311.9	–323.3
Claims and benefits paid (life)	–189.3	–159.6	–218.1	–232.3
Change in actuarial reserves	–199.8	–304.6	–54.9	–136.7
Reinsurers´ share of benefits and claims	107.8	29.8	73.2	56.0
Policyholder dividends and bonuses	–37.8	–42.0	–1.1	–1.7
Income attributable to deposits for investment contracts	–	–	–36.6	–95.3
Net benefits to policyholders and claims	–813.0	–909.6	–549.4	–733.3
Acquisition costs[1]	–194.8	–195.8	–135.7	–140.7
Reinsurers´ share of acquisition costs	21.7	20.7	17.0	17.3
Operating and administrative expenses[1]	–64.6	–67.5	–72.8	–71.0
Interest payable	–3.6	–3.0	–0.6	–0.7
Other expenses[1]	–6.2	–19.4	–26.7	–28.2
Total operating expenses	–1 060.5	–1 174.6	–768.2	–956.6
Profit or loss from operating activities	32.0	47.8	60.4	56.5
Financing costs	–0.6	–0.7	–3.8	–3.8
Profit or loss before tax	31.4	47.1	56.6	52.7
Income taxes	–7.2	–17.8	–17.4	–16.5
Profit or loss for the period	**24.2**	**29.3**	**39.2**	**36.2**

[1] Due to its growing significance, Helvetia now reports "income from fee business" seperately. Fee and commission income was previously included in various other items. The previous year's figures were adjusted accordingly.

	Spain		Austria		Elimination		Total Europe	
	2020	2019	2020	2019	2020	2019	2020	2019
	1 139.9	499.9	537.6	534.2	–2.1	–2.0	3 435.6	2 909.8
	–59.7	–20.3	–100.0	–98.2	2.1	2.0	–326.8	–276.8
	1 080.2	479.6	437.6	436.0	0.0	0.0	3 108.8	2 633.0
	77.2	–10.2	–1.5	–1.1	0.0	0.0	69.9	–31.0
	1 157.4	469.4	436.1	434.9	–	–	3 178.7	2 602.0
	48.3	18.2	29.5	33.5	–	–	205.3	193.6
	–2.6	2.2	7.3	18.5	–	–	44.8	140.2
	3.9	13.5	43.1	113.5	–	–	148.8	368.0
	0.5	0.8	0.0	0.0	–	–	0.5	0.8
	94.1	0.7	5.0	5.0	–	–	126.1	32.2
	15.0	3.8	0.1	3.0	–	–	54.6	15.7
	1 316.6	508.6	521.1	608.4	–	–	3 758.8	3 352.5
	–	–	–2.1	–2.0	200.7	191.2	200.7	191.2
	1 316.6	508.6	519.0	606.4	200.7	191.2	3 959.5	3 543.7
	–533.8	–240.0	–213.8	–213.9	1.0	1.5	–1 552.4	–1 208.9
	–443.0	–85.9	–139.2	–143.4	–	–	–989.6	–621.2
	167.5	–30.6	–67.7	–139.1	–	–	–154.9	–611.0
	18.3	14.5	51.9	56.3	–1.0	–1.5	250.2	155.1
	29.4	–	–0.9	–7.5	–	–	–10.4	–51.2
	–7.1	–	–	–	–	–	–43.7	–95.3
	–768.7	–342.0	–369.7	–447.6	–	–	–2 500.8	–2 432.5
	–259.4	–101.1	–119.1	–115.6	0.1	0.1	–708.9	–553.1
	14.9	4.1	40.8	37.4	–0.1	–0.1	94.3	79.4
	–162.8	–29.3	–31.2	–34.5	0.0	0.0	–331.4	–202.3
	–2.0	–0.1	–0.7	–0.6	–	–	–6.9	–4.4
	–29.4	1.8	–4.4	–3.3	–	–	–66.7	–49.1
	–1 207.4	–466.6	–484.3	–564.2	0.0	0.0	–3 520.4	–3 162.0
	109.2	42.0	36.8	44.2	0.0	0.0	238.4	190.5
	–7.6	–0.1	0.0	0.0	–	–	–12.0	–4.6
	101.6	41.9	36.8	44.2	0.0	0.0	226.4	185.9
	–18.3	–9.9	–8.9	–13.8	0.0	0.0	–51.8	–58.0
	83.3	**32.0**	**27.9**	**30.4**	**0.0**	**0.0**	**174.6**	**127.9**

3.2 Information by business activities

in CHF million	Life 2020	Life 2019	Non-life 2020	Non-life 2019
Income				
Gross premiums written	3 996.7	4 539.2	5 432.6	4 677.8
Reinsurance premiums ceded	–57.2	–60.7	–651.9	–522.4
Net premiums written	3 939.5	4 478.5	4 780.7	4 155.4
Net change in unearned premium reserve	25.8	7.6	–78.2	–133.8
Net earned premiums	3 965.3	4 486.1	4 702.5	4 021.6
Current income on Group investments (net)	784.4	825.6	134.0	140.2
Gains and losses on Group investments (net)	18.1	360.1	–121.8	48.9
Income investments with market risk for the policyholder	186.8	469.5	–	–
Share of profit or loss of associates	0.0	0.0	1.9	4.7
Income from fee and commission business[1]	40.6	40.0	52.0	43.2
Other income[1]	41.0	5.0	121.0	50.3
Total operating income	5 036.2	6 186.3	4 889.6	4 308.9
Expenses				
Claims incurred including claims handling costs (non-life)	–	–	–3 373.5	–2 720.4
Claims and benefits paid (life)	–5 939.8	–3 985.0	–	–
Change in actuarial reserves	1 898.9	–1 143.1	–	–
Reinsurers´ share of benefits and claims	21.7	19.7	445.4	253.9
Policyholder dividends and bonuses	–192.5	–244.7	–14.3	–13.9
Income attributable to deposits for investment contracts	–49.6	–103.9	–	–
Net benefits to policyholders and claims	–4 261.3	–5 457.0	–2 942.4	–2 480.4
Acquisition costs[1]	–226.8	–232.2	–1 203.9	–999.6
Reinsurers´ share of acquisition costs	19.8	19.4	159.0	119.0
Operating and administrative expenses[1]	–259.9	–218.8	–497.9	–429.6
Interest payable	–14.4	–13.2	–4.0	–2.9
Other expenses[1]	–76.5	–70.8	–112.3	–44.2
Total operating expenses	–4 819.1	–5 972.6	–4 601.5	–3 837.7
Profit or loss from operating activities	217.1	213.7	288.1	471.2
Financing costs	–16.3	–13.5	–8.2	–3.8
Profit or loss before tax	200.8	200.2	279.9	467.4
Income taxes	–33.7	24.2	–21.4	–68.9
Profit or loss for the period	**167.1**	**224.4**	**258.5**	**398.5**

[1] Due to its growing significance, Helvetia now reports "income from fee business" seperately. Fee and commission income was previously included in various other items. The previous year's figures were adjusted accordingly.

Other activities		Elimination		Total	
2020	2019	2020	2019	2020	2019
491.8	397.9	−494.1	−400.2	9 427.0	9 214.7
−270.9	−223.4	494.7	403.4	−485.3	−403.1
220.9	174.5	0.6	3.2	8 941.7	8 811.6
−2.5	0.8	−0.6	−3.2	−55.5	−128.6
218.4	175.3	–	–	8 886.2	8 683.0
−5.2	6.7	−24.7	−25.4	888.5	947.1
55.8	46.6	–	–	−47.9	455.6
−0.4	−0.1	–	–	186.4	469.4
−1.7	−0.3	–	–	0.2	4.4
165.1	37.0	−31.8	−18.9	225.9	101.3
12.7	1.5	−3.0	−3.5	171.7	53.3
444.7	266.7	−59.5	−47.8	10 311.0	10 714.1
−408.1	−209.2	408.5	212.9	−3 373.1	−2 716.7
−12.0	−14.2	12.0	14.2	−5 939.8	−3 985.0
3.1	2.4	−3.3	−2.7	1 898.7	−1 143.4
233.5	110.3	−421.4	−226.9	279.2	157.0
–	–	–	–	−206.8	−258.6
–	–	–	–	−49.6	−103.9
−183.5	−110.7	−4.2	−2.5	−7 391.4	−8 050.6
−142.7	−111.7	140.9	111.4	−1 432.5	−1 232.1
60.9	51.1	−136.6	−109.8	103.1	79.7
−254.2	−98.1	31.5	19.9	−980.5	−726.6
−4.6	−3.8	8.7	9.2	−14.3	−10.7
−26.9	8.8	2.8	3.1	−212.9	−103.1
−551.0	−264.4	43.1	31.3	−9 928.5	−10 043.4
−106.3	2.3	−16.4	−16.5	382.5	670.7
−54.5	−105.1	16.4	16.5	−62.6	−105.9
−160.8	−102.8	0.0	0.0	319.9	564.8
16.9	18.0	0.0	0.0	−38.2	−26.7
−143.9	**−84.8**	**0.0**	**0.0**	**281.7**	**538.1**

3.3 Additional information

by segment:

as of 31.12.	Switzerland 2020	2019	Europe 2020	2019
in CHF million				
Assets by geographical segment	45 372.4	46 553.6	24 354.2	14 469.2
of which investments	38 327.4	39 859.2	20 186.9	12 604.8
- investments in associates	25.1	24.6	3.2	2.0
- investment property	6 656.9	6 384.8	786.2	602.9
	–	519.6	–	–
- Group financial assets	30 185.0	31 604.7	15 964.1	9 031.5
- financial assets with market risk for the policyholder	1 460.4	1 325.5	3 433.4	2 968.4
Liabilities by geographical segment	39 796.7	41 054.4	21 126.6	12 792.7
of which technical provisions (gross)	32 373.3	34 128.2	17 534.5	10 494.4
- life	30 216.1	32 035.8	14 247.9	8 289.2
- non-life	2 157.2	2 092.4	3 286.6	2 205.2
Cash flow from operating activities (net)	394.8	1 456.4	–15.1	82.6
Cash flow from investing activities (net)	–67.6	–274.8	333.7	12.0
Cash flow from financing activities (net)	22.0	–641.6	–8.4	–56.2
Acquisition of owner-occupied property, equipment and intangible assets	68.3	118.8	1 181.2	24.9
Depreciation and amortisation on tangible and intangible assets	–38.1	–29.8	–71.7	–30.0
Impairment of tangible and intangible assets affecting income	–40.1	–	–13.3	0.0
Reversal of impairment losses on tangible and intangible assets affecting income	–	–	–	0.4
Share-based payment transaction costs	1.0	–1.3	–	–

by business activity:

as of 31.12.	Life 2020	2019	Non-life 2020	2019
in CHF million				
Assets by business activity	53 241.7	48 698.6	19 345.4	15 108.0
Liabilities by business activity	48 724.4	45 039.9	14 768.5	11 076.7
Acquisition of owner-occupied property, equipment and intangible assets	280.8	14.5	590.7	127.6
Depreciation and amortisation on tangible and intangible assets	–22.7	–7.4	–74.2	–43.3
Impairment of tangible and intangible assets affecting income	–12.4	–	–41.1	–0.5
Reversal of impairment losses on tangible and intangible assets affecting income	–	–	–	0.4
Share-based payment transaction costs	0.5	–0.4	0.4	–0.9

Specialty Markets 2020	2019	Corporate 2020	2019	Elimination 2020	2019	Total 2020	2019
3 480.1	2 936.6	–2 163.4	–1 945.9	–1 321.5	–1 017.7	69 721.8	60 995.8
1 584.4	1 583.8	999.6	933.1	–527.4	–456.2	60 570.9	54 524.7
0.9	0.9	1.7	3.3	–	–	30.9	30.8
34.7	41.2	–	–	–	–	7 477.8	7 028.9
–	–	–	–	–	–	–	519.6
1 548.8	1 541.7	1 026.4	957.6	–527.4	–456.2	48 196.9	42 679.3
–	–	–28.5	–27.8	–	–	4 865.3	4 266.1
2 751.5	2 273.8	193.3	–641.5	–1 321.5	–1 017.7	62 546.6	54 461.7
2 297.3	2 014.7	483.3	364.9	–477.8	–364.4	52 210.6	46 637.8
–	–	20.3	23.9	–18.8	–22.8	44 465.5	40 326.1
2 297.3	2 014.7	463.0	341.0	–459.0	–341.6	7 745.1	6 311.7
326.3	–500.5	–275.9	–436.0	–1.3	4.1	428.8	606.6
–10.5	–11.4	–787.5	140.8	5.3	0.3	–526.6	–133.1
–25.3	625.0	655.1	–313.0	–3.9	–4.4	639.5	–390.2
3.9	6.0	16.9	9.2	–	–	1 270.3	158.9
–4.1	–4.0	–2.9	–3.9	–	–	–116.8	–67.7
–0.4	–0.5	–	–	–	–	–53.8	–0.5
–	–	–	–	–	–	–	0.4
–	–	–1.7	–2.9	–	–	–0.7	–4.2

Other activities 2020	2019	Elimination 2020	2019	Total 2020	2019
–1 406.2	–1 731.2	–1 459.1	–1 079.6	69 721.8	60 995.8
512.8	–575.3	–1 459.1	–1 079.6	62 546.6	54 461.7
398.8	16.8	–	–	1 270.3	158.9
–19.9	–17.0	–	–	–116.8	–67.7
–0.3	–	–	–	–53.8	–0.5
–	–	–	–	–	0.4
–1.6	–2.9	–	–	–0.7	–4.2

3.4 Gross premiums by segment and business area

in CHF million		Gross premiums before elimination 2020	2019	Elimination 2020	2019	Gross premiums 2020	2019	Change in %	Change in % (FX-adjusted)
Switzerland	non-life	1 529.0	1 482.7	–	–	1 529.0	1 482.7	3.1	3.2
Switzerland	life	2 943.4	3 574.9	–	–	2 943.4	3 574.9	–17.7	–17.7
Total Switzerland		4 472.4	5 057.6	–	–	4 472.4	5 057.6	–11.6	–11.5
Europe	non-life	2 382.3	1 945.5	0.0	0.0	2 382.3	1 945.5	22.5	27.1
Europe	life	1 053.3	964.3	–	–	1 053.3	964.3	9.2	13.4
Total Europe		3 435.6	2 909.8	0.0	0.0	3 435.6	2 909.8	18.1	22.6
Specialty Markets	non-life	1 519.2	1 247.6	–0.2	–0.3	1 519.0	1 247.3	21.8	23.5
Corporate		491.8	397.9	–491.8	–397.9	–	–	–	–
Total gross premiums		**9 919.0**	**9 612.9**	**–492.0**	**–398.2**	**9 427.0**	**9 214.7**	**2.3**	**4.0**

3.5 Gross premiums by business line

in CHF million	Gross premiums 2020	2019	Change in %	Change in % (FX-adjusted)
Traditional individual life insurance	975.1	1 032.6	−5.6	−3.8
Investment-linked life insurance	699.0	714.9	−2.2	−0.2
Individual insurance	1 674.1	1 747.5	−4.2	−2.3
Group insurance	2 322.6	2 791.7	−16.8	−16.5
Gross premiums life	3 996.7	4 539.2	−12.0	−11.1
Property	1 998.5	1 559.6	28.1	31.3
Transport	470.8	397.9	18.3	22.1
Motor vehicle	1 443.9	1 379.7	4.7	7.0
Liability	376.7	361.9	4.1	6.4
Accident/health	411.3	368.7	11.6	14.0
Active reinsurance	729.1	607.7	20.0	20.0
Gross premiums non-life	5 430.3	4 675.5	16.1	18.6
Total gross premiums	**9 427.0**	**9 214.7**	**2.3**	**4.0**

3.6 Gross premiums and deposits received

in CHF million	Business volume 2020	2019	Change in %	Change in % (FX-adjusted)
Gross premiums life	3 996.7	4 539.2	−12.0	−11.1
Deposits received from investment contracts life	286.6	239.4	19.7	23.3
Gross premiums and deposits received life	4 283.3	4 778.6	−10.4	−9.4
Gross premiums non-life	5 430.3	4 675.5	16.1	18.6
Gross premiums and deposits received	**9 713.6**	**9 454.1**	**2.7**	**4.5**

In accordance with the accounting policies used, deposits from investment contracts are not recognised in the income statement.

3.7 Fee and commission income

	Fee income		Change in %	Change in % (FX-adjusted)
	2020	2019		
in CHF million				
Asset Management	40.0	24.4	63.6	66.8
Distribution Services	81.4	60.8	33.9	35.0
Health and Elderly Care	66.7	–		
Assistance, Maintenance and other services	37.8	16.1	135.0	139.9
Income from fee and commission business	**225.9**	**101.3**	**123.0**	**127.7**

Due to its growing significance, Helvetia now reports "income from fee and commission business" separately. Fee and commission income was previously included in various other items.

4. Foreign currency translation

4.1 Exchange rates

The Swiss franc, euro, US dollar and British pound are the functional currencies in the individual business units of Helvetia Group. The following exchange rates apply to the translation of these financial statements and foreign currency transactions:

Exchange rate at reporting date	31.12.2020	31.12.2019
1 EUR	1.0816	1.0870
1 USD	0.8840	0.9684
1 GBP	1.2083	1.2828

Annual average exchange rate	2020	2019
	Jan–Dec	Jan–Dec
1 EUR	1.0705	1.1111
1 USD	0.9340	0.9929
1 GBP	1.2053	1.2719

4.2 Foreign exchange gains and losses

The foreign exchange results in the consolidated income statement in the reporting year show a loss of CHF 225.2 million (previous year: CHF 179.9 million).

The foreign exchange loss from financial investments is included in “Gains and losses on Group investments” in the income statement and amounts to CHF 255.1 million (previous year: CHF 200.3 million), excluding foreign currency translation differences from investments at fair value through profit and loss and non-monetary positions.

Other foreign currency translation gains and losses are reported under the items “Other expenses” and “Other income”.

5. Property and equipment

in CHF million	Undeveloped land 2020	2019	Owner-occupied property 2020	2019	Equipment 2020	2019
Acquisition costs						
Balance as of 1 January	20.7	9.7	591.0	632.0	190.7	183.8
	–	–	–	–42.0	–	–
Change in scope of consolidation	0.2	–	366.0	–	45.8	0.0
Additions	–	–	8.1	6.0	17.2	15.8
Disposals	–	–	–0.1	–1.2	–5.7	–5.6
Revaluation gains on transfers to investment property	–	–	–	–	–	–
Transfer	–	11.0	0.0	8.4	–	–
Foreign currency translation differences	0.0	–	2.8	–7.1	0.1	–3.3
Other changes	0.0	–	0.6	–5.1	0.3	0.0
Balance as of 31 December	**20.9**	**20.7**	**968.4**	**591.0**	**248.4**	**190.7**
Accumulated depreciation/impairment						
Balance as of 1 January	0.0	0.0	219.7	224.5	141.4	131.6
	–	–	–	–11.7	–	–
Depreciation	–	–	16.9	13.5	19.4	14.0
Impairment	–	–	0.1	0.0	–	–
Reversal of impairment losses	–	–	–	–0.4	–	–
Disposals depreciation/impairment	–	–	–0.1	–0.9	–5.0	–1.6
Transfer	–	–	0.0	–1.3	–	–
Foreign currency translation differences	–	–	–0.4	–3.7	–0.2	–2.6
Other changes	–	–	–	–0.3	0.2	–
Balance as of 31 December	**0.0**	**0.0**	**236.2**	**219.7**	**155.8**	**141.4**
Book value as of 31 December	**20.9**	**20.7**	**732.2**	**371.3**	**92.6**	**49.3**

Property under construction 2020	2019	right-of-use assets 2020	2019	Total 2020	2019
38.1	21.5	110.7	–	951.2	847.0
–	–	–	105.5	–	63.5
0.1	–	56.1	–	468.2	0.0
20.3	14.0	25.1	12.9	70.7	48.7
–	–	–16.8	–5.5	–22.6	–12.3
–	–	–	–	–	–
–	–2.2	–	–	0.0	17.2
0.0	–0.3	0.2	–2.2	3.1	–12.9
0.4	5.1	0.0	–	1.3	0.0
58.9	**38.1**	**175.3**	**110.7**	**1 471.9**	**951.2**
1.1	0.8	25.4	–	387.6	356.9
–	–	–	11.7	–	–
–	–	20.5	17.8	56.8	45.3
–	–	–	–	0.1	0.0
–	–	–	–	–	–0.4
–	–	–6.9	–3.5	–12.0	–6.0
–	–	–	–	0.0	–1.3
0.0	0.0	0.0	–0.6	–0.6	–6.9
–	0.3	0.0	–	0.2	–
1.1	**1.1**	**39.0**	**25.4**	**432.1**	**387.6**
57.8	**37.0**	**136.3**	**85.3**	**1 039.8**	**563.6**

6. Goodwill and other intangible assets

in CHF million	Goodwill 2020	Goodwill 2019	Other intangible assets 2020	Other intangible assets 2019	Total 2020	Total 2019
Acquisition costs						
Balance as of 1 January	1 173.3	1 154.4	711.2	691.1	1 884.5	1 845.5
Change in the scope of consolidation	0.3	28.3	655.2	7.2	655.5	35.5
Additions[1]	–	–	75.9	74.7	75.9	74.7
Disposals	–	–	–48.6	–50.7	–48.6	–50.7
Foreign currency translation differences	–1.2	–9.4	5.5	–11.1	4.3	–20.5
Balance as of 31 December	**1 172.4**	**1 173.3**	**1 399.2**	**711.2**	**2 571.6**	**1 884.5**
Accumulated amortisation/impairment						
Balance as of 1 January	24.3	25.3	520.4	556.4	544.7	581.7
Amortisation	–	–	60.0	22.4	60.0	22.4
Impairment	0.3	–	53.4	0.5	53.7	0.5
Disposals amortisation/impairment	–	–	–47.2	–49.8	–47.2	–49.8
Foreign currency translation differences	0.0	–1.0	–0.6	–9.1	–0.6	–10.1
Other changes	–	–	0.2	–	0.2	–
Balance as of 31 December	**24.6**	**24.3**	**586.2**	**520.4**	**610.8**	**544.7**
Book value as of 31 December	**1 147.8**	**1 149.0**	**813.0**	**190.8**	**1 960.8**	**1 339.8**
Book value as of 1 January	1 149.0	1 129.1	190.8	134.7	1 339.8	1 263.8

[1] Additions to intangible assets almost exclusively comprise internally developed assets. Acquired intangible assets (e.g. software) are not significant.

The "Other intangible assets" of Helvetia Group contain in particular the value of distribution agreements, the cash value of future earnings from the acquisition of insurance portfolios ("Present Value of Future Profits") and purchased and internally developed software.

In the reporting period, CHF 655.2 million intangible assets were acquired through acquisitions. These relate primarily to distribution agreements and the present value of the expected future gains included in the acquired insurance contracts (see section 2.10, page 82).

In 2020, a development programme was completed and realigned for the comprehensive renewal of the non-life backend systems in their current form. The asset of CHF 40.2 million was completely written off (see section 17, page 176).

Goodwill of CHF 28.3 million was recognised in 2019 through the acquisition of Helvetic Warranty GmbH and allocated to the cash generating unit "Switzerland non-life" (see section 19, page 178).

Goodwill impairment test

Goodwill is tested annually for impairment (see section 2.11, from page 83).

The goodwill impairment test was based on the following growth and discount rates, assuming a perpetuity:

as of 31.12.2020	Goodwill	Growth rate	Applied discounting interest rate
in CHF million		in %	in %
Switzerland life	4.4	1.0%	7.25%
Switzerland non-life	768.4	1.0%	7.11%
Specialty Lines Switzerland / International	15.0	1.5%	7.09%
France non-life	65.9	1.5%	7.78%
Spain	38.4	1.0%	9.33%
Italy non-life	37.0	1.5%	10.20%
Austria	62.4	1.0%	8.21%
Germany non-life	27.0	1.0%	8.47%
Intermediation and advisory business	129.3	1.5%	6.93%

as of 31.12.2019	Goodwill	Growth rate	Applied discounting interest rate
in CHF million		in %	in %
Switzerland life	4.4	1.0%	6.99%
Switzerland non-life	768.4	1.0%	6.87%
Specialty Lines Switzerland / International	15.0	1.5%	7.16%
France non-life	66.2	1.5%	7.94%
Spain	38.6	1.0%	9.34%
Italy non-life	37.2	1.5%	10.60%
Austria	62.7	1.0%	8.27%
Germany non-life	27.2	1.0%	8.07%
Intermediation and advisory business	129.3	1.5%	6.68%

The impairment test carried out in 2020 did not result in any impairment requirement.

The impairment test compares the recoverable amount to the carrying value. The recoverable amount is determined by calculating the value in use. This calculation requires management to make estimates of expected cash flows to be derived from the asset. These free cash flows are considered for a period of three to five years and are based on the budget and the strategic plans approved by management. The growth rate is set by management and is based on past experience and future expectations. The applied discount rates are pre-tax rates and take account of the risks attached to the business units in question.

7. Investments

7.1 Investment result

in CHF million	Notes	2020	2019
Current income from Group investments (net)	7.1.1	888.5	947.1
Gains and losses on Group investments (net)	7.1.3	–47.9	455.6
Investment result from Group financial assets and investment property		840.6	1 402.7
Income investments with market risk for the policyholder	7.1.5	186.4	469.4
Investment result from financial assets and investment property		1 027.0	1 872.1
Share of profit or loss of associates		0.2	4.4
Investment income (net)		**1 027.2**	**1 876.5**

7.1.1 Current income from investments by class

in CHF million	Group investments 2020	2019	Investments with market risk for the policyholder 2020	2019	Total 2020	2019
Interest-bearing securities	471.2	497.7	3.8	4.5	475.0	502.2
Shares	66.0	75.0	0.6	1.1	66.6	76.1
Investment funds	21.7	27.9	7.7	7.4	29.4	35.3
Alternative investments	4.0	1.1	0.0	–	4.0	1.1
Derivative financial instruments[1]	2.3	–0.9	–	–	2.3	–0.9
Mortgages	76.4	82.1	–	–	76.4	82.1
Loans	21.4	25.4	–	–	21.4	25.4
Money market instruments	–1.4	1.3	–	–	–1.4	1.3
Other	0.1	0.0	–	–	0.1	0.0
Current income on financial assets (gross)	661.7	709.6	12.1	13.0	673.8	722.6
Investment management expenses on financial assets	–16.8	–14.2	0.0	–	–16.8	–14.2
Current income on financial assets (net)	644.9	695.4	12.1	13.0	657.0	708.4
Rental income	325.9	337.1	–	–	325.9	337.1
Investment management expenses on property	–82.3	–85.4	–	–	–82.3	–85.4
Current income from investment property (net)	243.6	251.7	–	–	243.6	251.7
Current income from investments (net)	**888.5**	**947.1**	**12.1**	**13.0**	**900.6**	**960.1**

[1] Derivatives comprise current income on derivative financial assets and derivative financial liabilities.

Investment management expenses on property include all maintenance and repair costs as well as the operating expenses for property that did not generate rental income during the reporting year. The latter amounted to CHF 5.3 million in the reporting year (previous year: CHF 4.6 million).

Based on notice periods, tenancies generated operating lease receivables for the Helvetia Group of CHF 46.6 million (previous year: CHF 34.4 million) due in less than one year, CHF 79.7 million (previous year: CHF 89.2 million) due between one and five years and CHF 22.4 million (previous year: CHF 28.0 million) due in more than five years.

