

Annual Report 2002



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Important dates

May 9, 2003: Shareholders' Meeting in St.Gallen
September 16, 2003: Publication of half-year results 2003
April 5, 2004: Annual Results 2003: Media- and Financial Analysts-Meeting
May 7, 2004: Shareholders' Meeting in St.Gallen
September 16, 2004: Publication of half-year results 2004

The new visual concept of Helvetia Patria's Annual Report puts our customers into the spotlight. Men and women from six countries are representing the wide range of our products in various areas. Life and non-life insurance, private or occupational pensions, what else are you looking for? Security is the joint value of Helvetia Patria's European community.

Six-year review

Total business in CHF million

	1997	1998	1999	2000	2001	2002
Gross written premiums	3768.5	4032.6	4112.8	4351.8	4606.4	5144.9
Net earned premiums	3552.0	3832.6	3875.9	4121.8	4333.8	4855.0
Income from investments	1114.5	1243.7	1549.3	1240.3	736.2	-67.2
Result after taxation and minority interests	75.2	104.4	133.1	161.1	100.6	-362.0
Investments at market value	19481.2	21032.4	23232.3	24087.7	23529.3	23851.9
Net underwriting reserves	15257.7	16747.0	18466.3	19591.1	20477.6	21815.2
Consolidated shareholders' equity before appropriation of profit	2349.3	2402.4	2834.3	2661.8	1519.7	1046.5

Non-life business in CHF million

	1997	1998	1999	2000	2001	2002
Gross written premiums	1751.6	1851.6	1900.6	2005.0	1982.3	2066.6
Net earned premiums	1558.6	1657.1	1692.1	1800.5	1744.9	1810.4
Net claims paid	1070.4	1098.9	1239.8	1284.4	1229.5	1291.6
Net underwriting expenses	525.3	553.1	568.1	597.5	561.3	576.1
Result from non-life underwriting activities	41.4	43.9	23.0	34.3	81.4	95.8

Life business in CHF million

	1997	1998	1999	2000	2001	2002
Gross written premiums	2016.9	2181.0	2212.2	2346.8	2624.0	3078.3
Net earned premiums	1993.4	2175.5	2183.8	2321.3	2588.9	3044.6
Net benefits paid	1347.1	1317.8	1429.1	1709.1	1658.8	1814.8
Net change in actuarial reserves	954.4	1128.6	1080.0	855.6	1135.2	1529.2
Net underwriting expenses	266.4	302.8	304.7	322.1	290.1	330.5
Net expenditure on results-linked and non-results-linked policyholders' dividends	268.4	303.8	305.0	254.5	145.8	9.9
Result from life underwriting activities	20.1	28.2	43.8	59.1	17.8	-87.2

“Secure, sound and successful”



The tables are set, just a short moment left to take a deep breath before dinner. That's how it goes from Monday to Friday, sometimes until midnight. So much better that Helvetia Patria takes care of everything.

Key figures

Helvetia Patria Group

	2001	2002	Change
Gross written premiums (CHF million)	4 606.3	5 144.9	11.7%
Income from investments (CHF million)	736.2	-67.2	-109.1%
Result before taxation (CHF million)	142.5	-350.6	-346.1%
Result after taxation and minority interests (CHF million)	100.6	-362.0	-459.8%
Post-tax result per Helvetia Patria Holding share ¹ (CHF)	16.8	-60.3	-458.9%
Investments at market value (CHF million)	23 529.3	23 851.9	1.4%
Net underwriting reserves (CHF million)	20 477.6	21 815.2	6.5%
Consolidated shareholders' equity before appropriation of profit (CHF million)	1 519.7	1 046.5	-31.1%
Consolidated shareholders' equity per Helvetia Patria Holding share ² (CHF)	230.3	166.3	-27.8%
Number of employees	4 789	4 825	0.8%

Helvetia Patria Holding

	2001	2002	Change
Result after taxation (CHF million)	68.7	-0.2	-100.3%
Total dividend paid (CHF million)	57.7	12.6	-78.2%
Dividend per share (CHF)	8.75	2.0	-77.1%
Share price at end of year (CHF)	253.0	153.0	-39.5%
Market capitalisation at end of year (CHF million)	1 669.1	962.8	-42.3%

¹ Based on 6 293 000 (6 597 192 of 2001) Helvetia Patria Holding shares minus own holdings

² Based on 6 293 000 (6 597 192 of 2001) Helvetia Patria Holding shares

The 2002 business year



Ladies and Gentlemen!

The Swiss economy is in the middle of a difficult economic cycle. Corporate collapses, mass dismissals and high corporate losses are making headlines and shaping the public opinion. Add to this picture the pro-cyclical factors and the growing fear of many people given the long list of trouble spots in the world.

The economy under pressure

Many economic excesses unfortunately marked the time until the year 2002. Numerous companies were bewitched by the call of the financial markets for fast money. They invested huge amounts in the New Economy and in faulty business models that were often developed by external consultants and dearly paid by the companies. Instead of following a sustainable business strategy, many managers were slaves of the next quarterly statement and even forged balance sheets and annual statements to make their companies look better. Increasing manager salaries, high bonuses and golden parachutes were nothing unusual despite the ongoing mismanagement while, at the same time, employees

were fired to cut costs. Many people have lost the trust in the economy and it will take a long time to regain it. Helvetia Patria intends to point the way to the future of a responsible business policy through its model-behaviour and good management therefore lending its support to regain this trust.

Unsatisfactory legal framework for the Swiss group insurance

The past twelve months were an extremely difficult period of time for the entire insurance industry with regard to the economy. Reserves built over the previous years on the capital investments were dramatically reduced as a result of the slump in the stock market that lasts three years. The declining reserves caused therefore the shareholders' equity of all insurers to drop as well. With the interest rates on bonds currently so low and the minimum interest rate for the group insurance (BVG) set by law led to the situation that new business in this sector cannot be managed profitably anymore. The reduction of the minimum interest rate from 4 per cent to 3.25 per cent by the Federal Council is therefore an important first step in preventing the occupational benefit plans from being at risk.

High premium growth

The premium volume of the Helvetia Patria Group enjoyed a pleasing development during last year. With the amount of CHF 5.14 billion reached we have exceeded the 5 billion mark for the first time. The life business gained from the above-average growth thus resulting in a shift of the premium ratio in favour of this business segment. In the year 2002, the life business generated about 61 per cent and the non-life one 39 per cent. The strong growth in the Swiss group insurance induced also a geographic shift towards the domestic market producing now almost 61 per cent of the Group's premium volume.

Profitable non-life business

The operating insurance business took a satisfactory course as a result of our strict cost control and the prudent risk management. The flood disasters in Germany and Austria were mostly compensated by a favourable loss experience in the other countries as well as by our continuously high portfolio quality. The result of the overall underwriting business with an amount of CHF 8.7 million remains significantly below last year's. The lower effective interest rate on the capital markets in the life business is the reason for that lower outcome in the life business. The non-life sector, on the other hand, took on again the role of supporting earnings pillar.

The deteriorating international stock markets required substantial value adjustments of our capital investments and forced the Helvetia Patria to report a loss for the first time in its history. The Board of Directors intends to make a point and will submit a resolution to the Shareholders' Meeting to pay a dividend of CHF 2.00 per registered share, despite the negative result. With a consolidated shareholders' equity of CHF 1 046.5 million Helvetia Patria continues to be sufficiently capitalized. The Board of Directors, however, has decided to propose to the Shareholders' Meeting plans for an approved capital increase to ensure room for manoeuvre for future growth opportunities and acquisitions possibilities.

According to the proposal the Board of Directors has the authority to increase the shareholders' equity by a maximum of 50 per cent within a period of two years.

Financial markets determine the future business trend

The current year will continue to depend on the development of the international financial markets. We are not counting on a fast recovery of the stock markets and have therefore considerably reduced our equity allocation to hedge against further price losses. Although the economic growth rate in Europe will only be moderate this year, we are convinced that the heightening need for security and risk coverage of the population will be reflected in a rising premium volume. Market streamlining, increasing premium rates in the non-life

business as well as the continuous uncertainty about our old-age benefits will remain the engines of growth. Focussing on the profitable business is Helvetia Patria's objective for the current year. We are convinced of being able to return to profitability in the future if we manage to make good use of our strengths – trustworthiness, cost control and portfolio quality. The Helvetia Patria intends to seize its market opportunities with the purpose of generating a sustainable premium growth rate generating adequate earnings. Following a clear strategy, persistently focussing on the core competencies and continuously optimizing our operations are the tools to reach our goal.