Interest income from investments at fair value through profit or loss stood at CHF 12.7 million (previous year: CHF 10.9 million).

7.1.2 Direct yield from interest-rate sensitive financial assets

	2020	2019
in %		
Interest-bearing securities	1.4	1.6
Mortgages, loans and money market instruments	1.3	1.4
Total direct yield of interest-rate sensitive financial assets	**1.4**	**1.6**

7.1.3 Gains and losses on investments

	Group investments		Investments with market risk for the policyholder		Total	
	2020	2019	2020	2019	2020	2019
in CHF million						
Interest-bearing securities	–201.1	1.3	24.1	51.8	–177.0	53.1
Shares	190.0	308.1	–2.6	6.2	187.4	314.3
Investment funds	29.8	38.8	151.5	393.6	181.3	432.4
Alternative investments	31.4	39.9	1.4	2.5	32.8	42.4
Derivative financial instruments[1]	–204.0	–67.5	0.0	2.4	–204.0	–65.1
Mortgages	–1.7	–0.7	–	–	–1.7	–0.7
Loans	10.0	11.0	–	–	10.0	11.0
Money market instruments	–1.3	–0.7	–0.1	–0.1	–1.4	–0.8
FX effects from loans to subsidiaries	–5.1	–25.9	–	–	–5.1	–25.9
Gains and losses on financial assets (net)	**–152.0**	**304.3**	**174.3**	**456.4**	**22.3**	**760.7**
Investment property	104.1	151.3	–	–	104.1	151.3
Gains and losses on investments (net)	**–47.9**	**455.6**	**174.3**	**456.4**	**126.4**	**912.0**

[1] Derivatives comprise gains and losses on derivative financial assets and derivative financial liabilities.

7.1.4 Gains and losses on financial assets by category

in CHF million	2020	2019
Realised gains and losses on disposals of loans (LAR) including foreign currency gains and losses		
Interest-bearing securities	7.9	41.6
Mortgages	–1.7	–0.7
Loans	10.0	11.0
Money market instruments	–1.3	–0.7
Realised gains and losses on loans (LAR) incl. money market instruments	14.9	51.2
Realised gains and losses on disposals of held-to-maturity investments (HTM) including foreign currency gains and losses		
Interest-bearing securities	–0.2	–1.8
Realised gains and losses on HTM investments	–0.2	–1.8
Realised gains and losses on disposals of available-for-sale investments (AFS) including foreign currency gains and losses		
Interest-bearing securities	–209.4	–92.3
Shares	102.5	7.4
Investment funds	10.0	4.2
Alternative investments	–0.1	–
Realised gains and losses on AFS investments	–97.0	–80.7
Realised and book gains and losses on financial assets held for trading including foreign currency gains and losses		
Interest-bearing securities	–	–0.4
Investment funds	–0.3	1.3
Derivative financial instruments	–204.0	–65.1
Realised and book gains and losses on financial assets held for trading	–204.3	–64.2
Realised and book gains and losses on financial assets designated as at fair value through profit or loss including foreign currency gains and losses		
Interest-bearing securities	24.7	106.0
Shares	84.9	306.9
Investment funds	171.6	426.9
Alternative investments	32.9	42.4
Money market instruments	–0.1	–0.1
Realised and book gains and losses on financial assets designated as at fair value through profit or loss	314.0	882.1
Foreign currency effects in connection with subsidiaries	–5.1	–25.9
Total gains and losses on investments (net)	**22.3**	**760.7**

The gains and losses reported for the HTM category represent book gains and losses from foreign currency translations.

The table above includes increases in impairment losses on financial assets of CHF 13.5 million (previous year: CHF 7.5 million) as well as impairment loss reversals on financial assets of CHF 1.2 million (previous year: CHF 1.5 million).

7.1.5 Result from investments with market risk for the policyholder

in CHF million	2020	2019
Current income	12.1	13.0
Gains and losses	174.3	456.4
Income investments with market risk for the policyholder	**186.4**	**469.4**

7.2 Investments by class

as of 31.12.2020	Notes	Group investments	Investments with market risk for the policyholder	Total
in CHF million				
Investments in associates	7.4.1	30.9	–	30.9
Investment property	7.5	7 477.8	–	7 477.8
Financial assets by class	7.6			
Interest-bearing securities		35 842.6	1 161.0	37 003.6
Shares		2 880.7	26.1	2 906.8
Investment funds		1 524.8	3 528.0	5 052.8
Alternative investments		885.2	32.4	917.6
Derivative financial assets		263.2	106.8	370.0
Mortgages		4 594.3	–	4 594.3
Loans		976.6	–	976.6
Money market instruments		1 229.5	11.0	1 240.5
Total financial assets		48 196.9	4 865.3	53 062.2
Total Investments		**55 705.6**	**4 865.3**	**60 570.9**

as of 31.12.2019	Notes	Group investments	Investments with market risk for the policyholder	Total
in CHF million				
Investments in associates	7.4.1	30.8	–	30.8
Investment property	7.5	7 028.9	–	7 028.9
Investment property held for sale	7.5	519.6		519.6
Financial assets by class	7.6			
Interest-bearing securities		29 398.9	1 061.7	30 460.6
Shares		2 862.0	31.9	2 893.9
Investment funds		1 266.3	3 019.4	4 285.7
Alternative investments		707.2	26.0	733.2
Derivative financial assets		122.2	116.4	238.6
Mortgages		5 137.8	–	5 137.8
Loans		1 011.6	–	1 011.6
Money market instruments		2 173.3	10.7	2 184.0
Total financial assets		42 679.3	4 266.1	46 945.4
Total Investments		**50 258.6**	**4 266.1**	**54 524.7**

7.3 Investments by business area

as of 31.12.2020	Notes	Life	Non-life	Other and elimination	Total
in CHF million					
Investments in associates	7.4.1	0.1	28.4	2.4	30.9
Investment property	7.5	6512.5	915.6	49.7	7477.8
Financial assets by class	7.6				
Interest-bearing securities		30987.8	5536.5	479.3	37003.6
Shares		1020.2	425.3	1461.3	2906.8
Investment funds		6148.5	1045.8	–2141.5	5052.8
Alternative investments		65.6	131.5	720.5	917.6
Derivative financial assets		330.8	32.6	6.6	370.0
Mortgages		4211.6	382.7	–	4594.3
Loans		901.1	174.1	–98.6	976.6
Money market instruments		642.6	650.2	–52.3	1240.5
Total financial assets		44308.2	8378.7	375.3	53062.2
Total Investments		**50820.8**	**9322.7**	**427.4**	**60570.9**

as of 31.12.2019	Notes	Life	Non–life	Other and elimination	Total
in CHF million					
Investments in associates	7.4.1	0.1	27.4	3.3	30.8
Investment property	7.5	6151.6	860.6	16.7	7028.9
Investment property held for sale	7.5	519.6			519.6
Financial assets by class	7.6				
Interest-bearing securities		25220.4	4739.8	500.4	30460.6
Shares		1039.9	379.3	1474.7	2893.9
Investment funds		5566.9	888.3	–2169.5	4285.7
Alternative investments		41.7	24.0	667.5	733.2
Derivative financial assets		224.5	12.8	1.3	238.6
Mortgages		4754.2	383.6	–	5137.8
Loans		915.1	125.3	–28.8	1011.6
Money market instruments		1966.9	217.1	–	2184.0
Total financial assets		39729.6	6770.2	445.6	46945.4
Total Investments		**46400.9**	**7658.2**	**465.6**	**54524.7**

7.4 Investments in associates

Dividend income from associates totalled CHF 1.3 million (previous year: CHF 1.2 million).

Investments in associates accounted for under the equity method are listed in the table in section 19.3 (from page 180).

7.4.1 Development of investments in associates

in CHF million	2020	2019
Balance as of 1 January	30.8	26.9
Change in the scope of consolidation[1]	0.8	–
Additions[1]	0.5	0.8
Disposals[1]	–1.6	–
Share of profits for the year	1.8	4.4
Dividends paid	–1.3	–1.2
Foreign currency translation differences	–0.1	–0.1
Book value as of 31 December	**30.9**	**30.8**

[1] Details on additions and disposals for associates are provided in section 19 "Scope of consolidation".

7.4.2 Aggregated financial data on associates

The table below shows an aggregated balance sheet and income statement for the investments that are accounted for under the equity method.

as of 31.12. in CHF million	2020	2019
Assets		
Non-current assets	150.0	148.9
Current assets	38.3	26.5
Total assets	**188.3**	**175.4**
Liabilities and equity		
Equity	71.8	67.3
Long-term liabilities	98.9	90.2
Short-term liabilities	17.6	17.9
Total liabilities and equity	**188.3**	**175.4**

in CHF million	2020	2019
Profit for the year		
Income	74.6	66.5
Expenses	–70.5	–55.2
Profit for the year	**4.1**	**11.3**

Helvetia Group's share in the liabilities of associates amounted to CHF 48.0 million (previous year: CHF 45.9 million). Helvetia did not have any share in the contingent liabilities of associates.

7.5 Investment property

in CHF million	Switzerland	Abroad	2020	2019
Balance as of 1 January	6384.9	644.0	7028.9	7405.6
Change in scope of consolidation	–	178.6	178.6	–
Additions	13.1	7.0	20.1	40.5
Capitalised subsequent expenditure	211.4	0.0	211.4	207.2
Disposals	–59.9	–3.1	–63.0	–214.8
Realised gains and losses[1]	29.3	0.0	29.3	52.0
Book gains and losses[1]	78.1	–3.3	74.8	99.3
Transfer from / to property and equipment	0.0	0.0	0.0	–18.5
Transfer to investment property held for sale	–	–	–	–519.6
Foreign currency translation differences	–	–1.4	–1.4	–22.8
Other changes	–	–0.9	–0.9	–
Balance as of 31 December	**6656.9**	**820.9**	**7477.8**	**7028.9**

1 Recognised in the income statement as "Gains and losses on Group investments (net)".

The fair value of "Investment property" in the portfolio of the Swiss, Austrian and German Group companies is calculated using a generally accepted discounted cash flow method. The method is described in section 2.12.1 (page 83).

In the reporting year, the discounted cash flow method was based on discount rates ranging from 2.3% to 5.6% (previous year: 2.9% to 5.6%). If the discount rates were increased by 10 basis points, the value would be reduced by CHF 205.0 million. If the rental income that can be earned in the long term were reduced by 5%, there would be a negative effect of CHF 497.0 million.

For all other portfolios, measurement is based on valuation reports by independent experts. Both valuation methods are allocated to the "Level 3" category.

Investment property held for sale

In connection with the planned real estate fund, properties for investment purposes to the value of CHF 519.6 million were classified for sale as at 31 December 2019.

Investment properties are managed at fair value. The reclassification to "for sale" did not entail any value adjustments.

The real estate fund was launched in 2020. The fund is a third-party fund that does not belong to the Helvetia Group.

7.6 Financial assets by category and class

as of 31.12.	Book value 2020	2019	Acquisition cost / amortised cost 2020	2019
in CHF million				
Financial assets at amortised cost:				
Loans and receivables (LAR)				
Interest-bearing securities	3001.5	1482.2	3001.5	1482.2
Mortgages	4594.3	5137.8	4594.3	5137.8
Loans	976.6	1011.6	976.6	1011.6
Money market instruments	1229.5	2173.3	1229.5	2173.3
Total "loans and receivables" (LAR)[1]	9801.9	9804.9	9801.9	9804.9
Held-to-maturity investments (HTM)				
Interest-bearing securities	1973.8	2135.0	1973.8	2135.0
Total financial assets at amortised cost	**11775.7**	**11939.9**	**11775.7**	**11939.9**
Financial assets at fair value:				
At fair value through profit and loss (held for trading)				
Investment funds - mixed	14.9	18.1	9.6	11.5
Derivative financial assets	189.6	115.8	134.5	87.0
Investments with market risk for the policyholder	106.8	116.4	81.6	74.1
Total "held for trading"	311.3	250.3	225.7	172.6
Designated as at fair value through profit or loss				
Interest-bearing securities	1120.2	1205.7	1127.1	1237.0
Shares	1455.4	1474.7	917.8	967.1
Investment funds - interest-bearing securities	60.5	48.6	59.8	48.9
Investment funds - equities	201.0	155.9	145.5	119.8
Investment funds - mixed	700.5	711.2	648.0	662.6
Investments with market risk for the policyholder	4758.5	4149.7	4059.3	3597.1
Alternative investments	767.0	668.6	700.9	623.7
Total "designated"	9063.1	8414.4	7658.4	7256.2
Total "at fair value through profit and loss"	9374.4	8664.7	7884.1	7428.8
Available-for-sale (AFS)				
Interest-bearing securities	29747.1	24576.0	26838.9	22337.3
Shares	1425.3	1387.3	931.1	820.6
Investment funds - interest-bearing securities	130.0	64.0	121.9	61.7
Investment funds - equities	170.4	203.5	147.2	161.5
Investment funds - mixed	247.5	65.0	235.5	58.6
Alternative investments	118.2	38.6	115.5	37.6
Total "available-for-sale" (AFS)	31838.5	26334.4	28390.1	23477.3
Derivative financial assets for hedge accounting	73.6	6.4	–	–
Total financial assets at fair value	**41286.5**	**35005.5**	**36274.2**	**30906.1**
Total financial assets	**53062.2**	**46945.4**		

[1] Excl. assets receivables from insurance business and reinsurance.

Unrealised gains / losses net		Fair value		By valuation method:	Quoted market prices		Based on market data		Not based on market data	
2020	2019	2020	2019		2020	2019	2020	2019	2020	2019
					Level 1		Level 2		Level 3	
		3 260.5	1 706.1		55.2	54.8	3 205.3	1 651.3	–	–
		4 790.6	5 334.4		–	–	4 790.6	5 334.4	–	–
		1 133.1	1 169.7		–	–	1 127.1	1 166.9	6.0	2.8
		1 229.5	2 173.3		–	–	1 229.5	2 173.3	–	–
		10 413.7	10 383.5		55.2	54.8	10 352.5	10 325.9	6.0	2.8
		2 513.1	2 692.0		173.2	271.7	2 339.9	2 420.3	–	–
		12 926.8	**13 075.5**		**228.4**	**326.5**	**12 692.4**	**12 746.2**	**6.0**	**2.8**
		14.9	18.1		14.9	18.1	–	–	–	–
		189.6	115.8		3.8	1.2	185.8	114.6	–	–
		106.8	116.4		32.8	27.3	74.0	89.1	–	–
		311.3	250.3		51.5	46.6	259.8	203.7	–	–
		1 120.2	1 205.7		204.8	157.0	915.4	1 048.7	–	–
		1 455.4	1 474.7		1 433.0	1 457.8	–	–	22.4	16.9
		60.5	48.6		60.5	48.6	–	–	–	–
		201.0	155.9		201.0	155.9	–	–	–	–
		700.5	711.2		123.0	133.0	577.5	578.2	–	–
		4 758.5	4 149.7		4 035.4	3 530.5	723.1	619.2	–	–
		767.0	668.6		4.9	4.1	45.5	–	716.6	664.5
		9 063.1	8 414.4		6 062.6	5 486.9	2 261.5	2 246.1	739.0	681.4
		9 374.4	8 664.7		6 114.1	5 533.5	2 521.3	2 449.8	739.0	681.4
2 908.2	2 238.7	29 747.1	24 576.0		14 652.3	11 368.3	15 083.7	13 207.7	11.1	–
494.2	566.7	1 425.3	1 387.3		1 354.9	1 375.4	4.4	6.8	66.0	5.1
8.1	2.3	130.0	64.0		91.0	35.0	39.0	29.0	–	–
23.2	42.0	170.4	203.5		170.4	203.5	–	–	–	–
12.0	6.4	247.5	65.0		169.2	24.9	72.3	34.2	6.0	5.9
2.7	1.0	118.2	38.6		–	–	27.9	–	90.3	38.6
3 448.4	2 857.1	31 838.5	26 334.4		16 437.8	13 007.1	15 227.2	13 277.7	173.5	49.6
		73.6	6.4		–	–	73.6	6.4	–	–
3 448.4	**2 857.1**	**41 286.5**	**35 005.5**		**22 551.9**	**18 540.6**	**17 822.1**	**15 733.9**	**912.5**	**731.0**

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 2,434.1 million (previous year: CHF 2,699.2 million) from "Level 1" to "Level 2".
– Investments in the amount of 1,325.1 million (previous year: CHF 2,206.4 million) from "Level 2" to "Level 1".

Long-term bonds were traded less often due to their high prices and are therefore reported more in "Level 2". In contrast, the trading of short-term bonds has intensified. These thus increasingly meet the "Level 1" criteria.

From the previous year's CHF 731.0 million of "Level 3" investments as at 31 December 2019,
- disposals in the amount of CHF 89.8 million (previous period: CHF 67.4 million) were made.
- Additions in the amount of CHF 347.9 million (previous period: CHF 223.4 million) were recorded.
- Losses of CHF –73.9 million (previous year: CHF +31.7 million) were reported under "Gains and losses on financial instruments" in the income statement and a loss of CHF –2.7 million (previous year: CHF +1.8 million) was recorded under "Change in unrealised gains and losses on financial instruments" in the statement of comprehensive income. Overall, this resulted in a loss of CHF –76.6 million for the "Level 3" investments (previous year: CHF +33.5 million). The valuation loss on the "Level 3" investments held on the reporting date was CHF –76.4 million (previous year: CHF +43.8 million).

Stress tests performed on the "Level 3" investments show that an increase in the credit spreads of 100 basis points would lead to a decrease in value of CHF 30.7 million.

7.7 Derivatives

7.7.1 Derivative financial assets

as of 31.12.	Maturity profile of contract values < 1 year	1–5 years	> 5 years	Contract value 2020	Contract value 2019	Fair value 2020	Fair value 2019
in CHF million							
Interest rate instruments							
Forward rate agreements	3.7	61.0	0.6	65.3	61.0	57.3	54.5
Swaps	18.0	–	–	18.0	–	1.1	–
Other	–	–	35.7	35.7	–	13.8	–
Total interest rate instruments	21.7	61.0	36.3	119.0	61.0	72.2	54.5
Equity- and equity-index instruments							
Options (over-the-counter)	1 635.3	630.4	753.1	3 018.8	2 970.3	102.1	102.5
Options (exchange-traded)	169.9	–	–	169.9	160.6	3.6	1.2
Futures (exchange-traded)	11.9	–	–	11.9	–	0.2	–
Other	–	–	13.7	13.7	10.4	32.8	26.4
Total equity- and equity-index instruments	1 817.1	630.4	766.8	3 214.3	3 141.3	138.7	130.1
Currency instruments							
Forwards	2 978.9	507.9	–	3 486.8	4 034.7	85.5	47.6
Total currency instruments	2 978.9	507.9	–	3 486.8	4 034.7	85.5	47.6
Derivatives for hedge accounting							
Forwards	1 046.2	–	–	1 046.2	1 366.5	73.6	6.4
Total derivatives for hedge accounting	1 046.2	–	–	1 046.2	1 366.5	73.6	6.4
Total derivative financial assets	**5 863.9**	**1 199.3**	**803.1**	**7 866.3**	**8 603.5**	**370.0**	**238.6**

7.7.2 Derivative financial liabilities

as of 31.12.	Maturity profile of contract values < 1 year	1–5 years	> 5 years	Contract value 2020	2019	Fair value 2020	2019
in CHF million							
Interest rate instruments							
Forward rate agreements	4.9	47.8	0.8	53.5	52.4	55.9	56.5
Swaps	22.2	117.6	90.6	230.4	–	22.0	–
Total interest rate instruments	27.1	165.4	91.4	283.9	52.4	77.9	56.5
Equity- and equity-index instruments							
Options (over-the-counter)	126.1	630.4	753.0	1 509.5	1 564.1	73.7	87.7
Options (exchange-traded)	0.5	–	–	0.5	–	–0.5	–
Futures (exchange-traded)	270.0	–	12.5	282.5	–	7.3	–
Total equity- and equity-index instruments	396.6	630.4	765.5	1 792.5	1 564.1	80.5	87.7
Currency instruments							
Forwards	3 087.1	411.0	–	3 498.1	1 807.9	35.3	7.6
Total currency instruments	3 087.1	411.0	–	3 498.1	1 807.9	35.3	7.6
Derivatives from life policies	3.0	9.1	5.6	17.7	24.3	0.8	0.9
Derivatives for hedge accounting							
Forwards	353.0	–	–	353.0	78.9	8.6	2.0
Total derivatives for hedge accounting	353.0	–	–	353.0	78.9	8.6	2.0
Total derivative financial liabilities	**3 866.8**	**1 215.9**	**862.5**	**5 945.2**	**3 527.6**	**203.1**	**154.7**

7.7.3 Derivatives for hedge accounting

	Net investment hedge 2020	2019
in CHF million		
Amount recognised in other comprehensive income	98.7	25.4
Gains and losses reclassified to the income statement	–0.5	–3.7
Ineffectiveness reclassified to income statement	9.2	0.6

The amounts transferred to the income statement are reported in "Gains and losses on Group investments".

7.8 Maturity dates and impairment of financial assets

7.8.1 Analysis of past due financial assets without impairment

as of 31.12.	< 1 month 2020	2019	2–3 months 2020	2019	4–6 months 2020	2019	> 6 months 2020	2019
in CHF million								
Mortgages	4.5	3.6	3.3	2.7	1.3	2.7	3.7	2.0
Total past due financial assets without impairment	**4.5**	**3.6**	**3.3**	**2.7**	**1.3**	**2.7**	**3.7**	**2.0**

Outstanding amounts are collected in the course of the normal debt collection procedures and impaired if necessary (see section 2.12.3, page 84). Information on the collateral held by Helvetia Group is provided in section 16.6 (from page 169).

7.8.2 Analysis of individual impaired financial assets at amortised cost

	Gross		Individual impairment		Net	
as of 31.12.	2020	2019	2020	2019	2020	2019
in CHF million						
Mortgages	14.7	1.9	3.0	1.9	11.7	–
Loans	0.1	0.0	0.1	0.0	–	–
Total individual impaired financial assets at amortised cost	**14.8**	**1.9**	**3.1**	**1.9**	**11.7**	**–**

7.8.3 Change in the impairment of financial assets at amortised cost

	Mortgages		Other loans		Total	
	2020	2019	2020	2019	2020	2019
in CHF million						
Balance as of 1 January	1.9	0.9	0.0	1.7	1.9	2.6
Change in the scope of consolidation	–	–	–	–	–	–
Impairment	2.3	2.7	0.1	–	2.4	2.7
Reversal of impairment losses	–1.2	–1.5	–	–	–1.2	–1.5
Disposals impairment	0.0	–0.1	–	–1.7	0.0	–1.8
Foreign currency translation differences	–	–0.1	0.0	–	0.0	–0.1
Balance as of 31 December	**3.0**	**1.9**	**0.1**	**0.0**	**3.1**	**1.9**

7.9 Fair value of SPPI financialinstruments

Helvetia exercised the option to postpone the implementation of IFRS 9.

Below, we have reported the fair value of the financial instruments within the scope of IFRS 9 and held by Helvetia on the reporting date. Further information on SPPI financial instruments is provided in section 16.6.2 (from page 172).

	Fair Value		Change in fair value	
	2020	2019	2020	2019
in CHF million				
Financial assets that give rise to cash flows that are solely payments of pricipal and interest (SPPI)	45229.6	40087.8	190.5	856.6
Remaining financial assets	10832.8	9298.3	91.7	816.2
Total financial assets	**56062.3**	**49386.1**	**282.2**	**1672.8**

8. Financial liabilities

The Helvetia Group classifies financial liabilities according to their origin as financial liabilities from financing activities, financial liabilities from insurance business and other financial liabilities. Financial liabilities from insurance business are reported as a component of the insurance business in section 9.8 (page 133).

The Helvetia Group applies the usual financial covenants to its financial liabilities but these are not expected to have any material impact on the contractual conditions (e.g. due date, interest rate, collateral, currency).

Section 16.5 (page 167) contains a maturity schedule of loans and financial liabilities.

The valuation methods used to calculate the fair value of financial liabilities belong to the "Level 2" category.

8.1 Total financial liabilities from financing activities

	Book value		Acquisition cost / amortised cost		Fair value	
as of 31.12.	2020	2019	2020	2019	2020	2019
in CHF million						
Financial liabilities at amortised cost						
Bonds	1 856.9	1 135.7	1 856.9	1 135.7	2 041.4	1 257.3
Liabilites from lease	104.5	69.4	104.5	69.4	104.5	69.4
Total financial liabilities at amortised cost	1 961.4	1 205.1	1 961.4	1 205.1	2 145.9	1 326.7
Financial liabilities at fair value						
Minority interests in own funds	327.7	328.6	217.9	217.5	327.7	328.6
Total financial liabilities at fair value	327.7	328.6	217.9	217.5	327.7	328.6
Total financial liabilities from financing activities	**2 289.1**	**1 533.7**	**2 179.3**	**1 422.6**	**2 473.6**	**1 655.3**

Helvetia has bonds in liabilities and in equity. The classification depends on the characteristics of the respective bond.

The bonds in liabilities are measured at amortised cost. The interest expense from bonds treated as liabilities is reported in the income statement at CHF 49.8 million (previous year: CHF 32.8 million) under "Financing costs". The interest expense from bonds in equity is recognised as a dividend distribution in equity.

Minority interests in own funds include the investments of the Helvetia pension and supplementary funds in Helvetia I Funds.

Financial liabilities from financing activities

	Bonds		Lease		Minority interests in own funds	
as of 31.12.	2020	2019	2020	2019	2020	2019
in CHF million						
Balance as of 1 January	1 135.7	1 304.3	69.4	14.6	328.6	258.3
	–	–	–	63.5	–	–
Cash flows	533.4	–150.0	–6.8	–8.6	5.3	4.9
Change in the scope of consolidation	180.7	–	40.2	–	–	–
Value changes / interest accruals	1.3	1.2	1.6	0.9	11.8	72.2
Foreign currency translation differences	5.8	–19.8	0.1	–1.0	–18.0	–6.8
Balance as of 31 December	**1 856.9**	**1 135.7**	**104.5**	**69.4**	**327.7**	**328.6**

Some rental agreements contain extension options in favour of Helvetia. In case they are exercised they would yield additional future rental payments of CHF 19.0 million (previous year: CHF 18.4 million).

Own bonds

Issuer	Nominal	Coupons	Year of issue	Maturity	Effective interest rate[1]	Book value	
as of 31.12.						2020	2019
in CHF million							
Bonds in liabilities							
Helvetia Schweizerische Versicherungsgesellschaft AG	CHF 225 million	0.75%	2014	28.10.2020	0.85%	–[2]	224.8
Helvetia Schweizerische Versicherungsgesellschaft AG	CHF 150 million	1.50%	2014	28.04.2025	1.55%	149.7	149.6
Helvetia Schweizerische Versicherungsgesellschaft AG	CHF 225 million Subordinate bond	4.00% up to 2024, then variable	2014	17.10.2044	4.02%	223.9	223.9
Helvetia Schweizerische Versicherungsgesellschaft AG	EUR 500 million Subordinate bond	3.375% up to 2027, then variable	2017	29/09/2047	3.52%	535.5	537.4
Helvetia Schweizerische Versicherungsgesellschaft AG	CHF 125 million Subordinate bond	1.45% up to 2030, then variable	2020	12.8.2040	1.48%	124.3	–
Helvetia Europe S.A.	EUR 600 million Subordinate bond	2.75% up to 2031, then variable	2020	30.9.2041	2.81%	640.9	–
Caja de Seguros Reunidos, Compañia de Seguros y Reaseguros S.A.	EUR 168.8 million Subordinate bond	8.00% up to 2021, then variable	2016	17.2.2026	8.00%	182.6	–
Total bonds in liabilities						**1 856.9**	**1 135.7**
Bonds in equity							
Helvetia Schweizerische Versicherungsgesellschaft AG	CHF 400 million Subordinate bond	3.50% up to 2020, then variable	2014	perpetual		–[3]	400.0
Helvetia Schweizerische Versicherungsgesellschaft AG	CHF 300 million Subordinate bond	3.00% up to 2022, then variable	2015	perpetual		300.0	300.0
Helvetia Schweizerische Versicherungsgesellschaft AG	CHF 275 million Subordinate bond	1.50% up to 2026, then variable	2020	perpetual		275.0	–
Helvetia Schweizerische Versicherungsgesellschaft AG	CHF 200 million Subordinate bond	1.75% up to 2028, then variable	2020	perpetual		200.0	–
Total bonds in equity						**775.0**	**700.0**

[1] The effective interest rate quantifies the actual cost of loans (taking account of the transaction rate, premium / discount, transaction costs, payment dates, repayment etc.)
[2] Repayment was made on 28.10.2020
[3] Repayment was made on 17.4.2020

Liabilities from lease

as of 31.12.	< 1 year	1–5 years	> 5 years	Total 2020	2019
in CHF million					
Future lease payments	33.8	49.8	27.0	110.6	72.2
Discounting amounts				–6.1	–2.8
Liabilities from lease				**104.5**	**69.4**

8.2 Other financial liabilities

	Notes	Acquisition cost / amortised cost 2020	2019	Fair Value 2020	2019
in CHF million					
Financial liabilities at amortised cost					
Other		494.4	125.7	494.4	125.7
Other financial liabilities at amortised cost		494.4	125.7	494.4	125.7
Financial liabilities at fair value					
Derivative financial liabilities	7.7.2	143.9	138.2	203.1	154.7
Other		26.6	13.6	26.6	13.6
Other financial liabilities at fair value		170.5	151.8	229.7	168.3
Total other financial liabilities, not booked directly against equity		664.9	277.5	724.1	294.0

	Carrying amount 2020	2019
Financial liabilities booked directly against equity		
Written put options on shares in subsidiaries	413.4	39.9
Total financial liabilities, booked directly against equity	413.4	39.9
Total other financial liabilities	**1 137.5**	**333.9**

The line item "Other" at amortised cost also contains the collateral received for ongoing derivatives transactions. The carrying amounts equal the fair value.

In connection with the acquisition of Caser in 2020, the minority shareholders were granted the option of selling their shares to Helvetia. By June 2022, the options could be exercised at the higher price of fair value and acquisition price, and subsequently at fair value. Upon the acquisition of MoneyPark in 2016, the minority shareholders were granted the option of selling their shares to Helvetia at 95% of the fair value. The current options can be exercised in 2022 and 2027. An option granted by Helvetia in 2017 to the minority shareholders of INZMO to sell their shares to Helvetia at fair value was discontinued in the reporting period.

9. Insurance business

9.1 Reserves for insurance business

as of 31.12.	Notes	Gross 2020	Gross 2019	Reinsurance assets 2020	Reinsurance assets 2019	Net 2020	Net 2019
in CHF million							
Actuarial reserves		40971.2	37770.2	53.2	51.8	40918.0	37718.4
Provision for policyholder participation		3365.1	2427.6	–	–	3365.1	2427.6
Loss reserves		5560.9	4865.9	436.9	319.7	5124.0	4546.2
Unearned premium reserve		2313.4	1574.1	148.8	72.1	2164.6	1502.0
Deposits for investment contracts	9.8	1829.2	1353.0	–	–	1829.2	1353.0
Total reserves for insurance business		**54039.8**	**47990.8**	**638.9**	**443.6**	**53400.9**	**47547.2**

9.1.1 Reserves for insurance business by business area

as of 31.12.	Notes	Gross 2020	2019	Reinsurance assets 2020	2019	Net 2020	2019
in CHF million							
Life insurance contracts							
Actuarial reserves for insurance contracts life		35 937.9	35 008.2	53.2	51.8	35 884.7	34 956.4
Provision for policyholder participation - life contracts		3 031.9	2 208.0	–	–	3 031.9	2 208.0
Unearned premium reserve for insurance contracts life		192.8	185.5	3.9	3.9	188.9	181.6
Reserves for life insurance contracts		39 162.6	37 401.7	57.1	55.7	39 105.5	37 346.0
Non-life insurance contracts							
Loss reserves for insurance contracts non-life	9.3.1	5 560.9	4 865.9	436.9	319.7	5 124.0	4 546.2
Provision for policyholder participation - non-life contracts		63.6	57.2	–	–	63.6	57.2
Unearned premium reserve for insurance contracts non-life		2 120.6	1 388.6	144.9	68.2	1 975.7	1 320.4
Reserves for non-life insurance contracts		7 745.1	6 311.7	581.8	387.9	7 163.3	5 923.8
Total reserves for insurance contracts		46 907.7	43 713.4	638.9	443.6	46 268.8	43 269.8
Investment contracts							
Actuarial reserves for investment contracts with descretionary participation features		5 033.3	2 762.0	–	–	5 033.3	2 762.0
Provision for policyholder participation - investment contracts		269.6	162.4	–	–	269.6	162.4
Reserves for investment contracts with descretionary participation features		5 302.9	2 924.4	–	–	5 302.9	2 924.4
Deposits for investment contracts	9.8	1 829.2	1 353.0	–	–	1 829.2	1 353.0
Total reserves for investment contracts		7 132.1	4 277.4	–	–	7 132.1	4 277.4
Total reserves for insurance business		**54 039.8**	**47 990.8**	**638.9**	**443.6**	**53 400.9**	**47 547.2**

Further details on technical reserves for the life and non-life business can be found in the following tables. A maturity schedule of the reserves for insurance contracts and investment contracts is provided in section 16.5 (page 167).

9.2 Changes in reserves for insurance business

in CHF million	Actuarial reserves 2020	2019	Policyholder participation 2020	2019
Reserves for insurance contracts life (gross)				
Balance as of 1 January	35 008.2	34 187.7	2 208.0	1 542.1
Change in the scope of consolidation	2 776.2	–	516.5	–
Allocation / Release	3 738.7	4 775.4	441.2	844.0
Used amounts	–5 593.8	–3 776.4	–138.4	–169.4
Foreign currency translation differences	5.7	–179.1	4.6	–8.7
Other changes	2.9	0.6	0.0	–
Balance as of 31 December	**35 937.9**	**35 008.2**	**3 031.9**	**2 208.0**
Reserves for insurance contracts non-life (gross)				
Balance as of 1 January			57.2	57.7
Change in the scope of consolidation			2.4	–
Allocation / Release			14.3	13.9
Used amounts			–10.3	–14.3
Foreign currency translation differences			0.0	–0.1
Balance as of 31 December			**63.6**	**57.2**
Reserves for investment contracts with discretionary participation features				
Balance as of 1 January	2 762.0	2 718.5	162.4	71.1
Change in the scope of consolidation	2 306.7	–	15.1	–
Allocation / Release	297.1	353.1	91.8	95.9
Used amounts	–340.7	–208.6	–	–
Foreign currency translation differences	9.7	–99.3	0.3	–4.6
Other changes	–1.5	–1.7	–	–
Balance as of 31 December	**5 033.3**	**2 762.0**	**269.6**	**162.4**
Deposits for investment contracts				
Balance as of 1 January				
Change in the scope of consolidation				
Deposits received / withdrawals				
Value changes				
Foreign currency translation differences				
Other changes				
Balance as of 31 December				
Total reserves from insurance business (gross)				
Reinsurers' share in reserves for insurance contracts				
Balance as of 1 January	51.8	59.6		
Change in the scope of consolidation	4.6	–		
Allocation / Release	18.9	17.2		
Used amounts	–21.8	–23.1		
Foreign currency translation differences	–0.3	–1.9		
Balance as of 31 December	**53.2**	**51.8**		
Total reserves from insurance business				

	Loss reserves		Unearned premium reserve		Total	
	2020	2019	2020	2019	2020	2019
			185.5	194.4	37 401.7	35 924.2
			34.4	–	3 327.1	–
			–27.2	–8.1	4 152.7	5 611.3
			–	–	–5 732.2	–3 945.8
			0.1	–0.8	10.4	–188.6
			–	–	2.9	0.6
			192.8	**185.5**	**39 162.6**	**37 401.7**
	4 865.9	4 846.7	1 388.6	1 259.1	6 311.7	6 163.5
	463.2	–	669.8	–	1 135.4	–
	1 722.3	1 404.4	91.5	163.9	1 828.1	1 582.2
	–1 395.4	–1 297.8	–	–	–1 405.7	–1 312.1
	–95.1	–87.4	–29.3	–34.4	–124.4	–121.9
	5 560.9	**4 865.9**	**2 120.6**	**1 388.6**	**7 745.1**	**6 311.7**
			–	–	2 924.4	2 789.6
			0.0	–	2 321.8	–
			0.0	–	388.9	449.0
			–	–	–340.7	–208.6
			0.0	–	10.0	–103.9
			–	–	–1.5	–1.7
			0.0	**–**	**5 302.9**	**2 924.4**
					1 353.0	1 155.9
					318.5	–
					118.5	130.3
					49.6	103.9
					–1.1	–38.1
					–9.3	1.0
					1 829.2	**1 353.0**
					54 039.8	**47 990.8**
	319.7	349.0	72.1	50.2	443.6	458.8
	108.4	–	75.5	–	188.5	–
	91.2	83.3	2.9	23.9	113.0	124.4
	–80.0	–104.9	–	–	–101.8	–128.0
	–2.4	–7.7	–1.7	–2.0	–4.4	–11.6
	436.9	**319.7**	**148.8**	**72.1**	**638.9**	**443.6**
					53 400.9	**47 547.2**

9.3 Non-life business

Loss reserves are determined using actuarial methods based on many years of claims experience. The assumptions used in determining the loss reserves have not changed materially in this reporting year.

The Liability Adequacy Test (LAT) for non-life business resulted in an additional increase in loss reserves of CHF 47.6 million as of 31 December 2020 (previous year: CHF 45.4 million).

Insurance conditions and risks in the non-life business are described in section 16.2 (from page 154). The following table sets out the development of loss reserves for the previous ten years.

9.3.1 Claims settlement

Year of loss occurrence	before 2011	2011	2012
in CHF million			
Run-off year 1		1 674.2	1 802.6[3]
Run-off year 2[4]		1 836.3[3]	1 819.6
Run-off year 3		1 753.3	2 662.2[2]
Run-off year 4		2 496.1[2]	2 580.8
Run-off year 5		2 432.8	2 549.2
Run-off year 6		2 420.2	2 525.8
Run-off year 7		2 415.9	2 500.5
Run-off year 8		2 383.1	2 480.2
Run-off year 9		2 374.7	3 084.1[1]
Run-off year 10		3 066.9[1]	
Estimated claims after year of loss occurence		3 066.9	3 084.1
Accumulated claims paid as of 31 December		–2 955.9	–3 009.3
Estimated loss reserves as of 31 December	779.2	111.0	74.8
Increase of loss reserves based on LAT			
Claims handling costs			
Other technical reserves non-life			
Loss reserves as of 31 December			
Group reinsurance share			
Loss reserves as of 31 December			

1 Effects of the acquisition of Caser in 2020
2 Effects of the acquisition of Nationale Suisse and Basler Austria in 2014
2 Effects from the acquisition of the French transport insurance business of Gan Eurocourtage in 2012
4 Due to the demarcation effect for contracts on an underwriting year basis (active reinsurance, parts of the transport business), the claims cost increased in the second insurance year.

The table above regarding the claims settlement in non-life business shows that, after taking into consideration the effects from earlier acquisitions:

– Claims settlement is very stable.
– Sufficient provisions are raised at an early stage to cover all existing technical liabilities.
– The fluctuation of the annual claims incurred is small overall for the well-diversified portfolio even before reinsurance.

2013	2014	2015	2016	2017	2018	2019	2020	Total
1 839.3	2 722.2[2]	2 674.1	2 472.0	2 591.1	2 621.1	2 761.0	3 916.7[1]	
2 705.1[2]	2 642.1	2 771.2	2 485.6	2 750.3	2 859.6	3 614.0[1]		
2 617.7	2 490.1	2 627.9	2 389.4	2 732.7	3 505.4[1]			
2 554.2	2 336.3	2 694.0	2 341.1	3 360.2[1]				
2 540.6	2 271.7	2 609.1	2 864.4[1]					
2 494.8	2 243.3	3 164.0[1]						
2 485.7	2 803.0[1]							
3 120.1[1]								
3 120.1	2 803.0	3 164.0	2 864.4	3 360.2	3 505.4	3 614.0	3 916.7	
–3 016.0	–2 635.9	–2 815.8	–2 603.5	–2 939.1	–2 893.8	–2 712.6	–1 983.1	
104.1	167.1	348.2	260.9	421.1	611.6	901.4	1 933.6	5 713.0
								47.6
								219.0
								61.6
								6 041.2
								–480.3
								5 560.9

9.4 Life business

The actuarial reserve is normally calculated in a three-step process. In a first step, the actuarial reserve is computed based on local standards. These include applicable local parameters such as interest rates, mortality, surrender rates, expenses and additional biometric parameters which are usually set at the time of contract conclusion and vary by country, year of issuance and product. If the reserves prove to be insufficient from a local point of view, they are increased in most countries in a second step. A required reserve increase may be spread over several years in the local financial statements, depending on local requirements and circumstances. In a third step, the Liability Adequacy Test (LAT) finally applies Group-wide uniform standards to test whether the actuarial reserves included in the local financial statements (including additional reserve increases less local deferred acquisition costs) are sufficient. Across the Group the LAT required an allocation of additional actuarial reserves of CHF 16.3 million as of 31 December 2020 (previous year: CHF 10.5 million).

In the Swiss life business, the actuarial reserves increased by CHF 193.5 million due to changes to local actuarial assumptions, in particular assumptions regarding mortality, expected claims for disability and the maximum interest rate for reserves, within the framework of the standard periodic review.

Insurance conditions and risks in the life business are described in section 16.3 (from page 156). Sensitivities of actuarial reserves are outlined in section 16.3.3 (from page 157).

9.4.1 Assets and liabilities with market risk for the policyholder

as of 31.12.	2020	2019
in CHF million		
Assets with market risk for the policyholder		
Investments with market risk for the policyholder	4 865.3	4 266.1
Other assets	280.6	55.8
Total assets with market risk for the policyholder	**5 145.9**	**4 321.9**
Liabilities with market risk for the policyholder		
Actuarial reserves (gross)	3 231.4	2 870.5
Unearned premium reserve (gross)	11.6	10.7
Financial liabilities including derivatives	1 902.9	1 440.7
Total liabilities with market risk for the policyholder	**5 145.9**	**4 321.9**

9.5 Reinsurance assets

as of 31.12.	Notes	2020	2019
in CHF million			
Reinsurers' share in reserves for insurance contracts	9.1.1	638.9	443.6
Reinsurance deposit receivables		88.1	80.2
Reinsurance assets		**727.0**	**523.8**

Reinsurance deposit receivables are classified as "Loans and receivables" (LAR). They include deposits held by the ceding direct insurer in respect of unearned premiums, future loss payments and actuarial reserves for assumed indirect business. The fair value at the reporting date equals the nominal value. The method used for determining the fair value of the deposit receivables is allocated to the "Level 2" category. There were no impairments of deposit receivables.

9.6 Deferred acquisition costs

	Life		Non-life		Total	
	2020	2019	2020	2019	2020	2019
in CHF million						
Balance as of 1 January	296.6	293.2	210.3	195.6	506.9	488.8
Change in the scope of consolidation	2.1	–	119.0	–	121.1	–
Capitalised in the period	41.7	40.2	132.1	96.4	173.8	136.6
Amortised in the period	–37.1	–35.8	–93.4	–76.0	–130.5	–111.8
Foreign currency translation differences	–0.1	–1.0	–1.8	–5.7	–1.9	–6.7
Balance as of 31 December	**303.2**	**296.6**	**366.2**	**210.3**	**669.4**	**506.9**

The Helvetia Group defers acquisition costs in non-life and individual life business. The deferred acquisition costs are tested for impairment as part of the Liability Adequacy Test on every reporting date. The share of "Deferred acquisition costs" classified as current is CHF 293.3 million (previous year: CHF 186.7 million).

9.7 Receivables and liabilities from insurance business

	Receivables (LAR)		Liabilities at amortised cost	
as of 31.12.	2020	2019	2020	2019
in CHF million				
Due from / due to policyholders	709.3	731.9	1416.2	1553.8
Due from / due to agents and brokers	242.5	155.4	216.9	105.9
Due from / due to insurance companies	926.5	664.6	408.2	340.9
Total receivables / liabilities	**1878.3**	**1551.9**	**2041.3**	**2000.6**

The receivables and liabilities from insurance business are primarily short term. A maturity schedule of the liabilities is provided in the table in section 16.5 (page 167). The amortised cost of the receivables usually equals the fair value. The method used for determining the fair value is allocated to the "Level 2" category with the exception of CHF 69.0 million in liabilities to insurance brokers, allocated to the "Level 3" category.

9.7.1 Analysis of past due receivables without individual impairment

as of 31.12.	< 1 month 2020	2019	2–3 months 2020	2019	4–6 months 2020	2019	> 6 months 2020	2019
in CHF million								
Due from policyholders	102.1	114.3	27.1	31.0	64.9	13.5	50.8	26.8
Due from agents and brokers	35.8	6.1	30.8	7.8	20.0	5.2	11.8	2.1
Due from insurance companies	37.7	7.1	108.0	9.4	22.3	11.4	39.9	29.5
Total past due receivables from insurance business without individual impairment	**175.6**	**127.5**	**165.9**	**48.2**	**107.2**	**30.1**	**102.5**	**58.4**

The analysis of past due receivables contains all past due receivables that were not impaired as well as portfolio allowances.

9.7.2 Change in the allowance accounts for receivables

in CHF million	Individual impairment 2020	2019	Collective impairment 2020	2019	Total 2020	2019
Balance as of 1 January	20.5	17.3	16.3	17.3	36.8	34.6
Impairment	21.3	5.0	2.8	3.2	24.1	8.2
Reversal of impairment loss	–9.6	–1.4	–1.9	–3.7	–11.5	–5.1
Disposals	–	–	0.0	0.0	0.0	0.0
Foreign currency translation differences	0.0	–0.4	0.0	–0.5	0.0	–0.9
Other changes	0.1	–	0.0	–	0.1	–
Balance as of 31 December	**32.3**	**20.5**	**17.2**	**16.3**	**49.5**	**36.8**

Past due receivables from policyholders are usually impaired on a collective basis. Individual impairment is mostly applied to specific receivables from brokers and insurance companies.

9.7.3 Analysis of individually impaired receivables

as of 31.12.	Gross 2020	2019	Individual Impairment 2020	2019	Net 2020	2019
in CHF million						
Due from policyholders	13.5	11.9	13.5	11.9	–	–
Due from agents and brokers	9.5	6.4	9.5	6.4	–	–
Due from insurance companies	10.5	2.2	9.3	2.2	1.2	–
Total	**33.5**	**20.5**	**32.3**	**20.5**	**1.2**	**–**

9.8 Total financial liabilities from insurance business

as of 31.12.	Book value 2020	2019	Acquisition cost / amortised cost 2020	2019	Fair value 2020	2019
in CHF million						
Financial liabilities at amortised cost						
Deposit liabilities for credited policyholder profit participation	411.1	451.4	411.1	451.4	411.1	451.4
Deposit liabilities from reinsurance contracts	102.4	64.7	102.4	64.7	102.4	64.7
Total financial liabilities at amortised cost	513.5	516.1	513.5	516.1	513.5	516.1
Financial liabilities at fair value						
Deposits for investment contracts	1 829.2	1 353.0	1 829.1	1 353.0	1 829.2	1 353.0
Total financial liabilities at fair value	1 829.2	1 353.0	1 829.1	1 353.0	1 829.2	1 353.0
Total financial liabilities from insurance business	**2 342.7**	**1 869.1**	**2 342.6**	**1 869.1**	**2 342.7**	**1 869.1**

Deposit liabilities for credited policyholder profit participation

Deposit liabilities for credited policyholder profit participation include interest-bearing credit balances already contractually allocated to the holders of individual life insurance policies and policyholder dividends from Group life insurance business that are either available early or only when the insurance benefits fall due, depending on the applicable insurance terms and conditions.

Deposit liabilities from reinsurance contracts

Deposit liabilities from reinsurance contracts consist of deposits for unearned premiums, future loss payments and actuarial reserves for direct (ceded) and indirect (retroceded) business.

Deposits for investment contracts

Deposits for investment contracts come from insurance contracts without significant insurance technical risk and without discretionary participation features. With these contracts, the policyholder participates directly in the performance of an external investment fund or external index. The change in fair value is solely due to changes in the performance of the underlying investment fund or index.

Amounts paid into or from these deposits do not affect revenues and are not recorded in the income statement, but are offset against the deposit. The features of these products are very similar to those of insurance contracts, apart from the fact that there is hardly any insurance technical risk. Insurance conditions and risks are described in section 16 (from page 152).

10. Income taxes

10.1 Current and deferred income taxes

in CHF million	2020	2019
Current tax	78.0	69.0
Deferred tax	–39.8	–42.3
Total income taxes	**38.2**	**26.7**

10.2 Change in deferred tax assets and liabilities (net)

in CHF million	2020	2019
Balance as of 1 January	810.5	751.1
Change in the scope of consolidation	7.3	1.2
Deferred taxes recognised in other comprehensive income	64.6	104.8
Deferred taxes recognised in the income statement	–39.8	–42.3
Foreign currency translation differences	–0.1	–4.3
Balance as of 31 December	**842.5**	**810.5**

10.3 Expected and actual income taxes

in CHF million	2020	2019
Profit or loss before tax	319.9	564.8
Expected income taxes	68.5	115.1
Increase / reduction in taxes resulting from:		
tax-exempt income or income taxed at a reduced rate	–36.1	–8.6
non-deductible expenses	28.6	8.1
Change in tax rates	–20.4	–108.3
Tax elements related to other periods	1.9	21.0
Effect of losses	–2.4	–0.2
Other	–1.9	–0.4
Actual income taxes	**38.2**	**26.7**

In the previous year, Helvetia recorded a one-off positive effect recognised through profit or loss totalling CHF 108.3 million due to the reduction of deferred tax provisions. This arose from the acceptance of the Federal Act on Tax Reform and AHV Financing (TRAF) as well as the associated assumed cantonal tax proposals and the resulting reduction of various cantonal tax rates.

In the current year, Helvetia was able to realise a tax benefit due to the Federal Act on Tax Reform and AHV Financing (TRAF) with a positive effect recognised through profit or loss totalling CHF 15.9 million.

The expected tax rate applicable to the Helvetia Group was 21.4% for 2020 (previous year: 20.4%). This rate is derived from the weighted average of expected tax rates in the individual countries where the Group operates.

The reason for the increase in the weighted average tax rate lies in the geographical allocation of the gains on the one hand, and the different tax rates that apply in the individual territories on the other.

10.4 Taxes on expenses and income recognised in other comprehensive income

	before tax		deferred taxes		after tax	
	2020	2019	2020	2019	2020	2019
in CHF million						
May be reclassified to income						
Change in unrealised gains and losses on investments	591.3	1 432.7	–134.9	–244.3	456.4	1 188.4
Change from net investment hedge	98.2	21.8	–	–	98.2	21.8
Foreign currency translation differences	–106.4	–85.5	–	–	–106.4	–85.5
Change in liabilities for contracts with participation features	–298.7	–664.1	69.0	117.2	–229.7	–546.9
Total that may be reclassified to income	284.4	704.9	–65.9	–127.1	218.5	577.8
Will not be reclassified to income						
Revaluation from reclassification of property and equipment	–0.1	–0.7	0.0	0.2	–0.1	–0.5
Revaluation of benefit obligations	–14.6	–163.7	0.7	26.1	–13.9	–137.6
Change in liabilities for contracts with participation features	0.5	17.5	0.1	–2.2	0.6	15.3
Total that will not be reclassified to income	–14.2	–146.9	0.8	24.1	–13.4	–122.8
Total other comprehensive income	**270.2**	**558.0**	**–65.1**	**–103.0**	**205.1**	**455.0**

10.5 Deferred tax assets and liabilities

			Tax assets			Tax liabilities
as of 31.12.2020			Total			Total
in CHF million						
Unearned premium reserve	42.9	–	42.9	1.9	–	1.9
Loss reserves	51.5	–	51.5	247.3	–	247.3
Actuarial reserves	140.5	–	140.5	129.2	–	129.2
Provision for future policyholder participation	113.3	281.2	394.5	4.8	1.4	6.2
Investments	195.3	1.8	197.1	747.8	631.8	1 379.6
Deferred acquisition costs	10.0	–	10.0	55.0	–	55.0
Property, equipment and intangible assets	26.4	–	26.4	190.1	1.6	191.7
Financial liabilities	132.4	–	132.4	1.9	–	1.9
Non-technical provisions	2.0	–	2.0	8.5	–	8.5
Employee benefits	62.3	88.2	150.5	24.0	1.8	25.8
Tax assets from losses carried forward	28.2	–	28.2	–	–	–
Other	83.3	–	83.3	54.7	–	54.7
Deferred taxes (gross)	**888.1**	**371.2**	**1 259.3**	**1 465.2**	**636.6**	**2 101.8**
Offset			–1 228.2			–1 228.2
Deferred taxes (net)			**31.1**			**873.6**

			Tax assets			Tax liabilities
as of 31.12.2019			Total			Total
in CHF million						
Unearned premium reserve	43.8	–	43.8	3.1	–	3.1
Loss reserves	31.6	–	31.6	226.1	–	226.1
Actuarial reserves	3.5	–	3.5	120.5	–	120.5
Provision for future policyholder participation	82.6	234.1	316.7	1.3	8.6	9.9
Investments	68.1	2.3	70.4	508.5	512.3	1 020.8
Deferred acquisition costs	6.0	–	6.0	49.3	–	49.3
Property, equipment and intangible assets	1.6	–	1.6	77.8	1.6	79.4
Financial liabilities	75.4	–	75.4	0.6	–	0.6
Non-technical provisions	9.4	–	9.4	8.8	–	8.8
Employee benefits	36.1	87.3	123.4	22.8	1.8	24.6
Tax assets from losses carried forward	12.9	–	12.9	–	–	–
Other	68.9	–	68.9	31.0	–	31.0
Deferred taxes (gross)	**439.9**	**323.7**	**763.6**	**1 049.8**	**524.3**	**1 574.1**
Offset			–757.4			–757.4
Deferred taxes (net)			**6.2**			**816.7**

Valuation differences on shares in subsidiaries of CHF 4,701.6 million (previous year: 3,978.5 million) did not lead to the recognition of deferred tax liabilities, as a reversal of the differences through realisation (dividend payment or sale of subsidiaries) is unlikely in the near future, or the gains are not subject to taxation.