The success of the Helvetia Patria Group, however, would be impossible without the dedication of our employees. On behalf of the Board of Directors and the Management we extend our warmest thanks to all of you for your efforts in the last year. Equal thanks is due to our clients and partners for their loyalty and to our shareholders for their trust they are placing in us. We will continue to do our best to meet your expectations.



Hans-Rudolf Merz
Chairman of the Board



Erich Walser
Delegate of the Board

The corporate profile

The Helvetia Patria Group is a leading Swiss insurance services provider with subsidiaries and associated companies in five European countries. Worldwide, we are connected with our customers through our network partners. Our core competencies are the insurance business (life and non-life business, reinsurance), risk management and pension plans. We are providing our clients with customized solutions by using our own organization's resources and also by counting on those of our renowned co-operation partners who are selectively supplementing our range of products and services.

High level of focus

Geographically, we are active in our core markets Switzerland and Germany and in the other country markets Austria, Italy and Spain. Helvetia Assurances is among the leading transport insurers in France and does only business in this niche market. Reinsurance services are offered worldwide but as a niche product.

In the developing markets, Helvetia Patria concentrates geographically by regions and with regard to customer segments by focussing on private customers as well as small and medium-sized companies. While the commercial business is offered only selectively, banking services and health insurance are not part of our product range at all.

The Group serves over 2 million satisfied customers who are able to count on a strong partner at any time. Their trust and high degree of loyalty are rooted in our strong brand name as well as our distinct quality- and customer orientation.

The Helvetia Patria Group is organized in a holding company whose shares are listed on the Swiss Stock Exchange. Its market capitalization was about CHF 800.8 million at 31.3.2003.

Business strategy

The rapid change of the customers' needs is offering our Group many opportunities that we intend to actively seize.

We are striving for quality and service leadership enabling us to rise to the occasion of the future's challenges and to differentiate us from our competitors. While doing this we are following a prudent underwriting policy conforming to our demands for a high portfolio quality. We intend to improve our cost structure through broadened focus with emphasis on the profitable business with private customers and with small and medium-sized companies. Gains in efficiency and productivity are continuously improving our market position. In the core markets, it is a matter of increasing the fighting strength of our distribution channels and of expanding our product penetration through cross-selling and through product innovations to ensure profitable growth. In the developing markets, potential acquisition objects are under active scrutiny in addition to it. We are entering into strategic alliances and partnerships with the purpose of supplementing our own range of services offered.

We are striving for a quality- and service leadership.

Focus of attention on profit-orientation

The Helvetia Patria is and will be an insurance services provider. Purchasing a bank or expanding our asset

Helvetia Patria is strongly focussed.

More than two million customers are trusting us.

Fundamental changes are providing new opportunities ...

Challenge	Consequences
Change in customer patterns	Multidistribution
Uncertainties about public pension provisions	Growth potential for private pension market
Banks and insurance companies' distinction increasingly blurred	New products, services and solutions: Bancassurance/financial services through co-operations
IT and new technologies	New sales channels

Helvetia Patria has many opportunities and strengths

Our Opportunities	– Rising demand for security and pension plans in Europe
Our Strengths	– Leadership position in risk protection – Powerful country markets and brands – Strong base for European growth – Access to customers through multichannel business model
Our Challenges	– Increasing the risk capacity and focus on the profitable business

Synergies are internally used.

management services are not strategic objectives. We are employing our resources in a profit-oriented manner while taking advantage of internal synergies. Further development primarily originates from our internal strength and from selectively chosen external growth opportunities.

The strategic objectives

The mission statement reflects our corporate philosophy.

The mission statement of the Helvetia Patria Group – the ultimate guiding principle for our business activities – contains the most important corporate objectives. It reflects our corporate philosophy and is part of our corporate culture revealing our commitment to ethical-moral, social and ecological values besides the economic ones. This mission statement is available on the internet or can be ordered with the included order card.

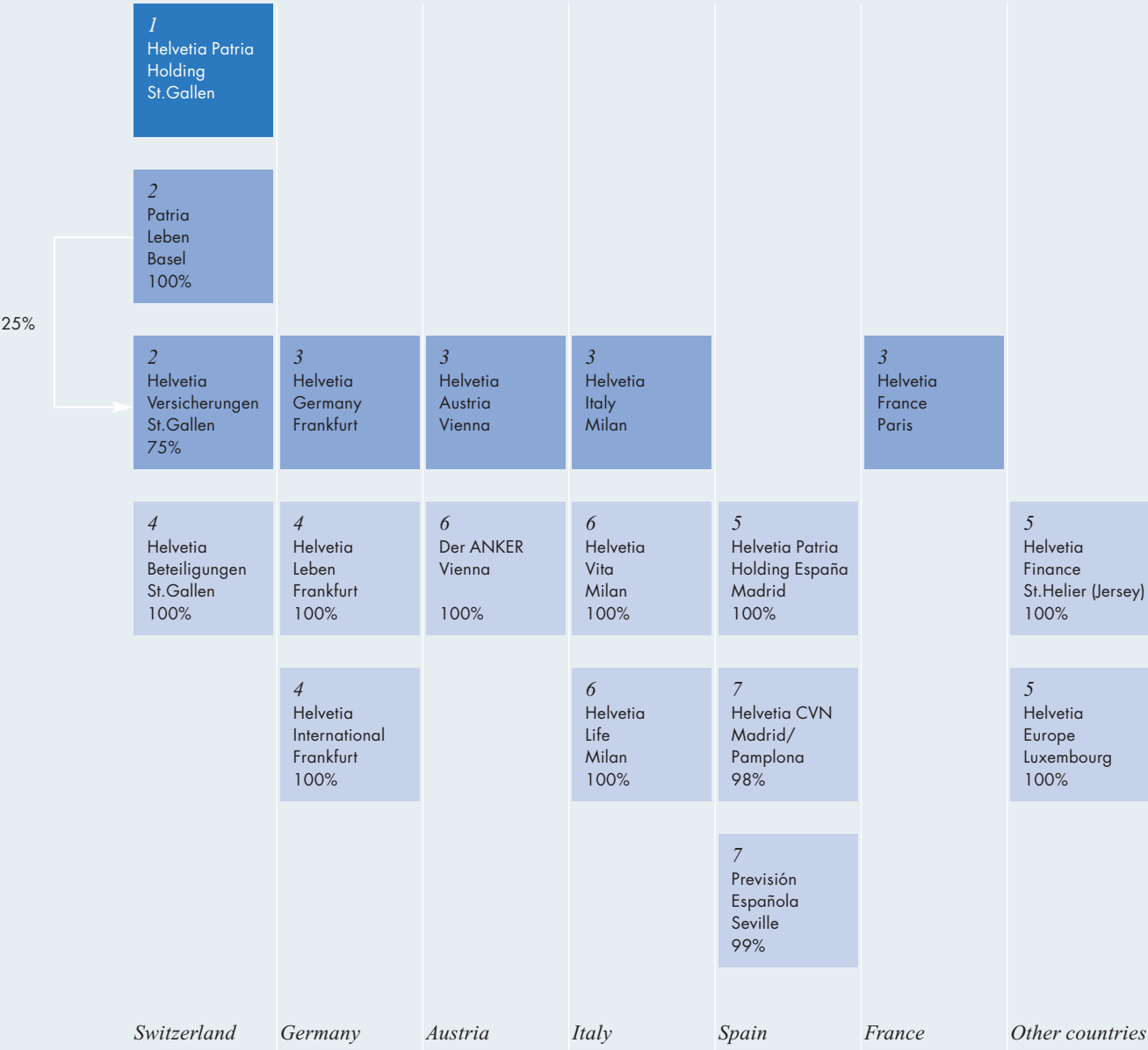
The Helvetia Patria Group specifically includes in its strategy for the years 2004 to 2006 the notions of focus and differentiation with the objective of further setting our Group apart from the competitors. Concentrating on profitable customer segments and products as well as attractive markets will always be of high priority.



All the big names in Italian art scene exhibit here. Millions are hanging on one nail. And what if the nail breaks? Ask Helvetia how it looked like after the last time the Arno river had high water.

The Group structure

The structure of the Helvetia Patria Group



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Helvetia Patria Holding-subsiidiaries
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Helvetia Versicherungen-national offices outside Switzerland
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Helvetia Versicherungen-subsiidiaries
- 5

Helvetia Beteiligungen-subsiidiaries
- 6

Helvetia Europe-subsiidiaries
- 7

Helvetia Patria Holding España-subsiidiaries

Please see page 71 for minority interests.