10.6 Losses carried forward

10.6.1 Net tax assets from losses carried forward

as of 31.12.	2020	2019
in CHF million		
Expire within 1 year	1.8	–
Expire between 2 and 3 years	8.4	9.1
Expire between 4 and 7 years	17.8	11.8
Without expiration	93.9	39.0
Total recognised losses carried forward	121.9	59.9
Resulting tax assets	28.2	12.9
Net tax assets from losses carried forward	**28.2**	**12.9**

10.6.2 Losses carried forward without tax assets recognised

Losses carried forward in the amount of CHF 104.2 million (previous year: CHF 94.8 million) as at 31 December 2020, no tax assets were recognised for losses carried forward, as the related tax benefits cannot be expected to be realised with the current earnings situation of the respective companies. These loss carryforwards do not have an expiry date. The tax rates applicable to material losses carried forward for which no tax assets were recognised range between 17.0% and 25.0% (previous year: 17.0% bis 28.9%).

11. Total equity

11.1 Share capital and treasury shares

The fully paid up registered shares of Helvetia Holding AG have a par value of CHF 0.02 (previous year: CHF 0.02).

On 22 June 2020, Helvetia issued 3.3 million new shares at a price of CHF 91.00 per share, which resulted in gross proceeds of CHF 300.3 million. With this transaction, equity increased by CHF 293.1 million and the number of shares to 53,025,685.

The purchase of Helvetia Holding AG registered shares is not subject to any restrictions. Shareholders who purchase the shares in their own name and on their own behalf are entered in the share register with voting rights for a maximum of 5% of the issued registered shares. Individuals who do not explicitly certify in the registration application that they acquired the shares on their own behalf are entered in the share register for a maximum of 3%.

The treasury shares that were granted to Helvetia Group employees at favourable terms under the Helvetia employee share purchase plan did not come from the company's own stock but were acquired on the market. This resulted in an expense of CHF 1.6 million in the previous period, which was charged to the capital reserve with no impact on profit or loss. This amount represents the difference between the purchase price and the reduced price for employees. No share purchase plan was offered to employees in 2020.

In the reporting year, Patria Genossenschaft paid CHF 45.0 million into the bonus reserves of Helvetia Schweizerische Lebensversicherungsgesellschaft AG (previous year: CHF 45.0 million). This was credited to equity without affecting profit or loss and allocated in total to "Provision for future policyholder participation" under liabilities in accordance with its purpose.

	Number of shares	Share capital in CHF million
Share capital		
As of 1.1.2019	49725685	1.0
As of 31.12.2019	49725685	1.0
As of 31.12.2020	**53025685**	**1.0**
Treasury shares		
As of 1.1.2019	280670	0.0
As of 31.12.2019	267932	0.0
As of 31.12.2020	**242844**	**0.0**
Shares outstanding		
As of 1.1.2019	49445015	1.0
As of 31.12.2019	49457753	1.0
As of 31.12.2020	**52782841**	**1.0**

[1] A five-for-one share split was implemented on 10.5.2019. The figures have been adjusted retrospectively.

11.2 Reserves

11.2.1 Capital reserves

The capital reserve consists of assets paid in by third parties. The capital reserve primarily comprises the share premium of shares issued by Helvetia Holding AG and the preferred securities of Helvetia Group as well as the result from treasury share transactions.

11.2.2 Retained earnings

Accumulated non-distributed earnings of Helvetia Group are recognised in the balance sheet as "Retained earnings". Besides freely disposable funds, retained earnings also comprise the revaluation of benefit obligations and statutory reserves and reserves bound by the articles of incorporation which are sustained by the profit for the year and subject to restrictions on distributions.

11.2.3 Reserve for foreign currency translation differences

The reserve for "Foreign currency translation differences" results from the translation of financial statements prepared in foreign currency into the Group's reporting currency (Swiss franc) as well as the effective portion of the net investment hedge for foreign exchange gains and losses on investments in subsidiaries with a foreign reporting currency.

11.2.4 Reserve for unrealised gains and losses

The reserve for "Unrealised gains and losses" includes fair value changes of available-for-sale investments (AFS), the portion of unrealised gains and losses of associates, as well as value changes resulting from the transfer of owner-occupied property.

The reserve is adjusted at the reporting date by the portion relating to contracts with participation features and deferred taxes. The portion reserved for the owners of contracts with participation features is transferred to "Liabilities". This item plus foreign exchange influences amounts to CHF 298.7 million (previous year: CHF 664.1 million). The remaining portion regarding contracts is allocated to the "Valuation reserve for contracts with participation features in equity" (see section 11.2.5, page 140).

During the reporting year, a transfer of CHF -1.0 million was made (previous year: CHF 0.0 million) to retained earnings as a consequence of disposals of owner-occupied properties transferred to investment property.

Change in unrealised gains and losses in equity

in CHF million	Notes	
Balance as of 1 January		
Fair value revaluation incl. foreign currency translation differences		
Gains reclassified to the retained earnings due to disposals		
Gains reclassified to the income statement due to disposals		
Losses reclassified to the income statement due to disposals		
Impairment losses reclassified to the income statement		
Balance as of 31 December		
less:		
Obligations for contracts with participation features in 'Liabilities'		
Valuation reserves for contracts with participation features in 'Equity' (gross)	11.2.5	
Non-controlling interests		
Deferred taxes on remaining portion		
Unrealised gains and losses (net) as of 31 December		

Change in retained earnings

in CHF million	2020	2019
Balance as of 1 January	3 505.5	3 441.8
Profit or loss for the period	246.6	409.1
Revaluation of benefit obligations	–12.2	–139.7
Change in liabilities for contracts with participation features	0.5	17.5
Deferred taxes	0.6	22.2
Comprehensive income	235.5	309.1
Transfer from / to retained earnings	–17.0	–16.8
Acquisition of subsidiaries	–375.5[1]	0.0
Change in minority interests	–6.9	11.1
Share capital increase	–	–2.3
Dividends	–244.4	–237.4
Total retained earnings as of 31 December	**3 097.2**	**3 505.5**

[1] In connection with the acquisition of Caser in 2020, the minority shareholders were granted the option of selling their shares to Helvetia. Written put options on shares in subsidiaries are reported under IFRS as financial liabilities in the amount of the present value of the overall purchase price. These options are recognised in retained earnings with no effect on the income statement.

Available-for-sale investments		Associates		Transfer of owner-occupied property		Total unrealised gains and losses	
2020	2019	2020	2019	2020	2019	2020	2019
2 857.0	1 424.4	–	–	28.8	29.5	2 885.8	1 453.9
805.0	1 478.2	–	–	–0.1	–0.7	804.9	1 477.5
–	–	–	–	–1.0	0.0	–1.0	0.0
–202.3	–66.0	–	–	–	–	–202.3	–66.0
0.3	19.2	–	–	–	–	0.3	19.2
–11.7	1.2	–	–	–	–	–11.7	1.2
3 448.3	2 857.0	–	–	27.7	28.8	3 476.0	2 885.8
						–1 717.6	–1 426.5
						–1 101.3	–955.3
						–43.0	–1.2
						–128.4	–101.2
						485.7	**401.6**

11.2.5 Valuation reserves for contracts with participation features

Surpluses from insurance and investment contracts beyond the country-defined "legal quotas" are recognised in the valuation reserve for contracts with participation features. These arise because the policyholder additionally participates in valuation differences that result from the differences between local and IFRS accounting.

The valuation reserve for contracts with participation features comprises the share of unrealised gains and losses on investments relating to contracts with profit participation recognised directly in equity, and the portion from retained earnings arising from valuation differences. The use of the reserves is at the insurer's discretion (see section 2.16.2, from page 88).

Change in valuation reserve for contracts with participation features

in CHF million	2020	2019
Unrealised gains and losses on contracts with participation features		
Balance as of 1 January	955.3	472.5
Change in unrealised gains and losses	146.0	486.3
Foreign currency translation differences	0.1	–3.5
Balance as of 31 December	1 101.4	955.3
less:		
Deferred taxes	–205.9	–176.0
Unrealised gains and losses as of 31 December	895.5	779.3
Retained earnings on contracts with participation features		
Balance as of 1 January	956.9	850.3
Share of profit for the year	18.2	130.1
Revaluation of benefit obligations	–1.8	–23.1
Deferred taxes on revaluation of benefit obligations	0.1	1.6
Foreign currency translation differences	0.0	0.0
Reclassifications	–3.5	–2.0
Retained earnings as of 31 December	969.9	956.9
Valuation reserves for contracts with participation features as of 31 December	**1 865.4**	**1 736.2**

Reclassification of the retained earnings on contracts with discretionary participation features is required under local regulations for the appropriation of profit in Italy. The amounts are transferred to retained earnings.

11.3 Preferred securities

In 2020, on the first call date Helvetia repaid a subordinated perpetual bond issued in 2014 for CHF 400 million paying interest at 3.50%. The bond was classified as equity.

In 2020, Helvetia Schweizerische Versicherungsgesellschaft AG issued a subordinated perpetual bond of CHF 275 million. This bond will pay interest at 1.50% per year until 2026. The first call date on which Helvetia has the right, but not the obligation, to repay the bond is 12 August 2026. Thereafter, the new fixed interest rate will be based on the five-year CHF mid-swap rate and the initial margin.

Furthermore, in 2020, Helvetia Schweizerische Versicherungsgesellschaft AG issued a subordinated perpetual bond of CHF 200 million. This bond will pay interest at 1.75% per year until 2028. This bond meets all solvency requirements and is allocated to equity. The first call date on which Helvetia has the right, but not the obligation, to repay the bond is 26 May 2028. Thereafter, the new fixed interest rate will be based on the five-year CHF mid-swap rate and the initial margin.

In 2015, Helvetia Schweizerische Versicherungsgesellschaft AG issued a subordinated perpetual bond of CHF 300 million. This bond will pay interest at 3.00% per year until 2022. The first call date on which Helvetia has the right, but not the obligation, to repay the bond is 23 November 2022. After this date, the interest rate will be set for five years at a time based on the five-year CHF swap rate and the initial margin of 302.5 basis points.

The bonds meet all solvency requirements and are allocated to equity. The interest is charged directly to equity. Helvetia can suspend interest payments at its discretion only when Helvetia Holding AG does not pay any dividends and if certain other conditions are fulfilled. However, the suspended interest payments do not lapse.

11.4 Deferred taxes recognised in other comprehensive income

Deferred taxes recognised directly in other comprehensive income arise from valuation differences that primarily result from the fair value valuation of AFS financial assets and value changes related to the transfer of property and the revaluation of benefit obligations. On the reporting date, they amounted to a total of CHF 265.3 million (previous year: CHF 200.5 million).

11.5 Earnings per share

Basic earnings per share (EPS) are calculated on the weighted average number of shares outstanding of Helvetia Holding AG and the portion of the Group's profit for the year attributable to shareholders including the interest on the preferred securities recognised directly in equity. Diluted earnings for both reporting periods correspond to the basic earnings, as no convertible instruments or options that could have a dilutive effect are outstanding.

Earnings per share for the period

	2020	2019
in CHF		
Profit or loss for the period	281 656 441	538 136 648
Interest on preferred securities	–21 053 432	–18 802 500
Earnings for shareholders and non-controlling interests	260 603 009	519 334 148
Non-controlling interests	–16 848 359	1 081 105
Earnings for shareholders without non-controlling interests	243 754 650	520 415 253
Weighted average number of shares outstanding	51 176 731	49 460 623
Earnings per share	**4.76**	**10.52**

11.6 Dividends

The Board of Directors will submit a proposal to the Shareholders' Meeting of 30 April 2021 to pay a dividend of 5.00 per share (previous year: CHF 5.00) with the total payout amounting to CHF 265.1 million (previous year: CHF 248.6 million). The proposed dividend will not be distributed before it has been approved by the Ordinary Shareholders' Meeting. The dividend distribution is only recognised when approved by the Shareholders' Meeting.

Helvetia Holding AG and its subsidiaries are subject to a range of restrictions under company law and supervisory regulations with regard to the dividends that may be distributed to the parent company, i.e. the owner.

Helvetia Group is required to report to the Swiss Financial Market Supervisory Authority (FINMA) in Switzerland. FINMA also acts as the European Group Supervisor of Helvetia Group. The Group is also subject to supervisory requirements in the form of minimum solvency margins, compliance with which can lead to restrictions with regard to the dividends of Helvetia Holding AG.

12. Provisions and other commitments

12.1 Non-technical provisions

	2020	2019
in CHF million		
Balance as of 1 January	152.5	125.6
Change in the scope of consolidation	16.9	–
Allocation	83.4	97.9
Release	−68.7	−33.3
Used amounts	−44.1	−35.6
Foreign currency translation differences	−0.6	−2.1
Balance as of 31 December	**139.4**	**152.5**

“Non-technical provisions” primarily consists of provisions for liabilities resulting from official regulation, provisions arising from other tax obligations, provisions for restructuring expenses and liabilities due to agents. The share of provisions classified as current is CHF 116.8 million (previous year: CHF 146.9 million).

12.2 Contingent liabilities and other commitments

The following liabilities are not recognised in the balance sheet:

Capital commitments

At the reporting date, there were financial commitments for the future acquisition of financial investments and fixed assets in the amount of CHF 251.5 million (previous year: CHF 182.8 million).

Assets pledged or assigned

The Helvetia Group has pledged assets of CHF 506.5 million as security for liabilities (previous year: CHF 78.8 million). They are allocated to financial investments and other assets pledged in favour of liabilities from technical business, as securities for hedging instruments or as repurchase agreements.

Legal proceedings

The Group is involved in various legal proceedings, claims and litigation that are mostly related to its insurance operations. However, Group management is not aware of any case that could materially impact the Group's financial position and financial performance.

Other contingent liabilities

At the reporting date, there was CHF 36.1 million (previous year: CHF 26.7 million) in other contingent liabilities.

13. Employee benefits

Helvetia Group had a total of 11,687 full-time positions as at 31 December 2020 (previous year: 6,829). Total personnel costs are shown in the table below.

13.1 Personnel costs

	Note	2020	2019
in CHF million			
Commissions		179.3	168.5
Salaries		673.6	572.3
Social security costs		111.7	100.5
Pension costs – defined contribution plans		7.3	5.9
Pension costs – defined benefit plans	13.3.4	93.4	83.1
Share-based payment transaction costs		0.7	4.2
Other personnel costs		60.8	42.3
Total personnel costs		**1 126.8**	**976.8**

13.2 Employee benefit receivables and obligations

		Receivables		Liabilities	
as of 31.12.	Notes	2020	2019	2020	2019
in CHF million					
Kind of benefit					
Defined benefit plans	13.3.1	0.7	1.2	742.5	703.2
Other long-term employee benefits		–	–	28.9	30.7
Short-term employee benefits		2.0	0.8	97.1	97.4
Total employee benefit receivables and obligations		**2.7**	**2.0**	**868.5**	**831.3**

"Other long-term employee benefits" principally contain liabilities for service awards. There are no employee contingent liabilities or employee contingent receivables.

13.3 Defined benefit plans

The employees of the Helvetia Group are covered under several pension plans in Switzerland and abroad.

There are several foundations in Switzerland designed to provide benefits to employees upon retirement and in the event of disability as well as after their death to their surviving dependants in accordance with the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG). The benefits provided by the pension fund meet at least the statutory minimum required by the BVG. Contributions to the pension fund are set as a percentage of the employee's pensionable annual salary, deducted from the salary by the employer and transferred every month to the pension fund, together with the employer's contributions. In the reporting year there were no significant transactions between the pension fund and the Helvetia Group that are not directly related to employee benefits.

The Group investments included in the plan assets are set out in section 13.3.8 (page 147). There are other funded defined benefit plans in place in Germany.

In addition, unfunded defined benefit plans are in place in Germany, Austria, Italy, Spain and France. The accumulated pension obligations are recorded as pension liabilities in the balance sheet of the employer. These pension plans cover benefits for retirement, death, disability or termination of the employment contract with consideration given to local labour laws and social legislation in the individual countries. The benefits are fully financed by the employer.

The defined benefit plans include actuarial risks, particularly investment risks, longevity and interest rate risks.

The management of the pension funds is under the supervision of the respective boards of trustees. Their responsibilities are set out in the respective pension fund regulations. The pension plans are subject to the respective local supervisory authorities. In accordance with local regulations, some of these are defined contribution plans, so the benefits do not depend on the final salary. Nevertheless, these plans are also deemed to be defined benefit plans under IFRS, as in cases in which the plan assets no longer cover the pension obligations in accordance with local accounting standards – a so-called funding deficiency of an employee pension plan – restructuring contributions may be levied from the employer.

13.3.1 Reconciliation of balance sheet

as of 31.12.	2020	2019
in CHF million		
Present value of funded obligations (+)	3726.4	3678.3
Fair value of plan assets (–)	–3153.3	–3142.8
Surplus (–) / deficit (+)	573.1	535.5
Present value of unfunded obligations (+)	168.7	166.5
Unrecognised assets (asset ceiling)	–	–
Net liability[1] for defined benefit plans	**741.8**	**702.0**

1 The "Net liabilities" position does not contain any reimbursement rights

13.3.2 Change in the present value of pension obligations

in CHF million	2020	2019
Defined benefit obligation as of 1 January	3 844.8	3 380.6
Change in the scope of consolidation	5.6	0.5
Service cost	133.1	117.0
Interest cost	7.8	31.3
Actuarial gains (–) / losses (+)		
– demographic assumptions	–	–3.7
– financial assumptions	1.4	414.7
– experience adjustments	3.5	–0.9
Benefits (net)	–99.4	–81.3
Past service cost	0.1	0.0
Foreign currency translation differences	–1.8	–13.4
Defined benefit obligation as of 31 December	**3 895.1**	**3 844.8**

As at 31 December 2020, 90.1 % (previous year: 90.1 %) of the pension obligations resulted from pension plans in Switzerland.

13.3.3 Changes in the fair value of plan assets

in CHF million	2020	2019
Fair value of plan assets as of 1 January	3 142.8	2 837.3
Change in the scope of consolidation	–	0.0
Employer contributions	58.0	71.6
Employee contributions	44.3	42.3
Interest income	3.3	22.9
Benefits (net)[1]	–85.1	–64.8
Return on plan assets excluding interest income	–9.9	234.3
Foreign currency translation differences	–0.1	–0.8
Fair value of plan assets as of 31 December	**3 153.3**	**3 142.8**

[1] This item includes paid-in and withdrawn vested benefits as well as pensions and annuities.

As at 31 December 2020, 99.5 % (previous year: 99.5 %) of the plan assets related to pension plans in Switzerland.

13.3.4 Net pension costs

in CHF million	2020	2019
Current service cost	133.1	117.0
Past service cost	0.1	0.0
Net interest expense	4.5	8.4
Employee contributions	–44.3	–42.3
Net pension costs for defined beneit plans	**93.4**	**83.1**

Expenses for defined benefit plans are recognised in the income statement under "Operating and administrative expenses". Expected employer contributions toward defined benefit plans for the next year amount to CHF 69.8 million.

13.3.5 Revaluation of benefit obligations

in CHF million	2020	2019
Actuarial gains (+) / losses (–)	4.9	410.1
Return on plan assets excluding interest income	9.9	–234.3
Limit on assets (asset ceiling)	–	–8.3
Revaluation of benefit obligations	**14.8**	**167.5**

Revaluations of benefit obligations are recognised in the consolidated statement of comprehensive income.

13.3.6 Actuarial assumptions

	Switzerland		Abroad	
Weighted averages	2020	2019	2020	2019
in %				
Discount rate	0.1	0.1	1.1	1.1
Expected salary increases	1.0	1.0	2.1	2.1
Expected pension increases	0.0	0.0	1.8	1.8
Duration of the defined benefit liability (in years)	16.1	16.1	18.3	17.7

Helvetia based its life expectancy assumption on the BVG 2015 generation tables. Net interest income from plan assets to be recognised in the income statement is calculated using the same interest rate applied to the calculation of interest on defined benefit obligations.

13.3.7 Sensitivity analysis

The sensitivity analysis takes into account the change to benefit obligations and the current service cost when there is a change of 50 basis points to the actuarial assumptions. Only one parameter is adjusted in each case; the other assumptions remain unchanged.

		Effect on benefit obligations		Effect on service cost	
as of 31.12.	Change	2020	2019	2020	2019
in CHF million					
Discount rate	+50bp	–295.4	–292.9	–8.3	–8.2
Discount rate	–50bp	340.0	337.2	10.1	10.1
Salary increases	+50bp	37.1	37.9	0.3	0.5
Salary increases	–50bp	–36.3	–36.9	–0.4	–0.4
Pensions	+50bp	243.3	241.4	0.2	0.2
Pensions	–50bp	–219.6	–217.9	–0.2	–0.1

13.3.8 Plan asset allocation

As far as investment policy and strategy are concerned, occupational pension plans in Switzerland focus on total returns. The strategic goal is to optimise rates of return on plan assets, benefit costs and the funding ratio of benefit plans with a diversified mix of stocks, bonds, real estate and other investments.

Expected long-term rates of return on plan assets are based on long-term expected interest rates and risk premiums and on the target plan asset allocation. These estimates are based on historical rates of return for individual asset classes and are made by specialists in the field and pension actuaries.

Actual plan asset allocation depends on the current economic and market situation and fluctuates within pre-determined ranges. Alternative investments, such as hedge funds, are used to improve long-term rates of return and portfolio diversification.

The investment risk is monitored through the periodic review of assets and liabilities as well as quarterly reviews of the investment portfolio.

The plan assets largely consist of the following financial assets:

in CHF million	2020	2019
Interest-bearing securities		
– listed	1 056.5	1 050.4
– unlisted	7.6	7.7
Listed shares	456.9	518.4
Listed investment funds	722.4	716.1
Listed alternative investments	109.8	106.8
Listed derivative financial assets	9.3	6.9
Mortgages	58.9	58.5
Money market instruments	28.7	–
Investment property	656.1	615.9
Cash and cash equivalents	31.6	31.9
Other plan assets	15.5	30.2
Total plan assets	**3 153.3**	**3 142.8**

as at 31 December 2020, plan assets include CHF 14.1 million shares issued by Helvetia Holding AG (previous year: none). Plan assets do not include any of the Group's owner-occupied properties.

14. Share-based payments

14.1 Employees of the Helvetia Group in Switzerland

The Helvetia employee share purchase plan enables employees to acquire registered Helvetia Holding AG shares. With this plan, employees can directly and voluntarily participate in the added value created by the Group at preferential conditions. All employees of Helvetia in Switzerland are eligible if they are in regular employment (not on notice) and entitled to variable compensation. The number of available shares is specified by the Board of Directors, taking account of the functions of the employees concerned. All shares acquired in this manner are transferred to the ownership of the employee upon receipt and are subject to a mandatory vesting period of three years. As no share purchase plan was offered for employees in 2020, expenses for 2020 were recognised in the income statement as CHF 0.0 million (previous year: CHF 1.6 million).

14.2 Members of the Board of Directors

The Board of Directors receive 30% of fixed compensation – converted at the closing price on the first working day in March prior to the Shareholders' Meeting of the following year –in shares blocked for a minimum of three years.

For the 2020 financial year, the Board of Directors received an amount of CHF 0.8 million in blocked shares (previous year: CHF 0.8 million). This corresponds to 7,775 shares at a price of CHF 102.30 on 1 March 2021 (previous year: 6 185 shares at CHF 128.60).

14.3 Members of the Executive Management

The members of the Executive Management receive as part of their variable compensation a long-term compensation component (LTC). The Board of Directors determines the extent of target achievement for the LTC. The extent of LTC target achievement for all Executive Management members is based on four criteria: profit, growth, shareholder value and risk-adjusted return. The reference figure, which is multiplied by the extent of target achievement, is a percentage of up to 40% of the fixed salary component. The LTC is converted into a specific number of shares and allocated to the Executive Management member as a deferred payment after three years. The conversion price per share is the closing stock exchange price for the Helvetia Holding share on the date the extent of target achievement is set by the Nomination and Compensation Committee. For the 2020 financial year, LTC shares to the value of CHF 1.2 million were allocated to the Executive Management subject to approval by the Shareholders' Meeting (previous year: CHF 2.3 million). This amount represents 11,242 shares at a price of CHF 102.30 on the reference date of 1 March 2021 (previous year: 16,749 shares at CHF 136.60). This payment is recognised proportionally in the income statement every year until ownership of the shares is transferred and amounted to CHF 0.9 million for 2020 (previous year: CHF 1.2 million).

14.4 Members of the Executive Management teams of the foreign subsidiaries

The members of the Executive Management teams of the foreign subsidiaries receive a variable compensation component from the Group in addition to the local compensation, which is calculated by multiplying the extent of target achievement by a reference figure equalling 10% of the basic salary. This results-based component is paid out in the form of 3,426 shares (previous year: 5,662). The conversion price per share is calculated as described in section 14.3. All shares acquired in this manner are transferred to the ownership of the Executive Management members upon receipt and are subject to a mandatory vesting period of three years. The share-based payments for the 2020 financial year amounted to CHF 0.3 million (previous year: CHF 0.7 million).

15. Related-party transactions

15.1 Transactions with related companies

"Related companies" are the cooperation partners represented on the Board of Directors of Helvetia Group, i.e. Patria Genossenschaft and the pension funds and all associates of Helvetia Group. The latter two are discussed in section 13.3 "Defined benefit plans" (page 144) and section 7.4 "Investments in associates" (page 114).

Patria Genossenschaft, Basel, directly holds 34.1 % of the capital of Helvetia Holding AG.

Helvetia Schweizerische Lebensversicherungsgesellschaft AG and Patria Genossenschaft have concluded renewable agreements for capital support. Each of these agreements refer to a specific financial year and they document an undertaking by Patria Genossenschaft to contribute regulatory capital of up to CHF 100 million (previous year: CHF 100.0 million) to Helvetia Schweizerische Lebensversicherungsgesellschaft AG should certain adverse scenarios arise. The agreements will, if needed, be executed at normal market conditions.

In the previous year there was a loan from Helvetia Schweizerische Versicherungsgesellschaft AG to Patria Genossenschaft of CHF 8.0 million at 0.75 % interest that will be fully amortised by 2020.

The dividend payment to Patria Genossenschaft in the amount of CHF 84.8 million (previous year: CHF 81.4 million) and the contribution of CHF 45 million (previous year: CHF 45 million) from Patria Genossenschaft to Helvetia Schweizerische Lebensversicherungsgesellschaft AG were the only significant transactions in the reporting period.

15.2 Transactions with related persons

"Related persons" include the members of the Board of Directors and Executive Management of Helvetia Group as well as their close family members (partners and financially dependent children).

15.2.1 Compensation

Members of the Board of Directors and the Group Executive Management or persons closely related to them do not have any significant personal business relationships with Helvetia Group and also did not bill the Group for any significant fees or remuneration relating to additional services. Where such additional services are compensated, they form an integral part of the total remuneration stated below.

The total compensation paid to the members of the Board of Directors and the Group Executive Management comprises:

as of 31.12.	2020	2019
in CHF		
Salaries and other short-term employee benefits	10 202 637	11 441 529
Prospective share-based payment (LTC)[1]	1 150 108	2 287 913
Employer contributions to pension funds	3 171 935	3 326 173
Total compensation	**14 524 680**	**17 055 615**

1 Subject to approval by the Shareholders' Meeting.

15.2.2 Loans and guarantees

Members of the Executive Management may conclude insurance contracts, loans and other services under the terms and conditions currently in effect for employees.

At the reporting date, a mortgage loan had been granted to the following members of the Executive Management:

- to Philipp Gmür for CHF 1,000,000 (previous year: CHF 1,000,000). In the reporting year the loan earned interest at 0.95 % (previous year: 0.95 %).
- to Beat Müller for CHF 1,170,000 (previous year: 1,170,000). In the reporting year the loan earned interest at 0.81 % (previous year: 0.81 %).
- to David Ribeaud at a total sum of CHF 1,015,000 (previous year: CHF 1,015,000). In the reporting year, the loans earned interest as follows: CHF 595,000 at 0.89 % (previous year: 0.89 %) and CHF 420,000 at 0.95 % (previous year: 0.95 %).
- to Roland Bentele in the amount of CHF 1,350,000 at 0.80 % interest.

Members of the Board of Directors have no claim to employee conditions. At the reporting date, a mortgage loan had been granted to Jean-René Fournier for CHF 765,000 (previous year: CHF 765,000). In the reporting year, the loan, a fixed mortgage at normal customer conditions, had the same interest rate as in the previous year of 1.57 %.

There are no other loans or guarantees.

15.2.3 Shares of Group Executive Management

The shares held by the members of the Executive Management and persons closely related to them as of the end of the year are listed in the following table:

as of 31.12.	2020	2019
Number of shares		
Philipp Gmür	23 975	20 950
Achim Baumstark	1 000	1 000
Roland Bentele[1]	647	–
Donald Desax[2]	–	14 100
Markus Gemperle	7 755	4 915
Martin Jara[3]	–	–
Ralph A. Jeitziner[2]	–	2 495
André Keller	–	–
Reto Keller[2]	–	250
Adrian Kollegger[2]	–	800
Annelis Lüscher Hämmerli[1]	–	–
Beat Müller	4 025	3 675
Paul Norton[4]	–	7 400
David Ribeaud	4 885	3 550
Total	**42 287**	**59 135**

1 Accession to the Executive Management at 1. October 2020
2 Resignation from the Executive Management as of 30. April 2020
3 Accession to the Executive Management at 1. May 2020
4 Resignation from the Executive Management as of 30. September 2020

In addition to the ownership of shares as reported, the active members of the Group Executive Management have deferred claims to a total of 29,137 shares acquired under the LTC programme.

15.2.4 Shares of Board of Directors

The shares held by the members of the Board of Directors and persons closely related to them as of the end of the year are listed in the following table:

as of 31.12.	2020	2019
Number of shares		
Doris Russi Schurter (Chairwoman)	11 420	9 540
Hans Künzle (Vice-Chairman)	3 452	2 540
Thomas Schmuckli (Vice-Chairman)	1 235	640
Beat Fellmann (member)	2 300	1 250
Jean-René Fournier (member)	3 019	1 925
Ivo Furrer (member)	1 782	1 245
Christoph Lechner (member)	5 015	4 255
Gabriela Maria Payer (member)	4 742	2 935
Andreas von Planta (member)	5 245	675
Regula Wallimann (member)	1 165	4 485
Total	**39 375**	**29 490**

16. Risk management

16.1 Principles of risk management

The integrated risk management of Helvetia Group ensures that all material risks are identified, collected, evaluated and controlled in good time and managed and monitored appropriately. The risks are managed in accordance with the requirements of the relevant stakeholders, upon which the concepts and methods of risk identification, management and analysis are also based.

16.1.1 Risk management organisation

The Board of Directors of Helvetia Holding AG and the Executive Management are the supreme risk owners of Helvetia Group. The Board of Directors of Helvetia Holding AG is responsible for establishing and maintaining appropriate internal controls and the risk management organisation of Helvetia Group. It is the Board's responsibility in particular to:

- set risk policy principles that support the development of risk awareness and a risk and control culture in the Group companies;
- define a risk strategy / partial risk strategies that cover the risk management objectives of all essential business activities and are aligned with the business strategy of Helvetia Group;
- set risk tolerance limits and monitor the risk profile of the Group and the individual business units;
- ensure the implementation and application of a comprehensive risk management approach, including an internal control system, that guarantees the efficient allocation of risk capital and systematic control of risks by the Executive Management;
- ensure appropriate monitoring of the effectiveness of internal control systems by the Executive Management.

Board of Directors

Within the stipulated parameters, the Board of Directors delegates operational aspects of risk management. For example, the monitoring of the Group's risk profile is delegated to the Investment and Risk Committee (IRC). The structural aspects of risk management (structure of the risk management organisation and the internal control system) are delegated to the Audit Committee.

Executive Management

The Executive Management is responsible for implementing and complying with the strategies, business principles and risk limits defined by the Board of Directors, analysing the risk position of Helvetia Group, capital planning, defining the corresponding control measures and ensuring the necessary external transparency. The topics of risk and capital management are addressed directly in the Executive Management meetings under the direction of the Chief Risk Officer (CRO). The Risk Committee is also managed by the CRO and advises the Executive Management. It coordinates, monitors and assesses the risk decisions and financing and hedging measures of all business units. Other permanent members of the Risk Committee at Group level are the Group Chief Financial Officer, Chief Financial Officer Switzerland, Head of Capital Management, Head of Actuarial Life, Head of Portfolio Strategy and Risk Management and Head of Legal and Compliance. Other specialists can be invited to attend Risk Committee meetings when required and depending on the topic. The entire committee meets at least quarterly and it holds regular discussions at monthly meetings. The Risk and Capital Reporting department, which reports to the CRO, ensures that there is sufficient risk and capital transparency:

- The Own Risk and Solvency Assessment (ORSA) informs the Executive Management and the Board of Directors of the capitalisation and key risks that affect Helvetia Group (including the risk strategy and management).
- The risk and capital report published quarterly and the corresponding monthly analyses support the Risk Committee and risk owners with detailed information.

Internal Audit

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

16.1.2 Risk management process

The risk management process includes all activities related to the systematic assessment of risks at Helvetia Group. The key components of this risk management process include the identification, analysis and management of risks, the monitoring of the success, effectiveness and appropriateness of the risk management measures, and reporting and communication. Helvetia Group distinguishes between the following types of risk that are included in the Group's risk management process: technical risks, market risks (including equity price risk, real estate price risk, interest rate risk, currency risk and long-term liquidity risk), medium- and short-term liquidity risks, counterparty risks, operational risks, strategic and emerging risks. Reputation risks are not recorded as a separate risk category; instead, their impact is accounted for under operational, strategic and emerging risks.

The market, counterparty and technical risks belong to the traditional risks of an insurance company and are consciously entered into as part of the chosen business strategy. They tie up risk capital in an operational context and can be influenced through the use of hedging instruments, product design, reinsurance cover and other risk management measures. Based on the overall risk profile it is ensured that these risks are constantly covered by the risk-bearing capital. In this regard, the amount of the capital required depends on the risk tolerance limits chosen.

16.2 Non-life technical risks

The most important non-life segments of Helvetia Group are property (including technical insurance), casualty (liability, accident, motor vehicle) and transport insurance. Motor vehicle insurance policies represent the largest proportion of casualty insurance policies. The "Specialty Markets" operating segment includes the globally active reinsurance business, the international and Swiss transport, art, aviation, space and technical insurance business and the France country market, which is also focused on the transport business. This segment is also responsible for the representative office in Miami, the branches in Singapore and Kuala Lumpur and the majority of the business conducted by Helvetia Liechtenstein. In contrast, the segments "Switzerland" and "Europe" are basically defined geographically. The share of the gross premiums per country market is as follows: Switzerland 28.2% (previous year: 31.7%), Germany 12.2% (previous year: 14.3%), Italy 9.9% (previous year: 12.1%), Spain 14.9% (previous year: 7.5%), Austria 6.8% (previous year: 7.8%). The share of the "Specialty Markets" segment is 28.0% (previous year: 26.6%), of which 6.2% (previous year: 6.2%) is attributable to the French country market and 13.4% (previous year: 13.0%) to active reinsurance.

Gross premiums by sector and country in the non-life business

as of 31.12.2020	Switzerland		Europe			Specialty Markets	Total
in CHF million		Germany	Italy	Spain	Austria		
Property	595.4	308.9	128.5	443.8	135.1	386.8	1 998.5
Transport / Art	2.8	57.0	9.4	24.9	6.2	370.5	470.8
Motor vehicle	601.9	199.5	239.1	232.3	139.6	31.5	1 443.9
Liability	157.0	67.6	65.5	40.6	44.9	1.1	376.7
Accident/health	171.9	31.5	94.6	69.0	44.3	–	411.3
Active Reinsurance						729.1	729.1
Gross premiums non-life	**1 529.0**	**664.5**	**537.1**	**810.6**	**370.1**	**1 519.0**	**5 430.3**

as of 31.12.2019	Switzerland		Europe			Specialty Markets	Total
in CHF million		Germany	Italy	Spain	Austria		
Property	544.5	301.3	130.7	149.4	132.3	301.4	1 559.6
Transport / Art	3.3	57.7	9.8	17.6	6.3	303.2	397.9
Motor vehicle	599.5	207.6	259.3	142.5	136.2	34.6	1 379.7
Liability	161.4	69.4	65.0	21.3	44.4	0.4	361.9
Accident/health	174.0	32.4	98.8	19.7	43.8	–	368.7
Active Reinsurance						607.7	607.7
Gross premiums non-life	**1 482.7**	**668.4**	**563.6**	**350.5**	**363.0**	**1 247.3**	**4 675.5**

This table was created using principles on which the segment reporting in section 3 (from page 91) is based. Group reinsurance is included in the "Corporate" segment and in the "Other activities" business area. Information on gross premiums and cessions in these segments can be found in section 3. The role of Group reinsurance is shown in the following sections. The description below of the risks is also relevant for the Group reinsurance business as some of the risks of the non-life business are transferred in the form of reinsurance to the "Corporate" segment so that a centralised transfer can then be made to the reinsurance market.

Technical risks in non-life result from the random nature of occurrences of an insured event and the uncertainty regarding the amount of the resulting obligations. In particular, correctly pricing events with a low frequency and very high damages is subject to some uncertainty. These events include natural disasters (floods, earthquakes, storms and hail), which are particularly relevant for property insurance and motor vehicle portfolios. They also relate to major losses caused by people (liability, fire and terrorism).

In addition to the prospective risk of a risk premium being too low, there is also the retrospective risk of inadequate provision for known losses or lack of reserves for losses that have occurred but are not yet known. In terms of large risks, there is more uncertainty associated with estimating future claims payments as it can take a longer time to process such claims. In the case of sectors such as liability, a longer period of time can also pass between the occurrence of a loss and it becoming known. The change in such losses can have a major impact on the technical result. For example, a change in the net claims ratio of +/−5 percentage points would have a positive or negative effect of CHF 235.1 million (previous year: CHF 201.1 million) on the income statement (without taking account of tax effects).

Active reinsurance considers itself as a "follower" and usually holds smaller parts of reinsurance contracts. This policy of small holdings, combined with broad diversification (geographically and by insurance segment), leads to a balanced reinsurance portfolio free of major risk clusters.

Helvetia Group has designed its business processes in accordance with the principle of commercial prudence. This assumes that the risks are adequately identified, assessed, monitored and controlled and reported and can be duly taken into account for the assessment of the capital requirements. The Group addresses prospective and retrospective risks with actuarial controls, adequate reserves and diversification. Helvetia Group's consistent focus on a portfolio that is well diversified geographically and across sectors encourages risk-balancing and reduces the risks described above. Helvetia Group controls the technical risks through a risk-adjusted rate schedule, selective underwriting, proactive claims settlement and a prudent reinsurance policy. The underwriting ensures that the risks entered into meet the necessary quality criteria in terms of type, exposure, customer segment and location. In order to cover existing liabilities that are still to be claimed by policyholders, Helvetia establishes incurred but not reported reserves. These are calculated using actuarial methods on the basis of many years of claims experience, taking into account current developments and existing uncertainties.

Group reinsurance

Despite the balancing of risks through diversification, individual risk clusters (e.g. in the form of individual large risks) or risk accumulations (e.g. via cross-portfolio exposure to natural disasters) may occur. These types of potential risks are monitored throughout the Group and hedged in a coordinated manner by means of treaty reinsurance contracts. Facultative reinsurance contracts are taken out for individual large risks not covered under the treaty reinsurance contract. Treaty reinsurance contracts are coordinated by the Group reinsurance business unit as part of Helvetia Schweizerische Versicherungsgesellschaft AG and usually centrally placed in the reinsurance market. In its role as Group reinsurer, Group Reinsurance ensures that the individual primary insurance units have the appropriate treaty reinsurance protection and transfers the risks assumed, taking account of diversification, in the reinsurance market. This centralisation leads to the application of uniform Group-wide reinsurance standards, particularly in relation to the hedging level, as well as synergies in the reinsurance process. Based on the Group's risk appetite and the state of the reinsurance markets, Group reinsurance ensures efficient use of existing risk capacity at Group level and provides optimum management of the purchase of reinsurance protection.

Group-wide, the technical risks in the non-life business are dominated by natural hazards. Except in very rare cases, the reinsurance protection limits the claims remaining from a natural disaster or individual risk in the direct business at Group level to a maximum of CHF 35 million (previous year: CHF 35 million). The reinsurance is incremental per risk and event by means of a proportional and non-proportional reinsurance. For more information about the quality of reinsurance and claims settlement, please see sections 16.6 "Counterparty risks" (from page 169) and 9 "Insurance business" (from page 124). In the current year 12.0% (previous year: 11.2%) of the premiums written in the non-life business were ceded to reinsurers. 72.8% (previous year: 73.0%) were ceded to Group reinsurance and the rest directly to external reinsurance companies. 54.4% (previous year: 55.3%) of the premiums written by Group reinsurance were retroceded.

16.3 Life technical risks

Helvetia Group offers a comprehensive range of life insurance products. These include risk and pension solutions and are aimed at private persons (individual life) and companies (group life insurance). The technical risks associated with these products are presented in detail in subsequent sections. There is also a small portfolio from the active reinsurance business, which – due to its size – will not be discussed further in the following description. The life insurance business operates primarily in Switzerland, which accounts for 73.6% (previous year: 78.8%) of the gross premium volume in the life business of Helvetia Group. The following table shows the breakdown of gross premium income by sectors and countries. A total of 1.4% (previous year: 1.3%) of the premiums written in the life business in 2020 were ceded to reinsurers. Of these 30.5% (previous year: 32.3%) were ceded to Group reinsurance and the rest to external reinsurance companies. 73.6% (previous year 71.9%) of the premiums written by Group reinsurance were retroceded.

Gross premiums by business activities and region in the life business

as of 31.12.2020	Switzerland	Europe				Total
in CHF million		Germany	Italy	Spain	Austria	
Traditional individual life insurance	499.1	91.4	216.4	122.1	46.1	975.1
Group insurance	2134.1	–	21.5	167.0	–	2322.6
Investment-linked life insurance	310.2	229.3	0.0	40.2	119.3	699.0
Gross premiums life	**2943.4**	**320.7**	**237.9**	**329.3**	**165.4**	**3996.7**

as of 31.12.2019	Switzerland	Europe				Total
in CHF million		Germany	Italy	Spain	Austria	
Traditional individual life insurance	541.7	98.8	306.7	33.9	51.5	1032.6
Group insurance	2694.1	–	27.0	70.6	–	2791.7
Investment-linked life insurance	339.1	213.2	0.0	44.9	117.7	714.9
Gross premiums life	**3574.9**	**312.0**	**333.7**	**149.4**	**169.2**	**4539.2**

16.3.1 Traditional individual life insurance and investment-linked life insurance

For private persons, Helvetia Group offers pure risk insurance, savings insurance and endowment insurance, annuity insurance, as well as investment-linked products. Depending on the product, premiums are paid as single or regular premiums. Most of the products include a discretionary participation feature, although some countries regulate the minimum amount of profit participation to be credited to the customer. Traditional individual life insurance accounts for 24.4% (previous year: 22.7%) of the gross premium volume of the life business of Helvetia Group, with 51.2% of the premiums (previous year: 52.5%) coming from Switzerland. Investment-linked life insurance (index and unit-linked products) contributes 17.5% to the life business of the Helvetia Group (previous year: 15.7%). 44.4% of the premiums (previous year: 47.4%) from the investment-linked life business originate in Switzerland.

Most of the products include a premium guarantee, which means that the bases for mortality, disability, interest rates and costs used in the premium calculation are guaranteed. These bases are therefore carefully fixed at the time the insurance policy is concluded. If later developments are better than expected, profits accrue which are partially returned to the customer in the form of a participation feature. The following two important exceptions apply to the guaranteed bases: First, no interest guarantees exist for the unit-linked insurance policies. However, there may be some products that guarantee the payment of a minimum survival benefit. Secondly, in Switzerland, premiums for insurance policies for disability pensions are not guaranteed for policies underwritten since mid-1997, and may be adjusted.

16.3.2 Group life insurance

Group life insurance accounts for 58.1% (previous year: 61.6%) of the gross premium volume of the life business of Helvetia Group, with 91.9% of the premiums (previous year: 96.5%) coming from Switzerland. In future, group life insurance will only refer to occupational pension plans in Switzerland, as the characteristics of the other group life insurance products are very similar to individual insurance. In Switzerland, under the Occupational Pensions Act (BVG) companies are obliged to insure their employees against the following risks: death, disability and age. Helvetia Switzerland offers products that cover these risks. Most of these products include a discretionary participation feature whose minimum amount is statutorily or contractually prescribed.

For the majority of the products there is no guaranteed rate for the risk premiums for death and disability or for the cost of premiums. These premiums may therefore be adjusted annually by Helvetia Switzerland. Upon the occurrence of an insured event, the resulting benefits are guaranteed up to the agreed expiry date or for life. Interest is credited annually on the savings premiums; the interest rate for the mandatory savings component is established by the Federal Council, while Helvetia Group itself can set the rate for the non-mandatory savings component. The mandatory interest rate has been 1.00% since 2017 and it will remain at that level for the coming year. The interest rate set by Helvetia Group for the non-mandatory component has been 0.25% since 2017 and will remain at that level for the coming year.

When policyholders reach retirement age they may choose to have the retirement capital paid out as a lump sum or converted into a pension. The conversion of the mandatory savings component is carried out at the government-mandated BVG conversion rate, while the conversion rate on the extra-mandatory savings component is determined by Helvetia Group. After conversion, the pensions and any resulting survivors' benefits are guaranteed for life.

Statutory regulations stipulate for the majority of products that a minimum of 90% of revenue must be used for the benefit of the customer. For example, a portion of the capital gains above the guaranteed minimum interest rate must be returned to the customer in the form of policyholder dividends. For most products for which this statutory provision does not apply there are similar provisions in the contractual agreements with customers.

16.3.3 Risk management and sensitivity analysis

Helvetia Group has designed its business processes in accordance with the principle of commercial prudence. This assumes that the risks can be adequately assessed, evaluated, monitored and controlled. Helvetia Group uses a variety of actuarial methods to monitor existing and new products with regard to underwriting policy, reservation, and risk-adjusted pricing. Retrospective methods compare initial expectations with actual developments. Prospective methods allow the impact of new trends to be recognised and analysed early on. Most of those calculations integrate the analysis of parameter sensitivities in order to monitor the effects of adverse developments in investment returns, mortality, cancellation rates and other parameters. Taken together, they therefore provide an effective set of instruments with which to address developments actively and in good time. If a certain risk takes a worse than expected course, the participation feature is usually the first to be reduced in most of the products. If it appears that a product no longer has a sufficient safety margin, the premiums are adjusted for new business or, if allowed, for the portfolio.

In individual life, an insurance policy which includes death or morbidity risk may under normal conditions be underwritten only on the condition of good health. The review of the application includes confirming that this condition has been met. The review uses a health questionnaire, and from a certain level of risk, is supplemented by a medical examination.

For the mandatory component of the insurance policy, it is forbidden to exclude someone from a company's insurance on account of ill health. However, certain benefits may be excluded in the non-mandatory part, or a premium for the increased risk may be required. However, there is no obligation to insure a company. On the basis of benefits previously claimed by the company and based on estimates of future claims potential, it is established during the underwriting process whether and under what conditions the company will be insured.

Peak risks at the level of individual policyholders are transferred to various reinsurers, with the deductible varying by country. In addition, Helvetia Switzerland, Caser and Helvetia Spain and, for some specific risks, Helvetia Italy are reinsured against catastrophic events that may concurrently cause several casualties or claim several lives.

Helvetia Group establishes reserves for its life insurance business to cover expected payouts. The amount of life insurance reserves depends on the interest rates applied, actuarial parameters and other influencing factors. In addition, the Liability Adequacy Test (LAT) is used to review whether the provisions together with the expected premiums are sufficient to finance future benefits. If this is not the case, the reserves are increased accordingly.

If the assumptions are changed, the reserves are increased or decreased accordingly. A decrease in reserves flows largely back to the insured as a result of the discretionary participation feature. If it is necessary to increase reserves, the first step is to reduce the participation feature. If this is not sufficient, the rest of the increase is borne by the shareholders. In the local balance sheet, reserve reinforcements recognised as necessary may be spread over several years and, if possible, compensated by gradually decreasing the allocation of the provisions for future profit participation or by releasing hidden reserves on investments. In contrast, the necessary reserve reinforcements must be recognised immediately in profit or loss in the consolidated financial statements. However, for contracts with a participation feature, it is permitted to offset other valuation differences on the local balance sheet (in particular for investments) before deferred profit participation at Group level.

The following sensitivity analysis assesses the deflection effects of mortality, invalidity, reactivation rate, interest, costs and cancellation rate parameters on the reserves. If the deflection of a parameter necessitates a lower reserving requirement, then the reductions in reserves are assessed at the discretion of the responsible actuary, who, alongside the sensitivity analyses, also takes into consideration long-term developments in their decisions, and always acts with due care. If the deflection of a parameter necessitates a higher reserving requirement, but one of the fundamental parameters in the local reserves already has sufficient safety margins, then a change in this parameter will not require a further reinforcement of reserves. It should be noted, however, that sensitivities do not normally exhibit linear behaviour, so extrapolations are not possible. Various influencing factors and sensitivities are presented separately below.

Mortality and longevity risks

In order to analyse in more detail the effect of a change in mortality rates, the portfolio is divided into contracts which are exposed to greater mortality rates and those which are exposed to longevity. The first group includes, for example, risk or capital life insurance, while the second group includes annuity insurance.

If, in the portfolios exposed to greater mortality, more policyholders die than expected, shareholders may suffer losses once the buffer of profit participation has been exhausted. The analyses carried out show that this risk can be considered very low. However, an increase in mortality rate in these portfolios, which have to be increased due to high interest rate guarantees, has a small impact on the amount of the increase in reserves. If, in the portfolios exposed to longevity, policyholders live longer than expected, shareholders may have to bear losses. As life expectancy is continuously rising, when setting up reserves, the current mortality rate as well as expected trends of the increase in life expectancy are taken into account. These reserves of portfolios exposed to longevity are very sensitive to assumed life expectancies and assumed interest rates.

Pension options with guarantees, partially also mandatory conversion rates, included in the products represent an additional risk. In particular, the high mandatory BVG conversion rate in the group life insurance in Switzerland had brought about expected losses for which reserves were used at the expense of the profit participation of the policyholders. The proportion of policyholders who receive a pension at retirement and do not withdraw the capital as well as the conversion rates are monitored and the reserves kept at a sufficient level by means of possible reserve increases.
The table below shows how changed parameters have an effect on the income statement. Referring to the overall portfolio, an increase in mortality by 10% across all Helvetia Group companies would have no great effect. A 10% reduction in mortality would lead to a reserve increase with a corresponding impact on the income statement.

Invalidity risk

Losses for the shareholders may arise if more active members than expected become disabled or fewer disabled policyholders than expected are able to return to work and the participation feature is not sufficient to absorb such deviations. Here, the parameters of disability and the reactivation rate are analysed in detail. A 10% increase in disability or a 10% reduction in the reactivation rate would lead to a reserve increase with a negative impact on the income statement.

Cost risk

If the costs included in the premiums and provisions are insufficient to cover rising costs, this could result in losses for shareholders. An increase in the cost ratio by 10% would cause an increase in reserves and a negative effect on the income statement.

Cancellation risk

Depending on the nature of the contract, higher or lower cancellation rates can cause losses for shareholders. Overall, the basis of calculation at all Helvetia Group life insurance units apply sufficient safety margins so that a change in the cancellation rate would not have a major impact on the amount of reserves. A 10% reduction in the cancellation rate would lead to a reserve increase with a corresponding impact on the income statement.

Technical sensitivities

	Deflection	Sensitivity of income statement	
as of 31.12.		2020	2019
in CHF million			
Mortality	–10%	–80.0	–66.5
Disability	+10%	–0.1	–0.1
Reactivation rate	–10%	–2.0	–1.8
Costs	+10%	–43.9	–39.7
Cancellation	–10%	–7.5	–7.2

Interest rate risk

Shareholders may have to bear losses if the guaranteed interest included in premiums and reserves cannot be generated. This could happen if, for example, interest rates remain very low in the long term. To counteract such developments, both the technical interest rate for new contracts in individual insurance and the BVG minimum interest rate for new and existing contracts are adjusted to the new interest rate. At the end of 2020, the highest guaranteed interest rate in individual insurance was in Spain, where older policies still include a guaranteed minimum interest rate of up to 6%. These guarantees are partially covered by corresponding assets and the residual risk is covered by supplementary reserves. In the other countries the maximum guaranteed return is 4.0% in EUR and 3.5% in CHF. Rising interest rates could cause a greater number of endowment contracts to be cancelled. However, as in most countries premature contract terminations are associated with significant tax consequences and products with high interest rate sensitivity are usually subject to a deduction to take account of lower fair values of the underlying investments when the contract is terminated, this risk can be considered low.

In group life insurance, there are long-term interest rate guarantees on provisions for current benefits. The BVG minimum interest rate on the mandatory savings of policyholders is set annually by the Swiss Federal Council. Rising interest rates may also lead to increased policy cancellations in group insurance and thus to losses. Since 2004, no deductions can be made from nominally defined surrender values to take into account the fact that the fair value of the corresponding fixed-income investments may be below the (local) carrying value for contracts that have been part of the insurance portfolio of Helvetia Group for more than five years.

Please see section 16.4.1 (from page 160) on the effect of a change in interest rates on equity and the income statement.

Risks from embedded derivatives

For index-linked life insurance, the policyholder's returns are linked to an external index. Furthermore, an investment-linked product may include a guaranteed survival benefit. These product components are to be separated as embedded derivatives and are accounted for at fair value. The majority of these guarantees and index-dependent payouts are assumed by external partners. In Switzerland, there are only a few products for which this is not the case and for which Helvetia Group thus assumes the risk, and adequate provisions exist for these cases. The amount of these provisions is primarily dependent on the volatility of the underlying investments and the level of risk-free interest rates. A change in the provision is recognised in profit and loss and cannot be offset with a profit participation.