For a future badminton champion in Seville it's just a job – which doesn't earn her much. Make sure you have comprehensive coverage with Previsión for your sports risks if your income is just a trickle.

“Challenges are our opportunities.”

A conversation with Erich Walser, CEO and Delegate of the Board

Daniel Schläpfer: *Mr. Walser, the Helvetia Patria reports a loss for the first time since its merger in 1996. What are the reasons?*

Erich Walser: Although we were working well on the operative side, it was impossible to avoid the adverse environment at the international financial markets. We were forced to depreciate our capital investments by more than CHF 1 077 million due to the price losses. This led to this unfavourable result.

Do the investors have to anticipate more losses?

The development of the financial markets, besides the underwriting result, will continue to play a decisive role. To be safe from further losses, we have reduced the dependence on the stock market and significantly decreased the equity allocation. We are continuously examining measures to improve the operating profitability and implement them.

The past year was marked by the publicly voiced criticism of the Swiss group business. Is Helvetia Patria abandoning the BVG-business in the near future?

The Helvetia Patria stands by our pension system and has no intention to discontinue the group insurance business. The Federal Council, however, has to set up the legal framework in such a way that it fits the reality. None of the insurance companies can afford a money-losing business on the long run.

What are the conditions for a profitable group insurance business?

First of all, the legal framework – minimum interest rate and conversion rate – has to be adjusted to the reality. Given the demographic development the conversion rate of 6.8 per cent, which the Parliament had adopted, is still too high. The minimum interest



rate still does not reflect the current interest rate level, even after the Federal Council has reduced it from 4.00 per cent to 3.25 per cent. It is impossible on the long run to guarantee a 3.25 per cent interest rate and to receive only 2 per cent on bonds. But let me emphasize that the key to success not only lies with the legislators but also with the individual insurers who need to step up to the task. It is imperative to keep the costs under control, to provide the necessary internal and external transparency and to follow a prudent underwriting policy.

Given its size, Helvetia Patria can hardly take up the leadership position in costs. Where are you ahead of your competitors?

The Helvetia Patria has always been very focussed. We don't offer health insurance coverage and we are not much involved in the commercial business. Our circle of clients consists mostly of private customers as well as of small and medium-sized companies. Although we are active in five different foreign markets,

we are concentrating our efforts on selective regions and we have no intentions to enter an additional market abroad. We rather try to distinguish us from our competitors through a unique quality- and service orientation.

The Helvetia Patria has an enviable claims and expense ratio (combined ratio) compared to its competitors. Are you giving away the secret?

We had already in the past a market-conform combined ratio that was always rooted in an above-average claims ratio. Thanks to our prudent underwriting policy we managed over the decades to assemble a high-quality portfolio that is hard to duplicate by the competition. This is one of our main advantages. The size of our Group puts us in a disadvantage in the cost area. In the years 2000 and 2001, we have carried out a cost reduction program which helped us to reach a market-average level of expenses. Both elements together led then to an excellent combined ratio.

The Helvetia Patria has reorganized its management structure. What were the reasons to do so?

The shifted demands which a successful insurance company is currently facing, were one of the main reasons for this reorganization. Furthermore, the rapidly changing market conditions increasingly require specialized knowledge. We have therefore restructured the areas of responsibilities within the management and, for reason of good corporate governance, have separated the function of the Head of Finance and Investments into two divisions.

Helvetia Patria's shareholders' structure is often the target for criticism. Why are you holding on to it?

The characteristic of our shareholders' structure lies in

the strong position of the Patria Genossenschaft (co-operative), which holds almost 40 per cent of our shares. This shareholder allows the management to concentrate on its core tasks without continuously looking over the shoulder to watch for a potential unfriendly take-over. It also assures our customers and partners that Helvetia Patria's business strategy is for the long term. This advantage should not be underestimated, especially not in light of the kind of business activities we are in working with contractual periods of 20 and more years.

What do you think are the biggest challenges for the Helvetia Patria?

In the short-term, we have to improve the risk capacity and to strengthen the equity capital base. This is also necessary to finance future growth. In the medium-term, we would like to further expand our market positions abroad through selective co-operations and to even more focus on our core business. Profitability before growth remains to be the guiding principle.

How will the Helvetia Patria look like in five years from now?

In its domestic market, the Helvetia Patria will continue to be a leading insurance services provider offering comprehensive solutions for risk- and pension problems. Abroad, we will concentrate to an even higher degree on our core competencies and our distinct services will set us apart from the competition.

Risk Management, or life is full of opportunities!

The events since the terror attacks of September 11, 2001, brought the vulnerability of our highly civilized society to the centre of mankind's awareness. Things once taken for granted were standing on shaky ground, uncertainty took a hold of the day-to-day life. The unexpected events and developments brought not mere material loss but also affected our ethical values and moral standards. Depending on the individual situation, perception and acceptance may vary.

Personal perception determines the human behaviour

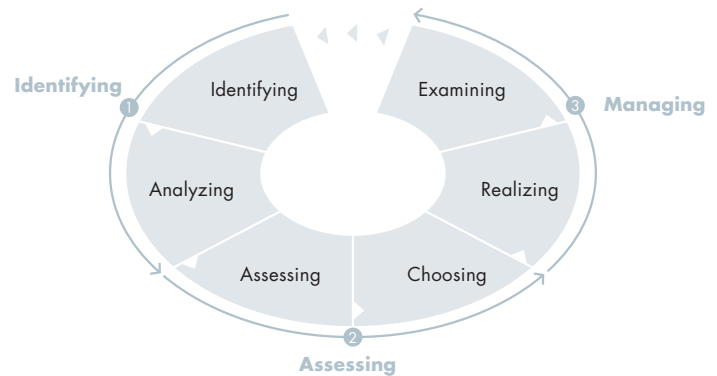
Let's take sports as a concrete example to illustrate how a different perception results in a different personal behaviour. A young snowboarder loves nothing more than deep-powder riding on an unsecured hill, regardless of the urgent avalanche warnings posted. He or she puts the sporting experience above the risk he runs. The risk is tacitly accepted.

Personal perception determines risks.

Forced-upon risks are a whole different story. Many people, for example, feel powerless towards electro-smog or are afraid of genetically engineered organisms; the willingness to accept those risks is thus only limited. The point, however, often gets lost in the process: everybody wants to use the mobile phone everywhere and at any time and expects days-old food to look like made to order. Avoiding the dangers of modern civilization would consequently mean totally refraining from using the mobile phone and eating such food – something only very few would readily accept for the time being.

The three elements of risk management

The above mentioned examples already illustrate the essential elements of risk management.



Each risk management process consists of three phases: Identifying possible risks early (1), assessing them as impartially as possible (2) and managing the risks through various measures (3) with consideration given to personal experience as well as to the individual risk acceptance. Being able to visualize what might happen (i.e. thinking in scenarios, in cause and effect) requires mainly creativity but also experience. The subsequent evaluation of the potential events is focussed on the question how often something may happen and what the potential extent of the damage would be. If the event is very rare – i.e. is my chance to be hit while snowboarding once in a hundred years – the risk seems to be relatively small. Those hundred years, however, could be over tomorrow. Statistics and the individual sense of time are contradicting each other. Will an avalanche really be triggered and will I be hit by the fatal accident? Will electro-smog and gene technology really touch off spiralling costs in the billions of Swiss Francs?

Thinking in scenarios requires creativity and experience.

Suppression and a wrong evaluation are favoured means to increase the personal acceptance of risk – i.e. the individual risk capacity. The term “risk acceptance” is defining the point in time when the threshold is crossed and the risk seems no longer acceptable. Events, disturbances and dangers, all assessed by probability and extent of damages, are described as risk in a purely technical-scientific way.

Suppression often increases the risk capacity.

Risks imply both, dangers and opportunities.

Risks as opportunities

The examples also expose the two aspects of risk. On the one hand, the danger of suffering a damage and thus the striving for security. On the other hand, the opportunity to win a special edge through risky behaviour and to enjoy the sense of uniqueness and freedom.

Risk management, however, is more than just identifying and assessing events and setting up the individual acceptance threshold. Action must follow knowledge to get a grip on the danger, to transform risks into opportunities. Only then, pro-active risk management also becomes opportunity management. The range of measures to cope with risks can be split in four categories:

- Eliminating risk by not snowboarding at all.
- Reducing risk by staying on marked slopes (organizational measure) or by carrying a position-finder (technical measure).
- Transferring the risk by getting insurance to cover the consequences of an accident i.e. transferring the risk onto an insurer subject to payment.
- Assuming the risk, i.e. the snowboarder assumes the consequences of theft himself; he consciously foregoes an insurance and covers the damages himself.