Summary

In summary, it can be stated that although there is a variety of different product-specific risks in life insurance, these risks are controlled by Helvetia Group using a number of actuarial methods and, where necessary, with an appropriate increase in reserves. In addition, through its compliance with IFRS 4, Helvetia Group has a free, non-linked provision for future profit-sharing. This can be used to cover insurance risks.

16.4 Market risks

As at 31 December 2020, Helvetia Group managed investments totalling CHF 60.6 billion (previous year: CHF 54.5 billion).

The main market risks to which the Group is exposed are interest rate risk, exchange rate risk and share price risk. The Group is also exposed to the real estate market through a significant portion of real estate in its investment portfolio. Market risks affect the income statement and both the asset and the liability side of the balance sheet. The Group largely manages its real estate, mortgages and securities itself. External providers mainly manage assets invested in convertible bonds and private debt. Savings accumulated in unit-linked policies are invested in a wide range of own and third-party funds, equities and bonds. The market risks associated with these funds lie with Helvetia Group's insurance customers.

Helvetia Group has established a process to ensure that all assets are invested in accordance with the principle of commercial prudence. This means that Helvetia Group only invests in assets and instruments whose risks can be properly assessed, evaluated, monitored and controlled. Market risks are controlled via the investment strategy and, if necessary, reduced by the use of derivative hedging instruments. Foreign currency risks are currently hedged in this way and the risk of losses on equity investments controlled. In Helvetia's own funds, the balance sheet currency exposure is hedged by a net investment hedge. The risk of loss on shares is kept under control by hedging with options. The foreign currency exposure is largely hedged by forward contracts.

More information can be found in tables 7.7.1 "Derivative financial assets" (page 118) and 7.7.2 "Derivative financial liabilities" (page 119).

Risk-bearing capacity is determined through equity and loss limits. The Investment Committee monitors and controls the investment risks of Helvetia Group. The appropriate procedures, methods and indicators have been established for this purpose. Priority is given here to the concept of asset and liability management (ALM). The investment strategy is defined annually and reviewed quarterly at Board of Directors level. Ongoing monitoring is performed via a reporting system.

16.4.1 Interest rate risk

Helvetia Group's earnings are influenced by changes in interest rates. A prolonged period of low interest rates reduces the return on fixed-income investments in securities and mortgages. Conversely, returns increase when interest rates rise. Information on current investment returns is provided in section 7.1 (from page 108).

Both the amount of the technical reserves and the value of most investments of Helvetia Group depend on interest rate levels. In general, the higher the interest rate, the lower the present value of assets and liabilities. The extent of this change in values depends, among other things, on the time pattern of cash flows. To manage the volatility of the net positions (difference between assets and liabilities, i.e. "AL mismatch"), the Group compares the maturities of cash flows arising from liabilities with those arising from assets, and analyses them to ensure that the maturities are matched. The risk derived from this is managed as part of the ALM process. To this end, the risk capacity on the one hand and the ability to fund the guaranteed benefits or to generate surpluses on the other hand are brought into balance.

Maturity profile of financial assets

as of 31.12.2020	< 1 year	1–5 years	5–10 years	> 10 years	Without maturity	Total
in CHF million						
Loans (LAR) incl. money market instruments	1686.4	2538.9	3162.2	2264.1	150.2	9801.8
Held-to-maturity investments (HTM)	93.8	343.8	511.5	1024.7	–	1973.8
Available-for-sale investments (AFS)	1281.9	7887.9	9079.2	11366.3	2223.2	31838.5
Financial assets at fair value through profit or loss	367.6	1357.9	443.6	435.6	6769.8	9374.5
Derivative financial assets for hedge accounting	73.6	–	–	–	–	73.6
Total financial assets	**3503.3**	**12128.5**	**13196.5**	**15090.7**	**9143.2**	**53062.2**

as of 31.12.2019	< 1 year	1–5 years	5–10 years	> 10 years	Without maturity	Total
in CHF million						
Loans (LAR) incl. money market instruments	2562.0	2262.9	3286.9	1528.2	164.9	9804.9
Held-to-maturity investments (HTM)	158.8	270.1	594.0	1112.1	–	2135.0
Available-for-sale investments (AFS)	770.3	5783.1	8352.7	9646.8	1781.5	26334.4
Financial assets at fair value through profit or loss	279.5	1372.9	486.0	339.7	6186.6	8664.7
Derivative financial assets for hedge accounting	6.4	–	–	–	–	6.4
Total financial assets	**3777.0**	**9689.0**	**12719.6**	**12626.8**	**8133.0**	**46945.4**

A statement on the ALM situation of a portfolio can be made by comparing the technical interest rate for reserves with investment returns. The following illustration shows aggregate data on the average interest rates that Helvetia has to earn on its reserves in order to be able to provide the guaranteed benefits. The technical interest rate ranges from –0.75% to 4%.

Interest rate guarantees in the life business

	Direct business Switzerland		Direct business EU	Reinsurance
as of 31.12.2020	CHF	Other currencies	EUR	
in CHF million				
Actuarial reserves for insurance and investment contracts:				
– excluding interest guarantee	1074.1	–	2167.3	–
– with negative guaranteed interest	121.0	–	456.9	–
– with 0% guaranteed interest	1294.5	0.0	1087.0	3.0
– with positive guaranteed interest	25345.6	55.9	9365.9	–
Average technical interest rate in per cent	**0.93**	**2.44**	**0.96**	**0.00**

	Direct business Switzerland		Direct business EU	Reinsurance
as of 31.12.2019	CHF	Other currencies	EUR	
in CHF million				
Actuarial reserves for insurance and investment contracts:				
– excluding interest guarantee	983.8	–	1896.0	–
– with 0% guaranteed interest	1360.6	0.0	882.3	2.8
– with positive guaranteed interest	27536.6	63.9	5044.2	–
Average technical interest rate in per cent	**0.97**	**2.45**	**1.69**	**0.00**

Interest rate sensitivities

	Interest rate level 2020		Interest rate level 2019	
as of 31.12.	+10 bp	–10 bp	+10 bp	–10 bp
in CHF million				
Income statement	1.5	–3.1	1.3	–2.5
Equity	–100.3	101.8	–85.6	86.9
Gross, not taking into account the latency calculation and derivatives	–238.9	240.5	–203.9	204.9

The above table analyses the impact of a change in interest rate on Helvetia Group's equity and income statement, taking account of deferred taxes and the legal quota. The analysis also includes investments at fair value through profit and loss, fixed-income available-for-sale financial assets, derivatives, technical reserves in the life business (the actuarial reserve, deposits for investment contracts) and interest on floating-rate financial assets. The "look through" principle was used for significant holdings in mixed funds.

A "reasonable possible change" in the risk factors affecting the sensitivity analysis is defined as every symmetrical bracket that covers a range of possible interest rate changes where the probability of it occurring over a period of one year is between 10% and 90%. Sensitivities are shown for the borders of the chosen bracket that meets these conditions.

16.4.2 Share price risk

Investments in equities are used to generate long-term surpluses. Investments are made primarily in large-caps traded on the major stock exchanges. Helvetia Group holds a well-diversified portfolio (mainly stocks traded on the exchanges in Switzerland, Europe and the US). The share of each item of the total equity portfolio (direct investment) is generally below 7%. An exception to this are holdings in the diversified real estate investment company "Allreal" (9.3% of total direct investment in equities). The market risk of the equity portfolio is constantly monitored and, if necessary, reduced by sales or the use of hedging instruments in order to meet the strict internal requirements for risk capacity.

Market risks are mitigated through hedging strategies. Out-of-the-money put options are largely used to comply with internal loss limits. Direct investments in equities represent 6.0% (before hedging) of the Group's financial assets (excluding investments from life insurance policies with the market risk borne by the customers). A substantial portion is hedged against the risk of significant losses.

Share price risk sensitivities

	Share price risk sensitivities 2020		Share price risk sensitivities 2019	
as of 31.12.	+10%	–10%	+10%	–10%
in CHF million				
Income statement	103.1	–101.7	109.5	–103.2
Equity	47.4	–40.9	38.6	–37.0
Gross, not taking into account the latency calculation and derivatives	313.1	–307.9	299.4	–292.5

The above table analyses the impact of a change in the share price on Helvetia Group's equity and income statement, taking account of deferred taxes and the legal quota. The analysis covers direct equity investments (with the exception of the real estate investment company "Allreal"), derivatives, equity funds and part of the mixed funds. The "look through" principle was used for significant holdings in mixed funds. The effects of share price changes on impairments was considered.

A "reasonable possible change" in the risk factors affecting the sensitivity analysis is defined as every symmetrical bracket that covers a range of possible share price changes where the probability of it occurring over a period of one year is between 10% and 90%. Sensitivities are shown for the borders of the chosen bracket that meets these conditions.

16.4.3 Exchange rate risk

Most of the Group's assets, including its investments, as well as most of its liabilities, are denominated in CHF and EUR. Except for the Swiss business, liabilities are largely hedged through investments in matching currencies. For return and liquidity reasons, investments in the Swiss business are made both in CHF-denominated and foreign-currency-denominated assets in order to cover the CHF liabilities. The resulting exchange rate risk is generally largely hedged within the internally defined limits. This is carried out via foreign exchange forward contracts for EUR, USD and GBP against the Swiss franc.

Exchange rate sensitivities

	Exchange rate EUR / CHF		Exchange rate USD / CHF		Exchange rate GBP / CHF	
as of 31.12.2020	+2%	–2%	+2%	–2%	+2%	–2%
in CHF million						
Income statement	–7.8	7.8	–14.0	14.0	–2.1	2.1

	Exchange rate EUR / CHF		Exchange rate USD / CHF		Exchange rate GBP / CHF	
as of 31.12.2019	+2%	–2%	+2%	–2%	+2%	–2%
in CHF million						
Income statement	–2.4	2.4	–8.1	8.1	–1.3	1.3

In the table above, the impact of changes in exchange rates on the income statement of Helvetia Group is analysed, taking into account deferred taxes and the legal quota. In accordance with IFRS requirements, only the monetary financial instruments and insurance liabilities in non-functional currencies and derivative financial instruments were included in the evaluation.

A "reasonable possible change" in the risk factors affecting the sensitivity analysis is defined as every symmetrical bracket that covers a range of possible exchange rate changes where the probability of it occurring over a period of one year is between 10% and 90%. Sensitivities are shown for the borders of the chosen bracket that meets these conditions.

Consolidated foreign currency balance sheet 2020

as of 31.12.2020 in CHF million	CHF	EUR	USD	Others	Total
Assets					
Property and equipment	400.3	639.2	0.1	0.2	1 039.8
Goodwill and other intangible assets	1 044.1	916.7	0.0	–	1 960.8
Investments in associates	25.2	5.7	–	–	30.9
Investment property	6 656.9	820.9	–	–	7 477.8
Group financial assets	21 911.9	21 324.0	4 574.3	386.7	48 196.9
Investments with market risk for the policyholder	1 432.9	2 952.6	455.8	24.0	4 865.3
Receivables from insurance business	397.4	858.9	483.0	139.0	1 878.3
Deferred acquisition costs	318.4	316.9	14.6	19.5	669.4
Reinsurance assets	53.4	481.6	145.1	46.9	727.0
Deferred tax assets	6.5	24.6	–	–	31.1
Current income tax assets	172.0	12.0	–	–	184.0
Other assets	170.5	308.9	0.7	19.4	499.5
Accrued investment income	116.2	175.0	20.5	0.3	312.0
Cash and cash equivalents	783.3	942.0	99.1	24.6	1 849.0
Total assets	**33 489.0**	**29 779.0**	**5 793.2**	**660.6**	**69 721.8**

as of 31.12.2020 in CHF million	CHF	EUR	USD	Others	Total
Liabilities					
Actuarial reserves (gross)	27 838.2	13 128.4	4.6	–	40 971.2
Provision for future policyholder participation	2 229.0	1 136.1	–	–	3 365.1
Loss reserves (gross)	1 846.3	2 562.6	902.0	250.0	5 560.9
Unearned premium reserve (gross)	450.9	1 460.9	288.0	113.6	2 313.4
Financial liabilities from financing activities	540.5	1 558.7	167.8	22.1	2 289.1
Financial liabilities from insurance business	671.8	1 668.0	2.8	0.1	2 342.7
Other financial liabilities	878.8	204.9	53.8	–	1 137.5
Liabilities from insurance business	1 396.8	403.1	200.1	41.3	2 041.3
Non-technical provisions	70.8	68.6	–	–	139.4
Employee benefit obligations	454.0	413.8	–	0.7	868.5
Deferred tax liabilities	630.1	242.8	0.7	–	873.6
Current income tax liabilities	153.3	27.4	0.1	0.0	180.8
Other liabilities and accruals	137.8	302.8	21.1	1.3	463.0
Total liabilities	**37 298.3**	**23 178.1**	**1 641.0**	**429.1**	**62 546.5**

Consolidated foreign currency balance sheet 2019

as of 31.12.2019	CHF	EUR	USD	Others	Total
in CHF million					
Assets					
Property and equipment	389.8	173.2	0.1	0.5	563.6
Goodwill and other intangible assets	1051.2	288.6	–	–	1339.8
Investments in associates	24.6	6.2	–	–	30.8
Investment property	6384.9	644.0	–	–	7028.9
Investment property held for sale	519.6	–	–	–	519.6
Group financial assets	23330.5	14297.9	4602.4	448.5	42679.3
Investments with market risk for the policyholder	1296.0	2578.0	370.0	22.1	4266.1
Receivables from insurance business	529.5	548.8	376.9	96.7	1551.9
Deferred acquisition costs	307.8	182.1	12.2	4.8	506.9
Reinsurance assets	73.6	281.6	132.3	36.3	523.8
Deferred tax assets	2.9	3.3	–	–	6.2
Current income tax assets	13.4	8.4	0.2	–	22.0
Other assets	170.0	207.4	–3.7	12.0	385.7
Accrued investment income	123.3	119.3	23.1	0.3	266.0
Cash and cash equivalents	746.8	451.9	75.5	31.0	1305.2
Total assets	**34963.9**	**19790.7**	**5589.0**	**652.2**	**60995.8**

as of 31.12.2019	CHF	EUR	USD	Others	Total
in CHF million					
Liabilities					
Actuarial reserves (gross)	29883.8	7881.3	5.1	–	37770.2
Provision for future policyholder participation	1982.1	445.5	–	–	2427.6
Loss reserves (gross)	1856.6	2023.2	743.0	243.1	4865.9
Unearned premium reserve (gross)	449.9	780.4	272.8	71.0	1574.1
Financial liabilities from financing activities	630.6	699.6	169.1	34.4	1533.7
Financial liabilities from insurance business	659.7	1208.1	1.3	0.0	1869.1
Other financial liabilities	276.3	0.9	56.7	–	333.9
Liabilities from insurance business	1594.0	227.1	153.0	26.5	2000.6
Non-technical provisions	85.8	66.7	–	–	152.5
Employee benefit obligations	422.5	408.1	–	0.7	831.3
Deferred tax liabilities	665.6	150.6	0.5	–	816.7
Current income tax liabilities	17.9	12.7	0.0	–	30.6
Other liabilities and accruals	131.0	127.6	–4.0	0.9	255.5
Total liabilities	**38655.8**	**14031.8**	**1397.5**	**376.6**	**54461.7**

16.5 Liquidity risk

Helvetia Group has sufficient liquid assets to meet unanticipated cash outflows at any time. Liquid assets (cash, premiums to be invested, liquid equities and interest-bearing securities) exceed the volume of annual net cash flows many times. In addition, the Group manages assets and liabilities in terms of their liquidity. On the liabilities side of the balance sheet, there are no significant individual positions with liquidity risk. A portion of the Group's investment portfolio is composed of investments with no liquid markets such as real estate and mortgages. These investments can only be realised over an extended period of time.

Maturity profile of recognised insurance liabilities

as of 31.12.2020	< 1 year	1–5 years	5–10 years	> 10 years	Without maturity	Total
in CHF million						
Actuarial reserves (gross)	3064.0	11007.1	8419.8	16421.1	2059.2	40971.2
Provision for future policyholder participation	195.4	326.8	129.8	149.8	2563.3	3365.1
Loss reserves (gross)	2845.4	1680.2	449.1	586.2	0.0	5560.9
Unearned premium reserve (gross)	2313.4	–	–	–	–	2313.4
Total reserves for insurance and investment contracts (gross)	8418.2	13014.1	8998.7	17157.1	4622.5	52210.6
Reinsurers' share	320.2	155.2	60.8	69.4	33.3	638.9
Total reserves for insurance and investment contracts (net)	**8098.0**	**12858.9**	**8937.9**	**17087.7**	**4589.2**	**51571.7**

as of 31.12.2019	< 1 year	1–5 years	5–10 years	> 10 years	Without maturity	Total
in CHF million						
Actuarial reserves (gross)	3282.5	11000.0	8235.2	15235.4	17.1	37770.2
Provision for future policyholder participation	163.3	90.4	37.2	57.0	2079.7	2427.6
Loss reserves (gross)	2038.2	1642.3	585.7	599.7	–	4865.9
Unearned premium reserve (gross)	1574.1	–	–	–	–	1574.1
Total reserves for insurance and investment contracts (gross)	7058.1	12732.7	8858.1	15892.1	2096.8	46637.8
Reinsurers' share	147.9	124.1	58.4	81.1	32.1	443.6
Total reserves for insurance and investment contracts (net)	**6910.2**	**12608.6**	**8799.7**	**15811.0**	**2064.7**	**46194.2**

The above tables show the expected maturity of the amounts recognised in the balance sheet.

Maturity profile of financial liabilities and liabilities (excluding derivative instruments)

as of 31.12.2020	Callable at any time	< 1 year	1–5 years	5–10 years	> 10 years	Without maturity	Total
in CHF million							
Financial liabilities from insurance business	2240.3	63.0	14.5	11.2	5.6	8.1	2342.7
Financial liabilities from financing activities	–	280.2	612.6	827.5	666.9	321.6	2708.8
Liabilities from insurance business	351.8	1656.8	31.6	–	–	1.1	2041.3
Other financial and other liabilities	5.6	1019.4	18.7	2.5	84.8	–	1131.0
Total financial and other liabilities	**2597.7**	**3019.4**	**677.4**	**841.2**	**757.3**	**330.8**	**8223.8**

as of 31.12.2019	Callable at any time	< 1 year	1–5 years	5–10 years	> 10 years	Without maturity	Total
in CHF million							
Financial liabilities from insurance business	1804.4	23.3	14.5	11.0	5.6	10.3	1869.1
Financial liabilities from financing activities	–	286.6	374.8	761.4	–	328.6	1751.4
Liabilities from insurance business	376.5	1608.4	14.7	–	–	1.0	2000.6
Other financial and other liabilities	0.9	217.6	37.5	–	–	0.0	256.0
Total financial and other liabilities	**2181.8**	**2135.9**	**441.5**	**772.4**	**5.6**	**339.9**	**5877.1**

The above figures may differ from the amounts reported in the balance sheet, as these represent undiscounted cash flows. The allocation of financial liabilities and other liabilities to the category "callable at any time" is based on the counterparty's contractual cancellation right. The majority of these contracts can be terminated both in life and in non-life business within one year at the latest.

Maturity schedule of derivative financial instruments

as of 31.12.2020	Fair Value	Maturity of non-discounted flows of funds			
		< 3 months	3–6 months	6–12 months	> 1 year
in CHF million					
Derivative financial assets:					
Interest rate swaps	1.1				
Inflow		0.2	4.8	–	–
Outflow		–4.1	0.0	–	–
Forward exchange transactions	85.5				
Inflow		968.3	811.3	376.7	379.8
Outflow		–942.7	–780.1	–369.9	–368.6
Other (excercise not planned)	209.8				
Derivatives for hedge accounting	73.6				
Inflow		314.4	181.0	455.6	146.3
Outflow		–292.3	–170.3	–429.6	–139.2
Total derivative financial assets	**370.0**	**43.8**	**46.7**	**32.8**	**18.3**
Derivative financial liabilities:					
Interest rate swaps	22.0				
Inflow		–2.7	–1.1	–3.5	–32.0
Outflow		3.6	8.8	6.2	39.6
Forward exchange transactions	35.3				
Inflow		–163.2	–1 210.8	–1 069.1	–407.6
Outflow		175.2	1 223.5	1 080.2	410.9
Other (excercise not planned)	137.2				
Derivatives for hedge accounting	8.6				
Inflow		–49.0	–290.3	–	–
Outflow		50.6	297.4	–	–
Total derivative financial liabilities	**203.1**	**14.5**	**27.5**	**13.8**	**10.9**

as of 31.12.2019	Fair Value	Maturity of non-discounted flows of funds < 3 months	3–6 months	6–12 months	> 1 year
in CHF million					
Derivative financial assets:					
Forward exchange transactions	47.7				
Inflow		2 081.2	361.6	319.3	1 326.5
Outflow		–2 103.7	–363.0	–324.5	–1 350.7
Other (excercise not planned)	184.5				
Derivatives for hedge accounting	6.4				
Inflow		290.5	–	692.3	299.2
Outflow		–290.5	–	–696.5	–306.6
Total derivative financial assets	**238.6**	**–22.5**	**–1.4**	**–9.4**	**–31.6**
Derivative financial liabilities:					
Forward exchange transactions	7.6				
Inflow		–1 034.3	–45.0	–426.5	–
Outflow		1 034.7	47.5	449.2	–
Other (excercise not planned)	145.1				
Derivatives for hedge accounting	2.0				
Inflow		–88.1	–	–	–
Outflow		90.2	–	–	–
Total derivative financial liabilities	**154.7**	**2.5**	**2.5**	**22.7**	**–**

16.6 Counterparty risks

Counterparty risks include default risks and risks of changes in value. The default risk refers to the possibility of the insolvency of a counterparty, while the risk of changes in value represents the possibility of a financial loss due to a change in the creditworthiness of a counterparty or a change in credit spreads in general. The risk of counterparties failing to meet their obligations is continuously monitored. To minimise counterparty risk, Helvetia defines lower limits with regard to the creditworthiness of the counterparty and limits the exposure per counterparty.

16.6.1 Risk exposure

Helvetia Group is mainly exposed to counterparty risk in the following areas:

- Counterparty risks arising from interest-bearing securities, money market instruments and net cash positions. The amount of gross counterparty risk exposure in connection with interest-bearing securities and money market instruments is shown in the tables in section 16.6.2 (page 172). The maximum default risk of the net cash position corresponds to "Cash and cash equivalents" in the consolidated balance sheet.
- Counterparty risks associated with loans and mortgages: The largest items in the asset class of loans form the promissory note loans (92.1 %), as well as policy loans (4.8 %). The policy loans are secured through life insurance policies. Since only a certain percentage of accumulated capital (<100 %) is invested, this asset class can be classified "fully secured". Gross exposure (without taking account of collateral) is of relatively little significance when assessing the counterparty risks from the mortgage business: mortgages are secured by an encumbrance, and a part of the mortgage is often additionally secured by a pledged life insurance policy, resulting in a correspondingly low loss ratio. Against this background, the counterparty risk from mortgages can be assumed to be low.

- Counterparty risk from transactions with derivative financial instruments: Refer to section 16.6.2 (page 172) for the amount of gross counterparty risk exposure in connection with derivative financial instruments. A small part of the derivative instruments is traded on a stock exchange, so there are no counterparty risks. Most of the outstanding receivables from the OTC derivatives are covered by collateral. The level of hedging with cash collateral is CHF 327.7 million (previous year: CHF 124.6 million). Existing netting agreements are also relevant. Refer to the table for detailed information about derivative financial instruments.
- Counterparty risks from alternative investments and bond funds: The largest positions in the "alternative investments" asset class are private debt instruments (94.1 %) and structured products (5.9 %). There is also a credit risk from the bond and money market funds managed by external providers, of which 19.8 % can be attributed to infrastructure funds.
- Counterparty risks from ceded reinsurance: Helvetia Group transfers part of its risk exposure to other companies via ceded reinsurance. If the reinsurer defaults, the Group remains liable for the reinsured receivables. Therefore, the Group periodically reviews the creditworthiness of its reinsurers. To reduce dependence on a single reinsurer, the Group places its reinsurance contracts with a number of first-class companies.
- Counterparty risks from the insurance business: The default of other counterparties (policyholders, insurance agents, insurance companies) may lead to a loss of receivables from the insurance business. On the balance sheet, the maximum gross exposure would correspond to the items shown in section 9.7 (from page 131) "Receivables from policyholders, insurance agents and insurance companies" (after deducting receivables from the reinsurance business recognised under "Credit risk exposure from ceded reinsurance"). However, these receivables are largely of a short-term nature. In addition, the receivables from policyholders represent the largest group in this class. Since the insurance cover is linked to the fulfilment of the contractual obligations on the part of the customer, the resulting risk is low for the insurance company.
- Counterparty risks from financial guarantees and loan commitments: detailed information on contingent obligations can be found in section 12 (from page 142).

The information relevant for setting the level of the counterparty risk exposure includes information on balance-sheet netting and on existing netting agreements regarding financial assets and liabilities. The relevant information is summarised in the table below. As there are no financial instruments netted on the balance sheet at Helvetia Group, the table shows the extent to which netting agreements for financial instruments exist, even if no netting takes place on the balance sheet. The netting agreements are ISDA and Swiss Master Agreements for OTC derivatives transactions. In the event of insolvency or if one of the parties does not fulfil its contractual obligations, there is a mutual right to close the current derivatives contracts and to offset outstanding receivables with liabilities and collateral received within the netting agreement.

Offsetting of financial instruments

as of 31.12.2020	Gross and net amounts of financial instruments in the balance sheet	Offsettable, non-netted amounts		
		Financial instruments	Cash collaterals	Net amount
in CHF million				
Derivative financial assets	369.9	–86.1	–327.7	–43.9
Derivative financial liabilities	203.2	–86.1	–7.6	109.5

as of 31.12.2019	Gross and net amounts of financial instruments in the balance sheet	Offsettable, non-netted amounts		
		Financial instruments	Cash collaterals	Net amount
in CHF million				
Derivative financial assets	238.6	–58.8	–124.6	55.2
Derivative financial liabilities	154.7	–58.8	–6.9	89.0

16.6.2 Credit quality of exposures and credit risk concentrations

The following analyses show the gross exposure to interest rate instruments, loans and derivative financial instruments, excluding collateral. They do not include investments where the credit risk is borne by the holders of life insurance policies. “Alternative investments” covers private-debt instruments and structured products. Investment funds with credit risk are restricted to bond and money market funds. The securities and issuer ratings of recognised rating agencies were used to show credit quality. Private-debt instruments are listed as “Not rated”, the underlying counterparties can, however, mainly be allocated a BB rating. The notes held by Caser of CHF 1,662 million for the targeted cashflow transformation are also listed as “Not rated”. Over 90% of the underlying counterparties have an investment grade rating. Fewer than 10% are not rated.