Dedication to risk management

Only change is permanent. The people, their demands and their values are in a constant state of flux. Corporations develop new products and open up new markets. At the same time, new competitors and the changed customer requirements make the market environment increasingly demanding. This is the reason why forward-looking companies should make risk management a permanent management task with the responsibility being assigned to the top corporate level.

Risk management is a management task.

Risk as core competence of Helvetia Patria

An insurer is dealing with risk day-in and day-out. Knowing risks is a matter of surviving. A wrong assessment may cause the customer relations, the credit rating, jobs and the reputation of the company to be at stake. Risk management becomes therefore an important part of the corporate management and gains a strategic dimension.

The Risk Management Center (RMC) is hence part of Helvetia Patria non-life commercial business in Switzerland. Experienced risk specialists provide risk transparency to commercial customers so that our insurance experts are able to adapt our services to our customers' needs, i.e. matching scope of coverage and pricing with the individual situation of the company to be insured. Our risk experts also lend support to commercial clients in determining and implementing risk management measures. Another task of the RMC is know-how transfer to empower our own employees to show and assess risks. Vast experience coming from numerous company risk inspections and the variety of damages happened in the past continuously replenish the immense stock of knowledge available. With its comprehensive risk consulting Helvetia Patria offers more than just pure insurance products. The scope of services offered by the RMC is very wide and ranges for example from the comprehensive identification and assessment of risks, an impressive visualization on a risk map, the support in the determination of appropriate measures to the organization of systematic and pro-active risk management. Many commercial clients consider risk management as being part of the strategic management, essential for maintaining readiness to deliver and for strengthening the competitive position. They are not standing back and wait until an event lastingly interrupts their value creation process and they are not solely relying on insurance solutions.

An entrepreneurial mind-set, a pragmatic way of proceeding and an independent analysis from a bird's-eye view are key elements for success in the risk management consulting of the Helvetia Patria. Given the wide array of uncertainties, the importance of risk management is on the rise. Risk management is both, our competence and part of our obligation to sustainable prosperity.

by A. Kyas, Head of the RMC

Helvetia Patria has many years of experience in risk management.

The Board of Directors Helvetia Patria Holding

The Board of Directors has three specialised committees.

The Board of Directors of the Helvetia Patria Holding is identical with the ones of both subsidiaries, Helvetia Versicherungen and Patria Leben, and consists of nine Members whose term of office is co-ordinated in such a way that each year one-third of the Members stands for election or re-election. The term of office is set for each Member at the time of election and is no longer than three years with the option of being re-elected. The Board of Directors has established three committees, the Chairman's Committee, the Investment Committee and the Audit Committee. This enables the Board to make best use of the specific knowledge and the extensive business experience of the Members for

its decision-making process. Please see chapter "The corporate governance and control" from page 22 on for more information on tasks, authorities and responsibilities of the Board of Directors.

Changes in the Board of Directors

At last year's Shareholders' meeting, Peter Wagner was elected as a new Member to the Board and took over the seat of Hans-Dieter Vontobel.

The Board mandates for Mrs. Marguerite Florio and Messrs John Martin Manser and Pierin Vincenz expire this year. All three have offered to be candidates for a further three-year term of office.



from left to right: Erich Walser, Pierin Vincenz, Hans-Rudolf Merz, John Martin Manser, Peter Wagner, Marguerite Florio, Silvio Borner, Olivier Vodoz, Ueli Forster

The Members of the Board of Directors of the Helvetia Patria Holding

First name, Name, Born in, Place of residence; Education, Title; Main job; Mandates, Political functions.	Office	Joined ¹	Current term expires	Chairman's Com.	Investment Com.	Audit Com.
Hans-Rudolf Merz (1942), Herisau; Dr. rer. publ.; Management Consultant, Herisau; e.g. Board Chairman Anova Holding AG, Pfäffikon, MoB Huber & Suhner AG, Herisau, States Council AR.	Chairman	2001	2004	••		
Silvio Borner (1941), Basel; Prof. Dr. oec.; e.g. Board Chairman Patria Genossenschaft, Basel, Board Deputy Chairman Ricola AG, Laufen.	Deputy Chairman	1983	2005	•	•	
Ueli Forster (1939), St.Gallen; Lic. oec. HSG; Board Chairman Forster Rohner AG, St.Gallen; e.g. President economiesuisse, Zurich, Member Bank Committee of the Swiss National Bank, Berne.	Deputy Chairman	1984	2005	•		••
Erich Walser (1947), Rehetobel/AR; Lic. oec. HSG, lic. iur.; Delegate of the Board, Managing Director and Group CEO; e.g. President of Personnel Welfare Institutions of Helvetia Patria Versicherungen, MoB Allreal Holding, Baar, MoB Nouvelle Compagnie de Réassurances, Geneva, MoB Swiss Insurance Association, Zurich, President of the Non-profit Development Association of the Institute of Insurance Economics at the University of St.Gallen.	Delegate of the Board	2001	2004	•	•	
Marguerite Florio (1944), Lausanne; Dr. iur., Lawyer; e.g. Board Deputy Chairman Patria Genossenschaft, Basel.	Member	2001	2003			•
John Martin Manser (1947), Riehen/BS; MBA; Novartis International AG, Basel; e.g. Board Chairman Ciba-Vision AG, Embrach/ZH, MoB of Foundation CS-Anlagestiftung (Investment Foundation).	Member	1993	2003		••	
Pierin Vincenz (1956), St.Gallen; Dr. oec. HSG; Chairman of the Raiffeisen-Group, St.Gallen; e.g. Member of the Board Committee of the Swiss Bankers' Association, Basel, Board Chairman VISECA Card Services SA, Glattpburg, Board Deputy Chairman cosba private banking ag, Zurich, MoB Pfandbriefbank Schweizerischer Hypothekarinstitute, Zurich, MoB Telekurs Holding AG, Zurich.	Member	2000	2003		•	
Olivier Vodoz (1943), Geneva; Lic. iur., Lawyer; e.g. MoB and President of the Delegate Conference of Patria Genossenschaft, Basel, Member Int. Committee of the Red Cross, Geneva, MoB Union Bancaire Privée UBP, Geneva.	Member	2001	2005			•
Peter Wagner (1946), Feusisberg/SZ; certified accountant, dipl. Controller; Board Chairman of Vontobel Holding AG, Zurich, Board Chairman of Bank Vontobel AG, Zurich; e.g. MoB Association of Swiss Commercial and Investment Banks.	Member	2002	2004			•

MoB: Member of the Board

All members of the Board are Swiss.

¹ Before 1996: Date of joining the Board of former companies Helvetia or Patria

•• Chairman of Committee

The Management Helvetia Patria Group

A high level of consistency is the characteristic of the Helvetia Patria Group management. Since the formation of the Holding the Group is under the leadership of Erich Walser, Chief Executive Officer and Delegate of the Board. Together with the division managers on the Group level as well as the management of the country markets he is responsible for the operative management of the Group.

New management structure

In light of the changed market environment the Helvetia Patria Group decided to adjust its management structure. Tjarko Ullings, Member of the Group Executive Board, took direct charge of the country market Austria while the developing markets Italy and Spain are now reporting to Erich Walser and the transport insurance in France to Roland Geissmann. As a consequence, all core markets, Switzerland, Germany and Austria, will be under the leadership of a Member of the Group Executive Management. Furthermore, a Corporate Center provides now support to the CEO in areas such as strategy implementation, project control and management of the foreign markets.

Splitting the current Finance Division into two parts – investment management and financial management – for the purpose of good corporate governance resulted in the new position of the Chief Investment Officer on the Group level. Ralph-Thomas Honegger was appointed Chief Investment Officer (CIO) and Member of the Group Executive Board. He was a Member of the executive management for Switzerland since 1996 and was in that position in charge of the “Private Pension”

Division. The other corporate divisions remained unchanged.

After being Chief Executive Officer Switzerland for more than seven years Paul Müller left Helvetia Patria by the end of 2002. Philipp Gmür who was Head of the “Sales Management” within Helvetia Patria Versicherungen took over the responsibility for the Swiss business and joined the Group Executive Board in his new position as CEO Switzerland.

Thanks to our systematic executive training all new Members of the Management were recruited from the Group’s own ranks. All new Members have excellent credentials, good expertise and leadership experience and are well anchored in the company.