Credit quality of debt instruments, loans and derivative financial instruments by asset class

as of 31.12.2020	AAA	AA	A	BBB	BB and lower	Not rated	Total
in CHF million							
Bonds	11798.9	7307.9	5776.0	8318.6	86.3	2578.0	35865.7
Investment funds	–	–	–	–	–	195.3	195.3
Alternative investments	–	–	–	–	–	850.8	850.8
Derivative financial assets	64.3	48.0	89.4	29.4	–	106.0	337.1
Mortgages	–	–	–	–	–	4594.3	4594.3
Loans	207.7	525.9	122.6	–	–	120.4	976.6
Money market instruments	–	302.3	120.0	31.7	–	775.5	1229.5
Total	**12070.9**	**8184.1**	**6108.0**	**8379.7**	**86.3**	**9220.3**	**44049.3**
of which SPPI financial assets	11979.7	8092.1	5539.4	7800.0	72.7	7642.0	41125.9

as of 31.12.2019	AAA	AA	A	BBB	BB and lower	Not rated	Total
in CHF million							
Bonds	11833.0	7261.5	5378.7	4801.8	1.7	169.7	29446.4
Investment funds	–	–	–	–	–	112.9	112.9
Alternative investments	–	–	–	–	–	701.9	701.9
Derivative financial assets	25.9	2.9	93.1	17.5	–	71.9	211.3
Mortgages	–	–	–	–	–	5137.8	5137.8
Loans	232.9	559.3	110.3	–	–	109.1	1011.6
Money market instruments	50.0	932.6	232.5	22.5	–	935.7	2173.3
Total	**12141.8**	**8756.3**	**5814.6**	**4841.8**	**1.7**	**7239.0**	**38795.2**
of which SPPI financial assets	12115.9	8726.5	5219.6	4377.1	1.7	6254.7	36695.5

Credit quality of debt instruments, loans and derivative financial instruments by sector

as of 31.12.2020	AAA	AA	A	BBB	BB and lower	Not rated	Total
in CHF million							
Governments	5422.9	3687.5	1274.0	4500.2	5.4	1433.0	16323.0
Financial institutions	6348.3	2810.9	1679.9	443.6	14.4	3120.1	14417.2
Corporates and others	299.8	1685.7	3154.0	3436.0	66.5	4667.2	13309.2
Total	**12071.0**	**8184.1**	**6107.9**	**8379.8**	**86.3**	**9220.3**	**44049.4**

as of 31.12.2019	AAA	AA	A	BBB	BB and lower	Not rated	Total
in CHF million							
Governments	5646.4	3676.7	1048.3	1780.6	–	32.6	12184.6
Financial institutions	6212.0	3424.8	1673.8	339.0	–	2308.9	13958.5
Corporates and others	283.4	1654.8	3092.5	2722.2	1.7	4897.5	12652.1
Total	**12141.8**	**8756.3**	**5814.6**	**4841.8**	**1.7**	**7239.0**	**38795.2**

Credit quality of ceded reinsurance

as of 31.12.2020	Exposure	Share in %
in CHF million		
AAA	–	–
AA	481.4	53.0
A	380.2	41.8
BBB	4.4	0.5
BB and lower	0.2	0.0
Not rated	42.6	4.7
Total	**908.8**	**100.0**

as of 31.12.2019	Exposure	Share in %
in CHF million		
AAA	–	–
AA	320.9	52.6
A	257.2	42.1
BBB	0.5	0.1
BB and lower	1.6	0.3
Not rated	29.7	4.9
Total	**609.9**	**100.0**

SPPI financial investments with increased credit risk

	Book value		Fair Value	
as of 31.12.	2020	2019	2020	2019
in CHF million				
BB and lower	72.7	1.7	72.7	1.7
Not rated[1]	10.1	11.5	10.8	11.6
Total	**82.8**	**13.2**	**83.5**	**13.3**

[1] For unrated financial assets (mainly mortgages), we assume an increased credit risk for positions with outstanding interest payments of more than 90 days.

The ten largest counterparties'

as of 31.12.2020	Issuer rating	Book value total	AAA
in CHF million			
Kingdom of Spain	A	2 466.7	–
Swiss Confederation	AAA	2 290.6	2 274.7
Republic of Italy	BBB	2 212.8	–
Mortgage Bond Bank of the Swiss mortgage institutions	AAA	1 802.5	1 802.5
Central Mortgage Bond Institution of the Swiss Cantonal Banks	AAA	1 722.0	1 722.0
The Bank of New York Mellon	A	785.2	–
Republic of France	AA	728.3	–
Federal Republic of Germany	AAA	722.2	659.7
European Investment Bank	AAA	671.5	671.5
United States of America	AAA	494.3	494.3

as of 31.12.2019	Issuer rating	Book value total	AAA
in CHF million			
Swiss Confederation	AAA	2 363.9	2 354.2
Mortgage Bond Bank of the Swiss mortgage institutions	AAA	1 716.6	1 716.6
Republic of Italy	BBB	1 589.5	–
Central Mortgage Bond Institution of the Swiss Cantonal Banks	AAA	1 554.9	1 554.9
Federal Republic of Germany	AAA	730.9	654.5
Republic of France	AA	722.9	–
European Investment Bank	AAA	680.3	680.3
United States of America	AAA	494.8	494.8
Republic of Austria	AA	494.2	–
Cantonal Bank of Lucerne	AA	479.0	–

When showing the ten largest counterparties, the credit risk exposure for the published tables "Credit quality of debt instruments, loans and derivative financial instruments" and "Credit risk from ceded reinsurance" is used.

Caser holds collateralised notes for targeted cashflow transformation totalling CHF 1,662 million. The largest share of collateral for these notes comprises bonds from the Kingdom of Spain at CHF 723 million, the Republic of Italy at CHF 181 million and the Republic of France at CHF 158 million. In the table above these notes are included as "Not rated" not considering any collaterals. The Bank of New York Mellon is the largest counterparty for the notes held by Caser at CHF 785.2 million. There is no counterparty risk involving Bank of New York Mellon, but instead with relation to the bonds used to secure these notes.

Securities rating Bonds				Money market instruments	Derivative financial assets	Borrower's note loans	Other loans
AA	A	BBB and lower	Not rated				
–	129.4	2 068.8	268.5	–	–	–	–
–	15.9	–	–	–	–	–	–
–	–	2 208.7	4.1	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	785.2	–	–	–	–
710.4	17.0	–	0.9	–	–	–	–
8.4	–	–	–	–	–	54.1	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–

Securities rating Bonds				Money market instruments	Derivative financial assets	Borrower's note loans	Other loans
AA	A	BBB and lower	Not rated				
–	9.7	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	1 589.5	–	–	–	–	–
–	–	–	–	–	–	–	–
11.2	–	–	–	–	–	65.2	–
713.3	9.6	–	–	–	–	–	–
–	–	–	–	–	–	–	–
–	–	–	–	–	–	–	–
415.0	–	–	–	–	–	79.2	–
459.0	–	–	–	10.0	–	10.0	–

17. Special effects

The 2020 financial year was dominated by the COVID-19 pandemic. The pandemic caused insured losses of CHF 97.5 million before tax (after reinsurance). The main countries affected were Switzerland, Germany and Austria as well as active reinsurance. In Italy and Spain, on the other hand, Helvetia experienced low pandemic loss exposure. Lower claims frequencies in individual lines during the lockdowns also led to a positive counter effect on the claims ratio for the non-life business, although it failed to offset the pandemic-related claims burden.

The outbreak of the pandemic initially caused major turmoil on the capital market in spring, leading to losses on equities and derivatives in the first half-year. Helvetia followed through with its risk and loss limit concept in March 2020 following the stock market crash. In accordance with this concept, the equity exposure and risks held by Helvetia were monitored and managed in real time. This protected the balance sheet from excessive losses. This investment policy has proven its worth in past crises and is a mainstay for the risk management and controlling of financial market risks. Already at the start of the year, equity holdings were hedged significantly with derivative instruments for that reason.

The equity markets fell fast and far in the first quarter of 2020 and additional hedging measures were required to comply with the defined risk limits and curb potential further losses. Given the now reduced equity exposure, Helvetia initially only participated to a limited extent in the strong market recovery that directly followed the crash. Later during the year, equity exposure was gradually realigned with the long-term target ratio in accordance with the loss limiting concept. In the second half-year, rising equity markets supported a sizeable recovery of the investment result.

The annual result was also affected by a one-off write-down on intangible assets of CHF 40.2 million before tax in the Switzerland segment. As part of its digitalisation plans, Helvetia subjected the focus of its own project portfolio to a thorough review. This led to the decision to terminate a multi-year development programme for the comprehensive renewal of the non-life back-end systems and to focus more consistently on digitalisation in customer and partner contact. The purpose of this decision is to take account of the requirements for digital interaction in the insurance business, which have increased again significantly over recent months. In addition, the use of standard components will further enhance process efficiency in the core business. The asset was completely amortised. The write-down is reported under "Other expenses".

With its strategic decision to introduce a new tariff in the Swiss group life business with effect from 1 January 2020, Helvetia has strengthened its future profitability. As expected, this led to a significant decline in premiums for this business line. The effects can also be seen in the benefits paid and the change in actuarial reserves.

18. Events after the reporting date

No additional important events occurred before or on 24 March 2021, the date on which these consolidated financial statements were completed, that are likely to have a material impact on the financial statements as a whole.

19. Scope of consolidation

19.1 Events in the reporting year

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

- Helvetia Service AG merged with Helvetia Schweizerische Versicherungsgesellschaft AG on 1 January 2020.
- SAISA 2020 SOCIEDAD DE INVERSIONES ANDALUZAS, S.A., Seville was founded on 3 February 2020 with the participation of Helvetia Compañia Suiza, Seville. Helvetia Compañia Suiza holds 35% of the shares in the new company.
- The VP SICAV Helvetia Fund was renamed LUXCELLENCE – Helvetia Fund on 14 February 2020.
- Helvetia Schweizerische Versicherungsgesellschaft AG, St. Gallen, remitted 102,838 new shares at a price of CHF 2,920.13 per share to Helvetia Holding on 23 June 2020. The equity capital of Helvetia Schweizerische Versicherungsgesellschaft AG increased by CHF 300.3 million through this transaction.
- On 25 June 2020, Helvetia acquired a 69.41% stake in the Spanish insurer Caser (Caja de Seguros Reunidos, Compañia de Seguros y Reaseguros S.A., Madrid). The purchase price was CHF 855.4 million in cash. As a result of the acquisition, Helvetia will primarily grow in the attractive non-life business. In addition, Helvetia will gain access to valuable new bank distribution channels and acquire new business areas in the health and elderly care sector, which offers growth opportunities in light of demographic trends.

The following overview shows the assets and liabilities at fair value acquired as part of the acquisition of Caser:

in CHF million	
Assets	
Property and equipment	467.3
Intangible assets	654.0
Investments	6982.9
Receivables from insurance business	354.9
Reinsurance assets	188.6
Tax assets (incl. deferred tax)	225.9
Other assets and accruals	246.0
Cash and cash equivalents	452.8
Liabilites	
Actuarial provisions	–6772.2
Tax liabilities (incl. deferred tax)	–233.2
Financial liabilities	–954.8
Other liabilities and accruals	–317.0
Acquired net assets	
Acquired identified assets (net)	1295.2
Non-controlling interests	–438.0
Recognised as "other income" in profit or loss	–1.8
Total acquisition costs	**855.4**

Based on the size and complexity of the transaction, the purchase price allocation in the table above is provisional in nature.

Claims from the insurance business came to CHF 364.7 million gross, of which CHF 9.8 million were classified as likely to be irrecoverable.

Caser achieved a result of CHF 54.3 million over the reporting period and gross premium volume of CHF 655.8 million. If the acquisition had been completed on 1 January 2020, consolidated net profit in the reporting period would have been CHF 273.9 million and gross premiums would have been CHF 10,248.8 million. These pro forma values are based on unaudited financial statements in accordance with local accounting principles and assumptions regarding the impact of the special effects of the transaction. No expectations can be derived from that regarding future periods.

The costs related to the closing of the acquisition came to CHF 12.3 million and were entered under "Operating and administrative expenses".

In connection with the acquisition of Caser in 2020, the minority shareholders were granted the option of selling their shares to Helvetia (see section 8.2, page 123).

- On 13 July, Clinicas Avetmas, Madrid, acquired 100% of C.V. Sanchinarro S.L., Madrid which operates in the veterenary sector for EUR 0.4 million.
- In Italy, GE.SI.ASS Società Consortile a R.L. was liquidated with effect from 4 August 2020 and on 1 September 2020 Chiara Assicurazioni S.p.A. was merged into Helvetia Italia Assicurazioni S.p.A., Milan.
- The holding of Helvetia Venture Fund in INZMO GmbH, Berlin, fell from 58.2% to 25.1% during the reporting period.
- The share capital of Helvetia Venture Fund was increased by EUR 8.0 million during the reporting period. The holding is now 99.28% (previously 99.97%).
- The stake in MoneyPark AG was increased from 82.15% to 84.78% by way of gradual acquisition during the reporting period.
- On 30 December 2020, Caja de Seguros Reunidos, Compañia de Seguros y Reaseguros S.A., Madrid acquired 50.1% of Becier Assegurances S.A.U., Andorra. Becier is mainly involved in the non-life business. The purchase price was CHF 2.6 million. As it is not material to Helvetia, the holding is listed as a financial instrument.

19.2 Events in the previous period

- 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. The holding was increased during the remainder of the year through share purchases to 82.152%.
- On 26 June 2019, Defferrard & Lanz SA was merged with MoneyPark AG.
- On 26 June 2019, Patria Leben, St. Gallen and Europäische Reiseversicherungs AG, Basel, were merged with Helvetia Schweizerische Versicherungsgesellschaft AG, St. Gallen.
- On 1 July 2019, Helvetia Schweizerische Versicherungsgesellschaft AG acquired 100% of Helvetic Warranty GmbH based in Dietikon. The company specialises in specific insurance solutions for electronic and electrical devices that are distributed directly at the point of sale via distribution partners. Helvetic Warranty acts here as an interface between distribution partners and insurers and provides comprehensive services that cover all aspects from the initial sale to the handling of claims. The purchase price was CHF 35.0 million in cash paid on the purchase date. Goodwill of CHF 28.3 million was recognised in connection with the acquisition. The goodwill represents future earnings potential through strengthening of the sale of insurance products via specialist retailers in the B2B2C business. It is assigned to the "Switzerland" segment and is not expected to be deductible for tax purposes.
- The investment in INZMO GmbH, Berlin, increased from 50.60% to 58.2% during the 2019 reporting period.
- During the 2019 reporting period, the investment in Gesnorte S.A., Madrid, increased from 27.7% to 29.55%.
- In 2020, the share capital in Helvetia Venture Fund S.A. increased by EUR 7.5 million.
- In 2020, Helvetia established the fund Helvetia Allegra ONE.
- The fund Helvetia Allegra 50 was deconsolidated in 2019.

19.3 Group companies

as of 31.12.2020	Business activities	Holding in %	Method of consolidation	Currency	Share capital in million
Switzerland					
Helvetia Holding AG, St. Gallen	Other	–	–	CHF	1.1
Helvetia Schweizerische Versicherungsgesellschaft AG, St. Gallen	Non–life	100.00	full	CHF	82.6
Helvetia Schweizerische Lebensversicherungsgesellschaft AG, Basel	Life	100.00	full	CHF	50.0
Europäische Reiseversicherung, Basel[1]	Non–life	100.00	full	CHF	
Care Travel AG, Brüttisellen	Non–life	100.00	full	CHF	0.1
Medicall AG, Brüttisellen	Non–life	79.78	full	CHF	0.9
smile.direct Versicherungen, Dübendorf[1]	Non–life	100.00	full	CHF	–
Helvetia Consulta AG, Basel	Other	100.00	full	CHF	0.1
Helvetia Consulting AG, St. Gallen	Other	100.00	full	CHF	0.1
IFANG Park AG, Schwerzenbach	Life	100.00	full	CHF	0.1
MoneyPark AG, Freienbach	Other	84.78	full	CHF	0.5
Finovo AG, Opfikon	Other	100.00	full	CHF	1.1
Helvetia Asset Management AG, Basel	Other	100.00	full	CHF	1.0
Helvetic Warranty GmbH, Dietlikon	Non–life	100.00	full	CHF	0.0
Helvetia I Funds North America	Other	75.86	full	USD	–
Helvetia I Funds Great Britain	Other	76.27	full	GBP	–
Helvetia I Funds Europe	Other	74.50	full	EUR	–
Helvetia Allegra ONE	Other	96.26	full	CHF	–
Helvetia Allegra 30	Other	82.76	full	CHF	–
Coop Rechtsschutz AG, Aarau		42.50	equity	CHF	
Prevo-System AG, Basel		24.00	equity	CHF	
Pilatus Arena AG, Luzern		50.00	equity	CHF	
SmartLife Care AG, Brüttisellen		52.00	equity	CHF	
Germany					
Helvetia Schweizerische Versicherungsgesellschaft AG, Direktion für Deutschland, Frankfurt a.M.[1]	Non–life	100.00	full	EUR	
HELVETIA Schweizerische Lebensversicherungs-AG, Frankfurt a.M.	Life	100.00	full	EUR	11.5
Helvetia Versicherungs-AG, Frankfurt a.M.	Non–life	100.00	full	EUR	5.0
Der ANKER Vermögensverwaltung GmbH, Frankfurt a.M.	Other	100.00	full	EUR	0.0
Helvetia Vermögens- und Grundstücksverwaltung GmbH & Co. KG, Frankfurt a.M.	Life	100.00	full	EUR	69.2
Helvetia Grundstücksverwaltung GmbH, Frankfurt a.M.	Life	100.00	full	EUR	0.0
Hamburger Assekuranz GmbH, Frankfurt a.M.	Other	100.00	full	EUR	3.1
Helvetia Leben Maklerservice GmbH, Frankfurt a.M.	Life	100.00	full	EUR	0.0
Helvetia Versicherungs- u. Finanzdienstleistungsvermittlung GmbH, Frankfurt a.M.	Other	100.00	full	EUR	0.0
INZMO GmbH, Berlin		25.10	equity	EUR	
Italy					
Helvetia Compagnia Svizzera d'Assicurazioni S.A., Rappresentanza Generale e Direzione per l'Italia, Milan [1]	Non–life	100.00	full	EUR	
Helvetia Vita - Compagnia Italo Svizzera di Assicurazioni sulla Vita S.p.A., Milan	Life	100.00	full	EUR	47.6
Helvetia Italia Assicurazioni S.p.A., Milan	Non–life	100.00	full	EUR	15.6
APSA s.r.L., Milan	Non–life	100.00	full	EUR	0.1

as of 31.12.2020	Business activities	Holding in %	Method of consolidation[1]	Currency	Share capital in million
Spain					
Helvetia Holding Suizo, S.A., Madrid	Other	100.00	full	EUR	90.3
Helvetia Compañía Suiza, Sociedad Anónima de Seguros y Reaseguros, Seville	Life and non-life	98.99	full	EUR	21.4
Caja de Seguros Reunidos, Compañia de Seguros y Reaseguros S.A., Madrid	Life and non-life	70.52	full	EUR	647.7
Sa Nostra Compañía De Seguros De Vida, S.A., Palma de Mallora	Life	81.31	full	EUR	14.4
CA Vida Assegurances, S.A., Andorra	Life and non-life	51.00	full	EUR	0.6
Becier Assegurances, S.A.U., Andorra	Non-life	50.10	investment	EUR	0.6
Inmocaser, S.A.U., Madrid	Non-life	100.00	full	EUR	67.6
Caser Marketing Directo, S.L.U., Madrid	Non-life	100.00	full	EUR	0.0
Becser Corredoría D'Assegurances, S.A.U., Andorra	Non-life	100.00	investment	EUR	0.1
Jalfit Bienestar, S.A.U., Madrid	Other	70.00	full	EUR	0.1
Jalsosa, S.L., Madrid	Other	72.85	full	EUR	0.1
Aldebarán Riesgo, S.C.R., S.A.U., Madrid	Other	100.00	full	EUR	20.7
Acierta Asistencia, S.A., Madrid	Other	100.00	full	EUR	5.9
Grupo TH Mantenimiento, S.L., Madrid	Other	100.00	full	EUR	0.1
Clínica Parque Fuerteventura, S.L.U, Puerto del Rosario	Other	100.00	full	EUR	8.0
Clínica Parque, S.A.U, Puerto del Rosario	Other	100.00	full	EUR	10.9
Extremeña de Gestion Sanitaria y Especialidades Médicas, S.L.U., Don Benito	Other	100.00	full	EUR	0.0
Extremeña de Patrimonio para la Sanidad, S.L.U., Madrid	Other	100.00	full	EUR	5.6
Hospital del Llevant, S.L., Manacor	Other	100.00	full	EUR	0.4
Parque Hospitales Baleares, S.L.U., Madrid	Other	100.00	full	EUR	0.0
Residencia del Hospital del Llevant, S.L., Manacor	Other	100.00	full	EUR	0.0
Atendae Asistencia S.A., Madrid	Other	100.00	full	EUR	1.5
C Y E Badajoz, Servicios Sociosanitarios, S.A., Badajoz	Other	67.00	full	EUR	0.1
C Y E Servicios Sociosanitarios, S.A.U., Madrid	Other	100.00	full	EUR	1.7
Caser Residencial de Gestión, S.L.U., Madrid	Other	100.00	full	EUR	2.2
Caser Residencial Inmobiliaria, S.A.U., Madrid	Other	100.00	full	EUR	19.0
Caser Residencial, S.A.U., Madrid	Other	100.00	full	EUR	0.2
Caser Retiro, S.L., Madrid	Other	50.00	full	EUR	0.0
Centro Sociosanitarios de Logroño, S.L., Logroño	Other	100.00	full	EUR	0.2
Myces, S.L.U., Lleida	Other	100.00	full	EUR	1.2
Centro Asistencial San Torcuato, S.L., Zamora	Other	100.00	full	EUR	0.1
Residencia Nueva Vida, S.A., Pontevedra	Other	100.00	full	EUR	1.3
Servicios Integrales Geriontológicos y Sanitarios, S.A., Bilbao	Other	100.00	full	EUR	3.3
Arrienda Gestión S.A.U., Madrid	Other	100.00	full	EUR	15.0
Casavi, Asistencia en Viaje, S.L.U., Madrid	Other	100.00	full	EUR	0.1
Caser Direct, Correduria de Seguros del Grupo Asegurador Caser, S.A., Madrid	Other	100.00	full	EUR	0.1
Caser Servicios de Salud, S.A.U., Madrid	Other	100.00	full	EUR	9.4
Clínicas Avetmas, S.A.U., Madrid	Other	100.00	full	EUR	5.0
C.V. Sanchinarro, S.L., Madrid	Other	100.00	full	EUR	0.2
Gesinca Consultora de Pensiones y Seguros, S.A., Madrid	Other	100.00	full	EUR	0.9
Medical Discount, S.L.U., Alicante	Other	100.00	full	EUR	0.0
Caser Valores e Inversiones Agencia Valores, S.A.U., Madrid	Other	100.00	full	EUR	0.2

as of 31.12.2020	Business activities	Holding in %	Method of consolidation[1]	Currency	Share capital in million
Caser Pensiones, Entidad Gestora de Fondos de Pensiones, S.A., Madrid	Other	100.00	full	EUR	5.0
Gesnorte S.A., S.G.I.I.C., Madrid		29.55	equity	EUR	
Audisec, Servicios de la Informatión, S.L., Ciudad Real		35.00	equity	EUR	
SAISA 2020 Sociedad de Inversiones Andaluzas, S.A., Sevilla		35.00	equity	EUR	
Austria					
Helvetia Schweizerische Versicherungsgesellschaft AG, Direktion für Österreich, Vienna[1]	Non–life	100.00	full	EUR	
Helvetia Versicherungen AG, Vienna	Life and non–life	100.00	full	EUR	12.7
Smart Insurance & IT Solutions GmbH, Vienna	Other	100.00	full	EUR	0.0
protecta.at Finanz- und Versicherungsservice GmbH, Vienna	Other	100.00	full	EUR	0.0
ZSG Kfz-Zulassungsservice GmbH, Vienna		33.33	equity	EUR	
Assistance Beteiligungs-GmbH, Vienna		24.00	equity	EUR	
France					
Helvetia Compagnie Suisse d'Assurances S.A., Direction pour la France, Le Havre[2]	Non–life	100.00	full	EUR	
Helvetia Assurances S.A., Le Havre	Non–life	100.00	full	EUR	94.4
Groupe Save, Le Havre	Non–life	100.00	full	EUR	0.1
Seasecure Holding SAS, Marseille		36.46	equity	EUR	
Belgium					
Compagnie Européenne d'Assurance des Marchandises et des Bagages S.A., Bruxelles	Non–life	100.00	full	EUR	1.8
Liechtenstein					
Helvetia Swiss Insurance Company in Liechtenstein Ltd, Vaduz	Non–life	100.00	full	CHF	5.0
Luxembourg					
Helvetia Europe S.A., Luxembourg	Other	100.00	full	EUR	3.6
VP SICAV Helvetia Fund International Bonds	Other	100.00	full	EUR	–
VP SICAV Helvetia Fund European Equity	Other	100.00	full	EUR	–
VP SICAV Helvetia Fund International Equity	Other	100.00	full	EUR	–
Swiss Cap Private Debt Fund	Other	100.00	full	USD	–
Helvetia Venture Fund S.A., SICAR	Other	99.28	full	EUR	–
Malaysia					
Helvetia Swiss Insurance Company Ltd., Kuala Lumpur[1]	Non–life	100.00	full	USD	–
Singapore					
Helvetia Swiss Insurance Company Ltd., Singapore[1]	Non–life	100.00	full	USD	–
USA					
Helvetia Latin America LLC, Miami	Non–life	100.00	full	USD	0.1
UK					
Helvetia Marine Services Ltd., London	Non–life	100.00	full	GBP	0.0
Worldwide					
Helvetia Schweizerische Versicherungsgesellschaft AG, Rückversicherung, St. Gallen[2]	Non–life	100.00	full	CHF	

[1] Branches

KPMG

Statutory Auditor's Report

To the General Meeting of Helvetia Holding AG, St. Gallen

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Helvetia Holding AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2020 and the consolidated income statement, statement of comprehensive income, consolidated statement of equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 68 to 182) give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

VALUATION OF LIFE RESERVES

VALUATION OF LOSS RESERVES

RECOVERABILITY OF GOODWILL

ACQUISITION OF THE INSURANCE GROUP CASER

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

VALUATION OF LIFE RESERVES

Key Audit Matter

Technical reserves recognize the valuation of obligations from life insurance policies. For this purpose, management has to make estimates and assumptions on the occurrence of future insured events (death, disability, survival) as well as the corresponding insurance contract settlement costs.

Assumptions on mortality, disability, reactivation, lapse rates, interest rates and costs are particularly relevant for the technical reserves established for such events. These assumptions are made on the basis of statistics provided by industry associations and observations from own portfolios, and take into account expected future developments. The definition of such assumptions involves uncertainties, which are mitigated with additional security margins.

Actual benefits paid may be different from the booked reserves, but overall, the insurance company must dispose of sufficient technical reserves.

Our response

In essence, we have reviewed the technical reserves as follows:

- Involving actuaries as part of the audit team.
- Testing the effectiveness of selected key controls for calculating technical reserves as well as the assurance of the quality of data used.
- Review of compliance with local legal and regulatory requirements for the calculation of technical reserves.
- Review of the derivation and plausibility checks of the main assumptions, including interest rates, mortality, lapse rates and costs.
- Review of technical reserves based on the recalculation of technical reserves of individual contracts or updates.
- Reconciliation of data used to calculate technical reserves with the sub-systems using random samples.