In-house management development proved successful.

Changed market conditions require new management structure.

The CIO is in charge of the investment business.

Changes in the country markets

While the top management structures in Germany and France remained the same the following companies reported changes in their management:

René Stocker is responsible for the “Sales Management” in Switzerland since beginning of 2003 after leading the “Private Pension” Division as successor to Ralph-Thomas Honegger. Angela Winkelmann took over the leadership of the “Private Pension” Division from René Stocker at January 1, 2003, and joined as new Member the Executive Management of Helvetia Patria Switzerland.

Besides the change in the top leadership of our Austrian subsidiary Der ANKER with Tjarko Ullings assuming this position, Stefan Loacker was appointed new Head of Finance and Member of the Managing Board. It was Nicolas von Schumacher’s decision to



Managing Director & Group CEO
Erich Walser



Switzerland Philipp Gmür

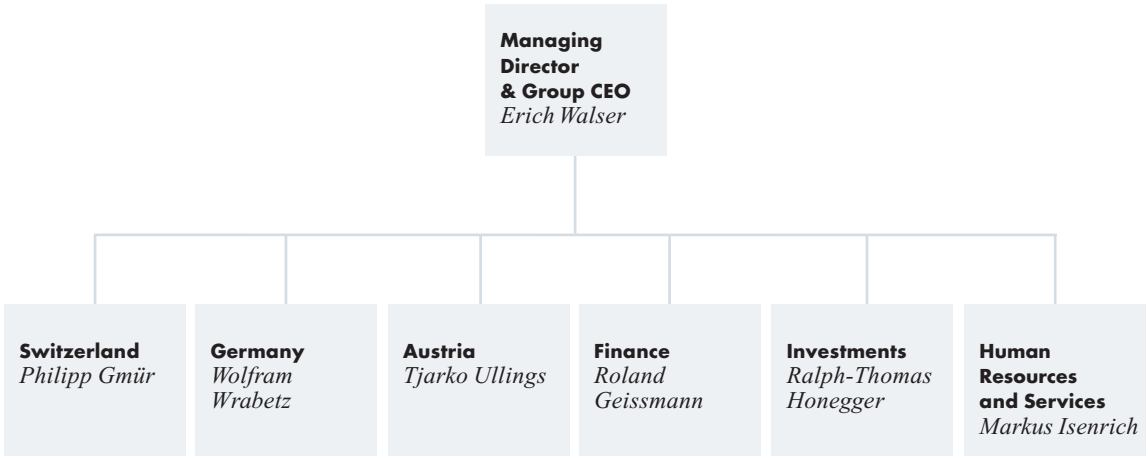


Germany Wolfram Wrabetz



Austria Tjarko Ullings

The Management of the Helvetia Patria Group



As of April 2003

leave the company and his position as chairman. Louis Norman-Audenhove, the former Head of Finance, was elected Secretary General of the Association of Austrian Insurance Companies.

In Italy, Luigi Enzo Goi, Member of the Management, retired and is succeeded by Antonio Minichiello leading the accounting and the administration.

In Spain, Luis Fernando Ona left his position as Co-CEO by June 1, 2002, and was elected to join the Board of Directors of Helvetia CVN. Furthermore, the merger of both Spanish subsidiaries, Helvetia CVN and Previsión Española, that was announced in the beginning of 2003, results in combining the two manage-

ment teams under the leadership of Jozef Marie Paagman, who was up to now in charge of Helvetia CVN in Madrid.

We sincerely congratulate all newly appointed and promoted members of the management once again and wish them much success for the future.



Finance *Roland Geissmann*

Investments *Ralph-Thomas Honegger*

Human Resources and Services
Markus Isenrich

The Members of the Executive Board of the Helvetia Patria Group

First name, Name, Born in, Place of residence, Nationality.	Education, Title; Function; Some former activities; Mandates, Political functions.
Erich Walser (1947) Rehetobel/AR Swiss	lic. oec. HSG, lic. iur.; Managing Director & Group CEO, Delegate of the Board; e.g. President of Personnel Welfare Institutions of Helvetia Patria Versicherungen, MoB Allreal Holding, Baar, MoB Nouvelle Compagnie de Réassurances, Geneva, MoB Swiss Insurance Association, Zurich, President of the Non-profit Development Association of the Institute of Insurance Economics at the University of St. Gallen.
Roland Geissmann (1948) Binningen/BL Swiss	Business Economist FH, certified accountant; Deputy Chairman, Chief Financial Officer (CFO); e.g. MoB of Foundation of various Personnel Welfare Institutions of Helvetia Patria Versicherungen, MoB of Foundation of Personnel Welfare Institutions of the Servisa Group, MoB Servisa Verwaltungs-AG, Basel.
Philipp Gmür (1963) Lucerne Swiss	Dr. iur., Lawyer, LL.M.; Since 1.1.2003, CEO Switzerland; formerly e.g. general agent, since 2000 Member of the Swiss management as Head of the "Sales management"; e.g. MoB of Foundation of various Personnel Welfare Institutions of the Servisa Group, MoB Servisa Verwaltungs-AG, Basel, various MoB mandates in small and medium-sized companies.
Wolfram Wrabetz (1950) D-Bad Soden German	Prof. Dr. iur., Dipl. Betriebswirt; CEO Germany; e.g. Member of the Advisory Council of the "Bundesanstalt für Finanzdienstleistungen" (Federal Financial Supervisory Authority), D-Bonn, Member of the Chairman-, Legal- and Professional Committees for non-life insurance of "The German Insurance Association", D-Berlin, Honorary Consul of the Republic of Ecuador in D-Frankfurt am Main.
Tjarko Ullings (1944) Oetwil an der Limmat/ZH Dutch	Dr. iur.; CEO Austria, Chairman of the Board of Der ANKER Allgemeine Versicherungs-AG, Vienna, in charge of Helvetia Versicherungen Österreich, Vienna; formerly e.g. responsible for the country markets Austria, Spain, France and Canada; e.g. Member of the Commission for international issues in the Swiss Insurance Association, MoB of the Association of Austrian Insurance Companies, Member of the Management Council of the Chamber of Commerce for Switzerland, Austria and Liechtenstein.
Ralph-Thomas Honegger (1959) Aesch/BL Swiss	Dr. rer. pol; Since 1.10.2002, Head of the Investment Division (CIO); formerly e.g. Head of the Department "Portfolio Strategy and Portfolio Management", since 1997 Member of the Swiss Management, first as Head of Department "Investment Customers", then as Head of "Private Pensions".
Markus Isenrich (1953) St.Gallen Swiss	lic. oec. HSG, lic. iur.; Head of Human Resources and Services Division; formerly e.g. Head of the "Real Estate" Department, secretary general and Chief of Staff; e.g. MoB of Foundation of various Personnel Welfare Institutions of Helvetia Patria Versicherungen, Board Chairman of swissregiobank, Wil/SG.

MoB: Member of the Board

Soon her son turns 40 but still lives in the children's room on this narrow street in Naples. "Hotel Mamma": She can tell you a thing or two about that. Lucky who planned early for the future with Helvetia Vita.



The corporate governance and control

Helvetia Patria stands by a good corporate governance.

Helvetia Patria intends to meet to the best of its knowledge and belief the high legal and ethical demands of all its stakeholders with regard to an open and transparent as well as value-oriented corporate governance and control. We see corporate governance as an ongoing process being periodically analyzed and adjusted with consideration given to new developments, findings and needs. We will ensure that the focus on corporate governance will be group-wide taken note of and we will support all efforts for a good corporate governance.

1. Group- and shareholder structures

Group structure

Please see the following pages for information regarding the structure and the management of the Group:

- Page 10 for the structure of the Helvetia Patria Group,
- pages 18 to 20 for the management of the Helvetia Patria Group at 1.1.2003 as well as
- page 71 for the list of consolidated subsidiaries of the Helvetia Patria Group. This Annual Report informs about the most important ones in more detail.

Important shareholders

The controlled opening of the Helvetia Patria Holding shareholder structure, initiated in 2000, has been continued during the year under review by regrouping the shareholder pool that had been reduced to 45 per cent. After the transfer of the Helvetia Patria shares by December 19, 2002, from the Nouvelle Compagnie de Réassurances, Geneva, to its parent company, the Münchener Rückversicherungs-Gesellschaft, Munich, the Helvetia Patria Holding share register shows the following important holdings at the balance-sheet date:

- a) The shareholder pool holds 45 per cent and consists of
 - the Patria Genossenschaft, Basel, with 39.7 per cent,
 - the Vontobel Beteiligungen AG, Zurich, with 3.2 per cent and
 - the Swiss Union of Raiffeisenbanks, St.Gallen, with 2.1 per cent.

The pool especially serves to strengthen and support Helvetia Patria's strategically important focus on co-operations in areas that are not part of its core operations in the insurance business. Pool members

are only allowed to sell their Helvetia Patria shares with the permission of the other pool partners who are granted a pre-emptive right at market conditions.

- b) Considering the good and close business relationships over many years and the intention to continue and strengthen them also in the future, the following significant share holdings have been agreed upon:
 - With the
 - Münchener Rückversicherungs-Gesellschaft, Munich, 10.5 per cent, and with the
 - Schweizer Rückversicherungs-Gesellschaft, Zurich, under 5 per cent.

If shares from those holdings shall be sold, then the Helvetia Patria has the right under certain conditions either to purchase all or some of those shares at market conditions or to designate a third-party purchaser.

2. Capital structure

Capital

The share capital of the Helvetia Patria Holding amounts to CHF 62'930'000.00 and is divided into 6'293'000 fully paid-in registered shares with a nominal value of CHF 10.00 per share.

Changes in the capital structure

The changes made in the capital structure during the past three years under review are reported on page 79 and those made in the year 2000 are accounted for in the 2001 Annual Report on page 52, respectively. In 2000, the capital was reduced by decreasing the nominal value per share from CHF 50.00 to CHF 40.00 with a subsequent stock split in a ratio of 1:4 resulting in a nominal value of CHF 10.00 per share. Using the shares repurchased in the business year 2001, the share capital was reduced by 4.61 per cent to the above-mentioned amount by re-purchasing and destroying shares.

Restricting transferability and nominee-registrations

The Board of Directors can refuse its approval for registering voting shareholders especially in the case of a single person acquiring more than 5 per cent of the voting rights of the aggregate share capital as registered in the Commercial Register. Acquirers of shares who are affiliated through capital or voting-rights or

The reduced shareholders' pool increases the free float.

A shareholder-friendly capital decrease was carried out last year.

otherwise, or who are under common management are to be considered as one person. The restriction shall also apply in case of an acquisition of shares by the exercise of subscription or conversion rights which are connected with rights issued by the Corporation or third parties.

In the year under review, however, the Board of Directors did not make use of this approval restriction in connection with the Münchener Rückversicherungs-Gesellschaft, Munich, when their subsidiary Nouvelle Compagnie de Réassurances, Geneva, transferred the unrestricted 10.5 per cent block of Helvetia Patria Holding shares to the parent company.

Individuals who do not explicitly certify in the registration application that they acquired the shares in their own name and interest (= nominees) shall be entered in the share register with voting rights for not more than 3 per cent of the aggregate share capital. The administrative regulations for registering are described in detail in Article 7 in the Articles of Incorporation. A two-thirds majority of the votes represented at the Shareholders' Meeting is needed to change the transferability, restricted by the Articles of Incorporation.

Convertible bond and options

Information on the outstanding convertible bond is found on page 74. The following chart describes the employee options for the years 2000–2002 and their exercise terms:

Exercise terms for employee options

Year of issue	Number of options	Exercise price (CHF)	Maturity	Exercise ratio
2000	35 160	211.07	15.6.2003	2.5 : 1
2001	20 620	273.15	15.6.2004	2.5 : 1
2002*	5 510	165.00	15.6.2005	1 : 1

* until the first trading day in November

All options have always been purchased at market rates. The option program will not be continued in 2003.

3. The Board of Directors

Members of the Board of Directors

Members of the Board of Directors are to be individuals with experience and knowledge in various fields providing thus the necessary competencies to warrant independent positions in the dialogue with the Executive Management. Since Helvetia Patria's foreign activities play an important role, some of the Board Members have many years of work experience abroad. The Board of Directors of the Helvetia Patria Holding attaches great importance to its members being individuals with strengths of character (such as integrity), with particular specialist and industry knowledge, strategic and operative experience, visionary thinking as well as with social competence.

The composition of the Board of Directors is shown on the chart on page 17.

With the exception of Erich Walser, Delegate of the Board, all Board Members are non-executive Directors and did not hold any management position either in the Helvetia Patria or in any of its Group companies during the three business years preceding this period under review. None of the Board Members has significant business relations with Helvetia Patria – with the exception of being a policyholder at regular terms and conditions.

There are, however, the following business connections with some of the companies they are representing:

- Silvio Borner, Marguerite Florio and Olivier Vodoz are representing Patria Genossenschaft in the shareholder pool, Pierin Vincenz is representing the Raiffeisen-Group and Peter Wagner the Vontobel-Group.
- Silvio Borner, Marguerite Florio and Olivier Vodoz are also Board Members of the Patria Genossenschaft (Mutual), Basel. Promoting the underwriting and performance of life insurance policies with the Helvetia Patria as well as strengthening Helvetia Patria's economic independence and development by taking a financial interest in it are its statutory objectives and are all carried out in the interest of the mutual association's members.
- The Helvetia Patria Versicherungen and the Vontobel-Group as well as the Raiffeisen-Group are co-operation partners in offering consultation and sale of financial services.

Members with international experience belong to the Board.

The co-operation partners are represented on the Board.

Both Groups are therefore jointly with the Patria Genossenschaft also members of the shareholder pool.

Election and term of office

The duration of appointment of a Member of the Board of Directors shall be three years and ends not later than

with the annual Shareholders’ Meeting of that calendar year in which he or she turns seventy years old. New Members enter upon the duration of appointment of their predecessors.

Internal organization

The corporate governance and control of the Helvetia Patria draw their fundamentals from the statutory foundation (the Stock Corporation Law and Stock Exchange Act in particular) and also from internal rules and regulations. The duties assigned by the Board of Directors are described in the chart on page 17.
The Board of Directors has internally established three special committees with their authorities clearly stated in the

organizational rules and regulations. The Board is thus able to make best use of the individual Members’ specific knowledge and extensive business experience for the purpose of the Board’s decision making or maintaining its control function. Please see page 17 for details of the Board’s composition. The committees are carrying out their duties in close co-operation with the Group Executive Management.

The Chairman’s Committee also takes on the function of the Nomination & Compensation Committee.

The **Chairman’s Committee** takes on the functions of a nomination and compensation committee and works on special assignments delegated by the Board of Directors. The Chairman’s Committee meets as often as business requires it. Its most important responsibilities are among others:

- Recommending new members for the Board
- Nominating and dismissing chairpersons and other members of the management of all country markets
- Determining fixed and variable remuneration for all members of the management
- Periodically reviewing the measures taken to retain and promote top management.

The **Investment Committee** is taking part in the development of the investment policy and the three-year investment strategy that has to be approved by the entire Board of Directors. It supervises the investment activities of the Helvetia Patria, determines the annual investment tactics and the fundamentals of the asset and liability management. It also decides upon individual investments exceeding a certain limit. The committee meets as often as the affairs require it but at least twice per year. The Heads of the Finance and Investment Divisions take part in the meetings in an advisory capacity.

The **Audit Committee** examines the correctness of the numbers especially with regard to the annual and half-year accounts. It supervises and assesses the auditor functions of the internal and external auditing, helps setting up the audit programs for the external auditors and approves those for the internal auditing, examines the audit results and brings its comments to the attention of the Board of Directors. The Audit Committee may order special audits if its members see it fit and may assist in defining main focus areas in the audit program of the external audit. It also prepares the election of the statutory auditors and the auditing company and holds meetings as often as business requires it but at least twice a year. The Delegate, the CFO, a representative of the external auditors and, in general, the Head of the internal auditing are taking part in the meetings in an advisory capacity.

The Investment Committee develops the investment strategy.

The Audit Committee supervises the auditing agency.

The entire Board of Directors meets as often as the affairs require it but generally at least six times per year. The majority of the half-day meetings are taking place at the Group headquarters in St.Gallen, one is held at the headquarters of the Helvetia Patria Switzerland in Basel, a mainly two-day retreat takes place somewhere in Switzerland and – at irregular intervals – one meeting is organized at a subsidiary abroad. The Board of Directors and its committees constitute a quorum if the majority of the members are present. The resolutions are adopted by a majority vote of the members

present. Decisions may also be made by written vote. In general, all Members of the Board of Directors and, in an advisory capacity, all Members of the Executive Board are present at the meetings. Specialists are invited to attend a meeting if specific topics are being worked on. The Members of the Board and of all executive bodies are obliged to excuse themselves whenever business affairs are being dealt with affecting their own interests or those of natural persons or legal entities close to them.