For further information on the valuation of the life reserves refer to the following:

- Chapter 9

VALUATION OF LOSS RESERVES

Key Audit Matter

Reserves have been established for claims incurred (both incurred and reported and incurred but not reported claims) up to the end of the business year. These include the costs of claims expected to be paid as well as the costs of handling claims. The reserves are calculated using actuarial methods and assumptions. Determining these assumptions involves significant judgment, and even small changes in the assumptions may have a material impact on the value of the reserves.

In addition, the actual claims paid out may deviate from the estimates

Our response

In summary, we have audited the claims reserves as follows:

- Inclusion of actuaries as part of the audit team.
- Testing of the operating effectiveness of selected key controls for the calculation of the loss reserves and the integrity of the data used in the actuarial calculation.
- Critically assessing the methodology used by the Group to calculate reserves.
- Examining the determination of the most important assumptions.
- Independently recalculating the reserves of the most important business lines as well as reconciling and assessing the reasonableness of the reserves recorded by the Group.

For further information on the valuation of loss reserves refer to the following:

- Chapter 9

RECOVERABILITY OF GOODWILL

Key Audit Matter

The goodwill position is subject to an annual goodwill impairment test. The impairment test determines the recoverable amount by calculating the value in use, comparing it to the goodwill's carrying value. If the recoverable amount exceeds the carrying value, no impairment is required.

The value in use is calculated using the discounted cash flow (DCF) method, which is in particular influenced by expected future cash flows, the applied discount rates as well as the growth rates. Therefore, the calculation of the value in use involves elements of uncertainty and is subject to management's judgment's.

Our response

For the goodwill position, we have principally performed the following audit procedures:

- Testing of the operating effectiveness of selected key controls in connection with Goodwill Impairment Test.
- Critically assessing the budgeting process, including back-testing the most important figures; this means comparing the budget values with the actual values of the last 5 years.
- Reconciling the budget and forecast values used in the goodwill impairment test with the figures approved by the Board of Directors.
- Recalculating the DCF model.
- Involving a valuation specialist to critically assess the parameters used, in particular the discount rates.
- Appraising the model used by management to calculate the discount rates.
- Independently calculating the discount rates, and comparing and reviewing the reasonableness of the differences to the rates used by management.
- Comparing the growth rates applied with the inflation rates expected in the long term.
- Assessing sensitivity analyses concerning budget achievement, discount rates as well as growth rates.

For further information on the recoverability of goodwill refer to the following:

- Chapter 6

ACQUISITION OF THE INSURANCE GROUP CASER

Key Audit Matter

On 25 June 2020, Helvetia acquired 69,41% of the voting shares in the Spanish insurance group Caser. As of acquisition date, the identifiable assets acquired and liabilities assumed have to be measured at their fair values.

Our response

We have performed the following audit procedures on the key areas of the acquisition of the insurance group Caser:

- Involvement of local auditors including specialists among other for testing the valuation of the

The focus is thereby on the technical provisions for the life business, the investments as well as the intangible assets. The determination of the fair values of assets and liabilities involves a number of assumptions regarding the amount and the timing of cash inflows and outflows.

In the life business, the actuarial reserves reflect the obligations to policyholders in relation to future events such as death, disability or longevity. Assumptions on mortality, disability, surrender rates, interest rates and costs are particularly relevant for the valuation.

A part of the intangible assets are distribution agreements of the companies. For valuation purposes, assumptions are made regarding the amount and timing of cash flows and the discount rate.

Where the fair value of investments cannot be directly observed at the market, valuations are made involving assumptions on future cash flows, interest rates and default probabilities.

insurance obligations, intangible assets and investments.

- Assessment of the concepts established by Helvetia on specific valuation and accounting matters relating to the acquisition.
- Testing the completeness and the valuation of the identified assets and liabilities as of acquisition date for significant components.
- Reconciliation of the determination of the difference between revalued net assets and purchase price.
- Assessment of the appropriateness of the subsequent measurement of the significant revalued assets and liabilities, in particular regarding amortization period and pattern.
- Testing the completeness and accuracy of the disclosures on the acquisition in the notes.

For further information on the on the acquisition of the insurance group Caser refer to the following:

- Chapter 19.1

Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the consolidated financial statements, the stand-alone financial statements of the company, the remuneration report and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.

— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Rainer Pfaffenzeller
Licensed Audit Expert
Auditor in Charge

Christoph Hörl
Licensed Audit Expert

Zurich, 24 March 2021

KPMG AG, Räffelstrasse 28, CH-8036 Zürich

Financial statements of Helvetia Holding AG

Balance sheet

in CHF million	2020	2019	Change
Assets			
Cash and cash equivalents	0.1	0.0	
Other current receivables			
– from participants	26.4	28.8	
Active deferred income	265.2	249.5	
Current assets	291.7	278.3	4.8%
Financial assets	68.8	68.8	
Participations	1 890.4	1 590.1	
Non-current assets	1 959.3	1 658.9	18.1%
Total assets	**2 250.9**	**1 937.2**	**16.2%**
Liabilities and equity			
Trade payables	3.7	3.8	
Current liabilities	3.7	3.8	
Total liabilities	3.7	3.8	–2.6%
Share capital	1.1	1.0	
Legal capital reserves			
– Reserve from capital contributions	296.9	0.9	
Legal retained earnings			
– General legal retained earnings	86.1	86.1	
– Reserve for treasury shares	7.9	11.2	
Voluntary retained earnings	1 493.8	689.6	
Retained profit			
– Profit carried forward	96.4	895.2	
– Annual profit	265.5	249.9	
Treasury shares Helvetia Holding AG	–0.5	–0.5	
Total equity	2 247.3	1 933.4	16.2%
Total liabilities and equity	**2 250.9**	**1 937.2**	**16.2%**

Income statement

in CHF million	2020	2019	Change
Dividend income	265.2	249.5	
Interest income	0.6	1.0	
Total operating income	265.9	250.5	
Interest payable	0.0	–0.5	
Total operating expenses	0.0	–0.5	
Extraordinary expenses	–0.3	0.0	
Earnings before tax	265.5	250.0	6.2%
Income tax	0.0	–0.1	
Annual profit	**265.5**	**249.9**	**6.3%**

Proposed appropriation of profit

in CHF million	2020	2019
Profit for the period	265.5	249.9
Profit carried forward	96.4	895.2
At the disposal of the Shareholders' Meeting	361.9	1 145.1
Proposed dividend[1]	265.1	248.7
Allocation to free reserves	0.0	800.0
Profit carried forward to new account	**96.7**	**96.4**

1 2020: CHF 5.00 per registered share
2019: CHF 5.00 per registered share

Notes to the financial statements Helvetia Holding AG

1. Principles

1.1 General

The 2020 financial statements of Helvetia Holding AG were prepared in accordance with the provisions of Swiss accounting law (chapter 32 of the Swiss Code of Obligations). The applied valuation principles comply with the law. The material valuation principles that are not prescribed by law are discussed below.

Rounding can mean that the summation of individual values does not correspond to the reported total.

1.2 Valuation principles

Measurement is carried out in accordance with uniform criteria. Assets and liabilities are measured on an individual basis. Subsequent to initial recognition, assets are measured at amortised cost. Liabilities are stated at par value.

– Investments in other companies are recognised at purchase cost less impairment.
– Loans are reported at par value less impairment.
– Treasury shares are charged to equity in the balance sheet at purchase cost as of the acquisition date. In case of a sale at a later date, the gain or loss is recognised without affecting profit or loss.

1.3 No need to include additional information in the Notes to the financial statements, cash flow statement and management report

As the Helvetia Group prepares consolidated financial statements in accordance with a recognised accounting standard (IFRS), in accordance with the statutory provisions it therefore does not have to include additional information in the Notes to the financial statements, a management report and statement of cash flow in these financial statements.

2. Notes on balance sheet and income statement items

2.1 Prepaid expenses and deferred charges

The dividend of the subsidiary Helvetia Schweizerische Versicherungsgesellschaft AG distributed from its net profits for 2020 is paid simultaneously to Helvetia Holding AG and thus recognised on a transitory basis under "Prepaid expenses and deferred charges". The item in the amount of CHF 265.2 million exists vis-à-vis Group companies (previous year: CHF 249.5 million).

2.2 Financial assets

The loan to Helvetia Schweizerische Versicherungsgesellschaft AG totals CHF 68.8 million and earned interest at 0.75%.

2.3 Shareholdings

On the reporting date, Helvetia Holding AG owned the following direct investment:

	Reported company capital	Holding as of	Reported company capital	Holding as of
	31.12.2020	31.12.2020	31.12.2019	31.12.201
in CHF million				
Helvetia Schweizerische Versicherungsgesellschaft AG, St. Gallen	*77.5*	100.00%	*77.5*	100.00%
Helvetia Assset Management AG, Basel	1.0	100.00%	1.0	100.00%

[1] On 23 June 2020, Helvetia Schweizerische Versicherungsgesellschaft AG carried out an approved capital increase of CHF 5.1 million.

2.4 Share capital and authorised capital

The share capital of CHF 1,060,513.70 consists of 53,025,685 registered shares with a par value of CHF 0.02 (previous year: 49,725,685 registered shares with a par value of CHF 0.02).

On 17 June 2020, Helvetia Holding AG carried out a capital increase from approved share capital of CHF 66,000.00. 3,300,000 new shares with a nominal value of CHF 0.02 were issued. There remains an approved share capital of CHF 83,177.

At the reporting date, the capital contribution reserves totalled CHF 296,943,558 (previous year: CHF 960,915). The capital contribution reserves have not yet been confirmed by the Swiss Federal Tax Administration.

2.5 Treasury shares

	Low in CHF	High in CHF	Average price in CHF	Number
As at 1.1.2019				280,670
Purchases	113.89	120.39	120.22	17,855
Sales	126.85	137.95	131.20	– 30,593
As at 31.12.2019				267,932
Purchases	70.55	148.20	100.89	92,527
Sales	68.70	146.90	100.27	– 117,615
As at 31.12.2020				242,844

2.6 Dividend income
The dividend income of Helvetia Holding AG corresponds to the simultaneously distributed dividend of Helvetia Schweizerische Versicherungsgesellschaft AG. In this regard, please also see the comment on "2.1 Prepaid expenses and deferred charges".

3. Other information

3.1 Full-time equivalents
Helvetia Holding AG does not have any employees.

3.2 Guarantee and contingent liabilities
Helvetia Holding AG belongs to the Helvetia VAT group and is therefore jointly and severally liable for VAT debts.

Helvetia Holding AG has issued subordinated and unsecured guarantees of CHF 1.8 billion (previous year: CHF 1.8 billion) vis-à-vis the bond creditors of Helvetia Schweizerische Versicherungsgesellschaft AG. This is associated with (i) two bonds issued in October 2014 in the total amount of CHF 375.0 million (an unsecured senior bond at CHF 150.0 million and an unsecured subordinated bond at CHF 225.0 million), (ii) a subordinated bond issued in September 2015 in the amount of CHF 300.0 million, (iii) a subordinated hybrid bond issued in April 2017 with a volume of EUR 500.0 million (CHF 540.8 million), (iv) two subordinated bonds issued in February 2020 in the total amount of CHF 400.0 million as well as (v) a subordinated green bond issued in November 2020 in the amount of CHF 200.0 million.

3.3 Shareholders with interests of more than 3.00%
The following shareholders were entered in the share register on the reporting date of 31 December 2020:
– Patria Genossenschaft, Basel, with 34.09% (previous year: 34.09%).

3.4 Additional information for companies listed on the stock exchange
The information on investments of the members of the Board of Directors and the Executive Management required under Art. 663c para. 3 of the Swiss Code of Obligations is provided in the Notes to the 2020 consolidated financial statements of the Helvetia Group under chapter 15.

3.5 Ownership interests of members of the Board of Directors and the Executive Management
Information on the allocation of ownership interests to the members of the Board of Directors and the Executive Management is provided in the Notes to the 2020 consolidated financial statements of the Helvetia Group under chapter 15.

3.6 Material events after the reporting date
There were no material events after the reporting date that would have an impact on the carrying values of the reported assets or liabilities or that would need to be disclosed here.

Statutory Auditor's Report

To the General Meeting of Helvetia Holding AG, St. Gallen

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Helvetia Holding AG, which comprise the balance sheet as at 31 December 2020, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 189 to 193) for the year ended 31 December 2020 comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Rainer Pfaffenzeller
Licensed Audit Expert
Auditor in Charge

Christoph Hörl
Licensed Audit Expert

Zurich, 24 March 2021

KPMG AG, Räffelstrasse 28, CH-8036 Zürich

Embedded Value

in CHF million	31.12.2020	31.12.2019
Embedded Value after tax		
Switzerland	**3410.1**	**3377.0**
of which value of insurance portfolio	1720.8	1893.6
of which adjusted equity	2188.2	2025.7
of which solvency costs	–498.9	–542.3
EU	**1294.9**	**547.9**
of which value of insurance portfolio	673.1	375.3
of which adjusted equity	1020.6	358.8
of which solvency costs	–398.8	–186.2
Total[1]	**4705.0**	**3924.9**
of which value of insurance portfolio	2393.9	2268.9
of which adjusted equity	3208.8	2384.5
of which solvency costs	–897.7	–728.5

[1] of which minority interests CHF 181.7 million as of 31.12.2020

in %	31.12.2020	31.12.2019
Assumptions		
Switzerland		
Risk Discount Rate	6.0%	6.5%
Yield on bonds	–0.2%–0.7%	–0.1%–1.0%
Yield on equities	6.0%	6.5%
Yield on real estate	3.9%	3.4%
EU		
Risk Discount Rate	6.25%–8.50%	7.0%–8.75%
Yield on bonds	0.4%–1.5%	0.9%–2.0%
Yield on equities	6.25%	7.0%
Yield on real estate	4.2%	4.3%

in CHF million	31.12.2020	31.12.2019
Development of Embedded Value after tax		
Embedded Value as of 1 January	3924.9	3647.2
Operating profit from insurance portfolio and adjusted equity	78.5	518.2
Value of new business	55.1	83.1
Economic changes, including changes to unrealised gains and losses on investments (equity and real estate)	93.3	–229.4
Dividends and movement of capital	559.5	–74.9
Foreign currency translation differences	–6.3	–19.3
Embedded Value as of 31 December	**4705.0**	**3924.9**

in %		
Sensitivities		
+1% change to risk discount rate	–18.0%	–7.0%
–1% change to risk discount rate	–5.9%	8.3%
–10% change to fair value of equities	–14.5%	–2.5%
–10% change to fair value of real estate	–5.8%	–6.3%
+1% change to new money rate	–7.9%	6.8%
–1% change to new money rate	–25.2%	–14.5%

in CHF million		
New Business		
Switzerland		
Value of new business	31.1	61.9
Annual Premium Equivalent (APE)	124.5	182.0
Value of new business in % APE	25.0%	34.0%
Present Value of New Business Premiums (PVNBP)	1135.4	1898.2
Value of new business in % PVNBP	2.7%	3.3%
EU		
Value of new business	24.0	21.2
Annual Premium Equivalent (APE)	110.0	115.9
Value of new business in % APE	21.8%	18.3%
Present Value of New Business Premiums (PVNBP)	946.6	979.9
Value of new business in % PVNBP	2.5%	2.2%
Total		
Value of new business	55.1	83.1
Annual Premium Equivalent (APE)	234.5	297.9
Value of new business in % APE	23.5%	27.9%
Present Value of New Business Premiums (PVNBP)	2082.0	2878.1
Value of new business in % PVNBP	2.6%	2.9%

Annual Premium Equivalent (APE): 100% annual new business premium +10% single new business premium
PVNBP: Present Value of New Business Premium

Service

Glossary

Actuarial reserve
Technical life insurance reserve calculated in compliance with official guidelines and which, in conjunction with future premiums, secures claim payments.

Amortised cost
The amortised cost value of an investment is the amount at which the asset is first valued, less any impairments and plus or minus the difference between the original cost price and the redemption amount on maturity (premium / discount), with the difference being amortised over the term.

Asset liability concept
A means of balancing assets and liabilities on our customers' behalf in such a way as to ensure that all the Group's insurance commitments can be met with maximum security at any time.

Business volume
Sum of the gross premiums written and deposits from investment contracts in the reporting year.

Cash-generating unit
The smallest identifiable group of a company's assets that generates cash inflows that are largely independent of cash flows from other assets.

Claims ratio
The ratio of claims incurred to net premiums earned.

Collateral
Assets (generally securities) which are deposited or pledged as a financial surety.

Combined ratio
The sum of the net expense ratio and the claims ratio is used to evaluate the profitability of non-life insurance business before underwriting interest income is taken into consideration.

Contingent liabilities
Liabilities with little probability of occurring or low probability of causing an outflow of funds. They are not included in the balance sheet, but are mentioned in the notes to the consolidated financial statements.

Cost ratio
Technical costs on own account in proportion to the net premiums earned on own account.

Deferred acquisition costs
Costs which arise in connection with the conclusion of new or the extension of existing insurance contracts. They are taken into account in the balance sheet as assets, distributed across the contract period and recorded in the income statement as expenditure.

Deferred taxes
Deferred taxes arise due to temporary taxable differences between the local tax balance and the IFRS balance. They are established for each balance sheet item and are, when considered from the reporting date, either future tax liabilities or tax credits.

Deposits
(See "Deposits from investment contracts").

Deposits from investment contracts
The amounts paid in during the reporting year from contracts without a significant insurance risk.

Direct business
All insurance policies concluded by Helvetia with customers who are not insurers themselves.

Effective interest method
Allocates the difference between the cost price and redemption amount (premium discount) over the expected life of the corresponding asset using the present value method, thus achieving a consistent interest rate.

EIOPA
European Insurance and Occupational Pensions Authority

Embedded value
Embedded value measures the shareholder value of the life insurance portfolio and is made up of
– the adjusted equity
– plus the value of the insurance portfolio
– less the solvency costs.

Emerging risks
Unexpected and newly emerging or qualitatively changing risks resulting from the combination of different factors.

Equity valuation
Balance sheet practice for measurement of holdings in associated companies. The valuation of the holding in the balance sheet corresponds to the shareholders' equity in this company held by the Group. In the context of ongoing evaluation, this valuation is projected forward to take account of changes in proportional shareholders' equity, while allocating the proportional annual earnings to the Group results.

Fair value asset valuation
Valuation of assets at fair market value. This is the value at which an asset may be exchanged between two specialist and independent business partners who are willing to enter into a contract. As a rule, this is the price that can be achieved on an active market.

Finance lease
Leasing contracts under which all the risks and opportunities associated with the property are essentially transferred to the leasing customer.

Fixed-income investments
Securities (such as bonds, medium-term notes) on which a fixed and constant interest is paid for their entire term.

FTE
"Full-Time Equivalent" is the common unit of measurement for the number of full-time employees when converting all the part-time positions into full-time positions. FTE therefore expresses the fair value of a full-time employee within a comparable period of time.

GRI (Global Reporting Initiative)
The Global Reporting Initiative is a not-for-profit organisation. It was founded in 1997 in connection with the United Nations Environment Programme (UNEP). The GRI's mandate is to develop globally applicable guidelines for sustainability reports.

Gross premiums
The premiums written in the financial year before deduction of premiums ceded to reinsurers.

Group insurance
Insurance contracts concluded for a company's employees.

Hedge accounting
A special IFRS balance sheet practice for hedging transactions, which aims to present hedging instruments and underlying transactions using the same valuation methods in order to reduce the potential volatility of results.

Impairment
Impairment is deemed to be the amount by which the net carrying value of an asset permanently exceeds its recover-able amount (the higher of its net selling price and the net present value of cash flows which are expected to be generated from the use of the asset).

Indirect business
Companies involved in direct business–primary insurers–often do not bear the entire risk alone but pass some of it on to a reinsurer. Like many companies active in direct insurance business, Helvetia also acts as a reinsurer and assumes part of the risk of other primary insurers. These reinsurance transactions are known as indirect business.

Individual insurance
Insurance contracts concluded for individuals.

Insurance benefits
Amounts paid by the insurer in the financial year for claims incurred in respect of insured events.

Legal quota
Legal or contractual obligation to credit the policyholder with a minimum amount of the income or profits from an insurance portfolio in the form of dividends.

Liability Adequacy Test (LAT)
Adequacy test that checks whether the carrying value of an insurance liability is sufficient to cover estimated future requirements.

Loss reserves
Since not all claims will be settled by the end of the financial year in which they arise, provisions must be made in the balance sheet for these outstanding claims or claims likely to be incurred but not yet notified. Such provisions are known as loss reserves or reserves for claims outstanding. Changes to the loss reserves are shown in the income statement.

Net insurance benefits and claims
Total of all benefits paid in the financial year and all changes to technical reserves, less benefits covered by reinsurers.

Net premiums earned on own account
They correspond to the premiums written in the reporting year for the entire business on own account, whilst taking into consideration the changes to the unearned premium reserves.

Net premiums written
If a risk is reinsured, the reinsurer will receive a part of the gross premium in proportion to the risk assumed. The other part is used to finance the risk that remains for the primary insurer. Net premiums thus correspond to gross premiums from total business less the premiums ceded proportionally to reinsurers.

Ogden discount rate
The Ogden discount rate is used by courts in the United Kingdom to determine the present values of future losses arising from personal injuries that are settled against a one-time payment. This primarily impacts motor vehicle and general liability insurance. After being set at 2.5% in 2001, the Ministry of Justice reduced the Ogden discount rate to –0.75% on 27 February 2017 – a much greater reduction than previously forecast by the insurance industry.

Operating lease
Lease agreements under which the risks and opportunities associated with the property remain with the lessor.

Plan assets
Assets that serve to cover employee benefits by means of a long-term fund.

Policyholders' dividend
The positive difference between actual and guaranteed interest income, and between a policy's calculated and actual benefits or costs, is credited to the policyholder as a dividend (particularly applies to life insurance business).

Preferred stock
Corporate bonds that are, in the case of liquidation, subordinate to first-ranking bonds and superordinate to the shareholders and explicitly subordinate bonds.

Premium
Amount to be paid by the policyholder to the insurer for the provision of insurance cover.

Premium reimbursements
Some insurance policies provide that part of the premium may be repaid to the client as a policyholder's dividend at times when few claims have been incurred.

Provisions
Amounts set aside in the balance sheet to meet likely future commitments.

Regular premiums
Amount paid for the provision of insurance cover, in the form of recurring payments.

Reinsurer
Insurance company that assumes part of the risks entered into by a primary insurer.

Reinsurance premiums
Amount paid by the insurer to the reinsurer in exchange for the latter's assumption of risks.

Return on equity (ROE)
Ratio of result to equity: 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).

Run-off portfolio
An insurance portfolio that is being wound up, i.e. no new contracts are concluded for this portfolio and no existing contracts from this portfolio are extended.

Single premium
Amount paid for the provision of insurance cover, in the form of a one-time payment on commencement of the insurance.

Solvency, Solvency I, Swiss Solvency Test
The term "solvency" refers to the minimum supervisory capital adequacy requirements that must be met by an insurance company. To calculate this, the available capital is compared to the required capital, with the available capital being the equity that is available to cover the required capital.

The required capital is the minimum amount of capital funds which an insurance company needs to ensure that it can always meet its liabilities from insurance policies. Currently, insurance groups domiciled in Switzerland are subject to two different solvency systems. While the "Solvency I" system, which has been in force for many years, requires sufficient volume-based capital to cover the insurance obligations, the required capital is calculated on a risk basis for the "Swiss Solvency Test" (SST) which entered into force on 1 January 2011.

SPPI financial instruments
Financial instruments where the contractual payment flows fall due at specific times and solely comprise repayment of principal and interest on the amount outstanding.

Technical reserves
Total amount of reserves for unearned premiums, reserves for claims outstanding, actuarial reserves, reserves for future policyholder dividends and other technical reserves that appear under liabilities on the balance sheet.

Total benefits
Sum of all the benefits insured (particularly applies to life insurance business).

Total business
Direct and indirect business combined.

Unearned premium reserve
In many cases, the insurance period for which a premium is paid in advance and during which the insurance company bears the risk does not correspond with the financial year. The part of the premium relating to the insurance period falling in the next financial year has not been earned by the end of the current year, and must be transferred to reserves at the end of the financial year. This is the unearned premium reserve which appears in the balance sheet under technical reserves. Changes to the unearned premium reserve are shown in the income statement.

Unit-linked policies
Policies in which the insurer invests the policyholder's savings capital for the account of and at the risk of the latter.

Volume of new business
The volume of new business is the new business written in the reporting year. Helvetia calculates this based on the present value of new business premiums (PVNBP).

Zillmering
Balancing of an account with part of the unamortised acquisition costs taken into consideration.

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Important dates

30 april 2021	Ordinary Shareholders' Meeting in St. Gallen
13 september 2021	Publication of half-year financial results for 2021
22 march 2022 (expected)	Publication of financial results 2021

Explanatory notes on the use of alternative performance measures are available at www.helvetia.com/annual-results.

Multi-year overview

	2016	2017	2018	2019	2020
in CHF million					
Business volume					
Gross premiums life	4 525.0	4 384.3	4 480.1	4 539.2	3 996.7
Deposits received life	110.0	163.2	197.1	239.4	286.6
Gross premiums non-life	3 877.7	4 093.8	4 396.1	4 675.5	5 430.3
Business volume	8 512.7	8 641.3	9 073.3	9 454.1	9 713.6
Key performance figures					
Result life	150.6	173.4	147.9	224.4	167.1
Result non-life	251.2	290.0	332.0	398.5	258.5
Result other activities	–25.2	–60.5	–48.9	–84.8	–143.9
Group profit for the period after tax	376.6	402.9	431.0	538.1	281.7
Investment result	1 212.8	1 513.4	580.1	1 876.5	1 027.2
of which investment result from Group financial assets and investment property	1 144.4	1 348.7	794.4	1 402.7	840.6
Key balance sheet figures					
Consolidated equity (without preferred securities)	4 812.6	5 229.4	5 097.1	5 834.1	6 400.3
Provisions for insurance and investment contracts (net)	42 315.3	44 385.5	44 418.5	46 194.2	51 571.7
Investments	49 578.9	52 306.1	51 997.5	54 524.7	60 570.9
of which Group financial assets and investment property	46 471.6	48 629.2	48 583.5	50 227.8	55 674.7
Ratios					
Return on equity	7.4%	7.8%	8.1%	9.3%	4.2%
Reserve to premium ratio non-life	152.2%	156.3%	145.0%	145.3%	149.3%
Combined ratio (gross)	88.5%	88.8%	88.7%	90.4%	94.1%
Combined ratio (net)	91.6%	91.8%	91.0%	92.3%	94.0%
New business margin	1.3%	1.8%	1.7%	2.9%	2.6%
Direct yield	2.2%	2.1%	2.0%	1.9%	1.7%
Investment performance	2.5%	2.8%	0.3%	5.9%	2.7%
Key share data Helvetia Holding AG					
Group profit for the period per share in CHF	7.2	7.8	8.4	10.5	4.8
Consolidated equity per share in CHF	97.3	105.7	103.1	118.0	121.3
Price of Helvetia registered shares at the reporting date in CHF	109.7	109.7	114.9	136.8	93.4
Market capitalisation at the reporting date in CHF million	5 454.9	5 454.9	5 713.5	6 802.5	4 952.6
Number of shares issued	49 725 685	49 725 685	49 725 685	49 725 685	53 025 685
Employees					
Helvetia Group	6 481	6 592	6 624	6 829	11 687
of which Switzerland and Corporate	3 376	3 499	3 542	3 668	3 739

Imprint

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