Developing resistant and productive varieties improves the prospects for all farmers in the world. His future in his own home looks bright with Allfinanz of Helvetia Patria and the Raiffeisenbank.

The authorities of the Board of Directors are described in the organizational regulations.

Scope of responsibilities

The following is a list of the most important responsibilities of the Board of Directors. Those have been established by the Swiss stock law, which stipulates that those duties can neither be suspended nor transferred, as well as by the Articles of Incorporation and by the internal rules of the Helvetia Patria Holding:

- Providing the ultimate management of the corporation
- Establishing the fundamentals of the organization
- Setting up the accounting, the financial control as well as the financial planning
- Appointing and dismissing Group Executive Board Members
- Providing ultimate supervision of the business management
- Preparing the Annual Report and the Shareholders' Meeting and implementing its resolutions
- Approving important legal business. Supplement 1 of the organizational rules is detailing the different areas of responsibilities of the Board of Directors, of its committees and of the Group Executive Board.

Tools to inform and control the Management

The management regularly informs the Board of Directors.

The Board of Directors is regularly receiving information at its meetings on topics such as:

- the course and contents of discussions, the decisions reached and proposals put forward in the committees,
- the general course of business, the market and the most important projects from the Delegate of the Board and, if necessary, from the individual representatives responsible for the country markets and divisions,
- the status of the budget and of other objectives for the year,
- the results and findings from the external and internal auditors regarding their auditing activities,
- compliance with the law, regulations and internal directives,
- important issues and events which could affect the interests of the stakeholders.

The Members of the Board of Directors receive weekly the most important newspaper articles on topics related to corporate governance, control and the insurance

industry; monthly the most important business figures and quarterly selected analysis and status reports regarding market trends, market participants and special events.

In the meetings, each Board Member has the right to ask the other Members and the Executive Management for information on any matter related to the company. Outside of the meetings, each Board Member is entitled to ask the Executive Management for information regarding the course of business or individual business incidents and/or has the right to examine business documents.

4. Management

Members of the Management

The Members of the Executive Board and their responsibilities are shown on pages 18 to 20.

5. Remuneration, shareholdings and loans

Size and procedure for remuneration and shareholdings

The Chairman's Committee proposes the size and the procedure to determine the remuneration and the shareholding programs for the Members of the Board of Directors. The entire Board needs to approve them. The Chairman's Committee sets them for the Executive Management.

The entire Board of Directors determines the Board Members' compensation.

The amounts of fixed annual remuneration, meeting attendance fees and expenses for the Directors are part of the remuneration directives which shall be set by the Board of Directors. Those directives also include that the Delegate of the Board is solely compensated according to his employment contract and therefore does not receive additional compensation for being Delegate of the Board.

Retiring Directors are receiving the fixed remuneration pro rata until the end of that month during which they are taking their retirement. Severance pay will generally not be provided. Insofar the Group's financial performance allowed it, those Directors who were holding office in the years 2000 and 2001 were granted the possibility at the date of the issue to receive a bonus, in addition to their regular remuneration, in form of options on Helvetia Patria Holding registered shares. The entire Board made the decision upon request by the Chairman's Committee. Terms and

Helvetia Patria does not provide severance pay.

conditions (maturity, subscription ratio, issuing price) are set in the Management-issued directives governing employee participation.

Each Member of the Management receives a fixed remuneration determined by the Chairman's Committee and a variable compensation which, in the years 2000–2002, could be either drawn in cash or in options or in a combination of both based on the Member's choice. The terms of the options are also set by the Management-issued directives governing employee participation. The amount of the variable compensation depends on both, the Group's financial performance and the Manager's achievement level of the personal objectives agreed upon with him. It falls to the Chairman's Committee to decide both elements: the first in general, the second individually for each person concerned. Severance pay will generally not be provided. The Delegate shall leave the meeting while the Chairman's Committee discusses and decides his remuneration and compensation.

Remuneration for in-office executive and non-executive Members of the Boards

- The seven Members of the Group Executive Board (including the Delegate of the Board) received in 2002 a total of CHF 2 572 508.00 in fixed remuneration and CHF 907 045.00 in variable compensation.
- The eight non-executive Members of the Board of Directors in office (without the Delegate of the Board) received in the business year 2002 a gross total of CHF 923 000.00 (including meeting attendance fees). Included in this gross amount is the pro rata fee of CHF 33 000.00 paid to a retiring Director during the year under review.

Allocation of shares during the year under review

During the year 2002,

- Members of the Group Executive Board (including the Delegate of the Board) or persons close to them purchased 320 Helvetia Patria Holding shares and thus owned a total of 1 976 shares at the cut-off date.
- non-executive Members of the Board or individuals close to them bought 80 Helvetia Patria Holding shares and held a total of 916 shares at the cut-off date.

Options

At the reporting date, the following options with maturities of three years were held:

By the non-executive Members of the Board of Directors:

Exercise terms for employee options

Year of issue	Number	Exercise ratio	Exercise price (CHF)
2000	1 620	2.5 : 1	211.07
2001	1 600	2.5 : 1	273.15

During the year 2002 no options were awarded to the Board of Directors.

By the Members of the Group Executive Board (including the Delegate of the Board):

Exercise terms for employee options

Year of issue	Number	Exercise ratio	Exercise price (CHF)
2000	7 600	2.5 : 1	211.07
2001	3 500	2.5 : 1	273.15
2002	1 710	1 : 1	165.00

The option program ended by the end of 2002.

Additional remuneration and compensation

In the year 2002, Helvetia Patria carried out various financial business transactions at market conditions with its co-operation partners, the Vontobel-Group and the Raiffeisen-Group, which are both represented in the shareholder pool and the Board of Directors.

Financial transactions are settled at market conditions.

Loans to Executives

At 31.12.2002, Helvetia Patria granted mortgages at market conditions to seven Members of the Executive Board (including the Delegate of the Board) in the total amount of CHF 7 786 866.00.

Highest remuneration

The Delegate of the Board received a total of CHF 690 400.00 in fixed and variable remuneration in the business year 2002. Included in this amount is the purchase price for his 600 Helvetia Patria Holding options with a three-year period of non-negotiability.

6. Shareholders' rights of participation

Restrictions on voting rights and vote by proxy

Certain restrictions on voting rights which are identical with the transferability restrictions placed on Helvetia Patria Holding registered shares are already described in chapter 2 above. Additionally, a shareholder with voting rights who does not personally attend the Shareholders' Meeting is entitled to transfer his voting rights to another shareholder with voting rights by written proxy. Married persons may be represented by their spouses. These representatives need not be shareholders. A shareholder with voting rights is authorized to represent shares of third parties inasmuch as all these shares together with his own shares do not represent more than 10 per cent of the aggregate share capital. Shareholders, for example, who are affiliated through capital or voting rights or otherwise, or who are under common management, are to be considered as one shareholder.

Married shareholders may be represented by their spouse.

Statutory quorum

The Shareholders' Meeting constitutes a quorum regardless of the number of present shareholders and represented votes. Unless provided by law or by the Articles of Incorporation, the Shareholders' Meeting passes its resolutions with the absolute majority of validly cast votes. In addition to the resolutions pursuant to art. 704 para. 1 CO, an alteration of the Articles of Incorporation, the premature recall of more than one Member of the Board of Directors and the liquidation of the Corporation also require a resolution passed by a two-thirds majority of the represented votes.

Agenda

Voting shareholders jointly representing shares with a minimal nominal value in the amount of CHF 800 000.00 may request – in writing, by stating the motions and not later than 45 days before the Shareholders' Meeting – that items be put on the agenda.

Registration in the shareholders' register

Any person registered in the shareholders' register as a shareholder with voting rights at a date set by the Board of Directors is entitled to attend the Shareholders' Meeting and to exercise the voting rights.

7. Defensive measures

Duty of offer

According to art. 30 of the Articles of Incorporation the duty to submit a take-over offer pursuant to art. 32 of the Stock Exchange Act exists only if the threshold of 40 per cent of the voting rights will be crossed by the purchase of shares.

8. Auditing company

Duration of assignment and term of office of the auditor in charge

Since 1995, the Helvetia Patria Holding and its consolidated subsidiaries are audited by the auditing company Ernst & Young AG, Zurich. The Shareholders' Meeting has to renew its mandate on a yearly basis.

Ernst & Young is the auditing company for Helvetia Patria.

For the business years 1995 to 2002, Karl Geiger, Partner and certified accountant, was responsible from the auditing company's side together with Martin Welser, deputy Manager and certified accountant, who is in charge of the audit since 2001.

Audit fee

The auditing company charged the following amounts for the year under review:

- Audit fees CHF 1 705 175.00
 - Additional fees for consulting CHF 1 063 648.00
- These fees cover taxation-, management- and legal consulting of various kinds.

Audit supervisory and control tools

The Audit Committee prepares the election of the statutory auditors and the auditing company. It supervises and assesses the auditors' functions. Besides the external statutory auditors, the Helvetia Patria Group is also provided with an internal auditing department that delivers its audit reports directly to the Audit Committee and to the Delegate of the Board, among others. The President of the Audit Committee approves all aspects of the employment contract for the Head of the internal audit, such as hiring, dismissal, compensation, bonus, with the objective to further strengthen the independence of the internal audit. The representatives of the external auditors and in general the Head of the internal auditing are taking part in the meetings of the Audit Committee in an advisory capacity. This committee, just like the other two, regularly reports on

its activities at the meetings of the entire Board of Directors.

9. Information policy

We adhere to an open information policy.

The Helvetia Patria usually addresses the shareholders with a detailed letter twice per year, once to report the annual results and then again for the half-year results. All shareholders receive the Annual Report. All interested may order the Environmental Report and a short portrait of Helvetia Patria in Switzerland. Our website on the Internet, <http://www.helvetiapatria.com>, offers a wide range of information. Our Corporate Communications Department is happy to assist you with personal information. Its address is listed on the last page in this Annual Report: Helvetia Patria – Just ask us!

Dressing women is one of this career's special attractions. Having one's life depend on the industry's volatile mood is a less attractive one for a fashion designer ... Unless he has risk coverage with Der ANKER.



The personnel management

The size of the overall workforce in our country markets has only moderately changed compared to last year. The slightly decreased number of employees was the result of gains in efficiency and productivity while the modest increase was mostly related to the growth in premium volume or to additional business activities.

Personnel numbers by country

	2001	2002
Switzerland	2 202	2 250
Germany	824	846
Austria	721	701
Spain	753	733
Italy	217	219
France	72	76
Total	4 789	4 825

Global impact on the labour market

Despite the fact that the numerical changes are small, the global changes substantially impacted the personnel developments in the insurance industry. The economic stagnation in Switzerland, caused by a worldwide investment uncertainty, found its reflection in a noticeably decreased fluctuation. It is pleasing to report that we were able to continue employing most of the young people trained by us and we intend to leave the number of traineeships in place. In Switzerland alone, we offer over 150 trainee- and internships. The search for well-qualified specialists continues to be challenging.

Helvetia Patria offers more than 150 trainee- and internships in Switzerland.

New generation – changed world of employment

The future world of employment will increasingly be marked by younger generations whose behaviour – e.g. the way they are interacting with older colleagues – will give fresh impetus to the company. At the same time, the companies will have to compete even fiercer for the scarce number of well-qualified employees given the demographic trends. Helvetia Patria would like to remain an attractive employer for young people but also ensure an effective co-operation between various age groups.

An independent opinion poll among over 200 companies in Switzerland, carried out in summer 2002, indicated that the numbers for our Group are significantly above average with regard to salary, participation, employee involvement, team work as well as development, management authority and strategy. The internal “barometer of opinion”, taken once a month is confirming the picture: Over 80 per cent of the employees taking part in the poll rate their current work situation as very good or good.

Over 80% of the employees taking part in the poll are happy with their work.

Development takes centre stage

We consistently make sure in our daily work that people come first. The range of development opportunities offered to the employees substantially drives the decision process of choosing an employer. Our Group pays special attention to strengthening the management development and retaining key personnel. The Management Development Team in charge has introduced several programs to serve that purpose. The



The internal management development expands the management skills.

International Executive Program (IEP) enables the members of the upper management from the different country markets to expand their strategic knowledge and skills as well as to build and to reinforce selective management abilities. Ten days in total are dedicated to both, know-how exchange and intensive learning – divided up in three subject areas at different times: “Strategic Management”, “Value Creation Management” and “Change Management and Performance Measurement”. Each IEP-group includes at least one representative from each country market. This group configuration is simultaneously encouraging an uncomplicated group-wide networking. In addition to it, all participants have access to an e-learning tool allowing them to continuously brush up and expand their knowledge at a convenient time. All of the over hundred participants wrote in their surveys that their expectations had been met and, for a quarter of them, had even been even exceeded.

Workshops develop ideas for improvement.

The annual two-day Management Forum gives all management members of the country markets the opportunity to focus on a current strategic main topic in workshops and presentations and to develop together concrete ideas for improvement. Finally, the newly introduced tool “Assessment and retention of Executive Potential” allows a comprehensive assessment of the performance potential and the social competence of the top management. Furthermore, it enhances the long-term development- and staffing planning with the purpose of bringing in line the needs of the corporation with those of the individual employee. The new instrument especially proved a success in the rapid decision-

making process to appoint executive personnel from the Group’s own ranks.

Among the leading employers

Helvetia Patria’s management has deliberately set high standards in the Human Resources area. An independent study of Swiss companies, based on voluntary interviews with the employees, ranked Helvetia Patria thirteenth for best employer in Switzerland.

Helvetia Patria is among the best employers in Switzerland.

Work places and infrastructure are of particular importance for the well-being and the evaluation of the work environment. The new wings at our Group headquarters in St.Gallen, designed by the world-renowned architects Herzog & de Meuron, are pointing the way to the future with their emphasis on letting light and communication boundlessly flow. As part of our special program “Fit&Well” geared to our Swiss workforce, the employees are repeatedly and actively encouraged to think about their health and their well-being at the workplace. Those two examples selected illustrate how our Group considers the people as part of an integral and interconnected whole and show that the Group takes their concerns seriously.





Olives are part of the family since the time they moved to the old farm near Cordoba. The oil press worked already for seven generations and for the prosperity of the eighth one Helvetia CVN insures everything they own.

The Group result

Despite the fact that the Helvetia Patria Group achieved pleasing efficiency gains and an accelerated premium growth of 11.7 per cent during the past year, the Group has to report, for the first time in its history, a negative overall result after taxation of CHF 362 million. The adverse stock market environment caused this loss result and strongly impacted the life business in particular.

Higher valuation margin on fixed-interest-rate securities

The significant decline of the general interest rate level caused a strong increase of the valuation margin on the fixed-interest-rate securities. The accounting rules applied, however, prevented this from being reflected in the revaluation reserves of the shareholders' equity. On the other hand, the declining interest rate levels and the recovery of the real estate market have mitigated the negative effects of the financial markets on the shareholders' equity. We have continued to apply the accounting standard Swiss GAAP ARR 14, as we did for the past years, and thus charged unrealized capital losses to the profit and loss statement and not to the shareholders' equity, as the IFRS – formerly IAS – would stipulate. We have therefore again decided for this year not to use the potential relief. The profit and loss statement was charged with about CHF 119 million.

As a consequence of the declined investment performance, the net expenditure on results-linked and non-results-linked policyholders' dividend distribution was reduced from CHF 145.8 million in the year 2001 to CHF 9.9 million. The withdrawal of reserves earlier accrued (basically reserves used to adjust price fluctuations) also allowed to recognize about CHF 410 million in extraordinary income. Zillmering, i.e. capitalizing acquisition costs, was applied to the Swiss individual life business for the first time in the Groups' financial statements.

High level of reserve for future policyholders' dividends

The measures taken managed to limit the bear market's grip. The shareholders' equity decreased from CHF 1 519.7 million at the end of 2001 to CHF 1 046.5 million at the end of 2002 (including the reduction of

the shareholders' equity of CHF 114.8 million taking effect in 2002). The reserve for future policyholders' dividends, that plays a decisive part in the future life business activity, still amounts to CHF 249.1 million, thus substantially exceeding the net amount withdrawn for distribution to the policyholders in 2002.

While the life underwriting result was heavily affected by the investment performance and turned out to be lower compared to last year, the non-life sector improved on both fronts, claims and costs.

Special items due to the floods

It goes without saying that the bear market affected the operating results of all country units. The Swiss business – especially the life sector – was the most affected by the declining financial markets due to its high equity base with a correspondingly higher share quota. Lower operating results were also recorded for Germany and for our Austrian subsidiary Der ANKER with both suffering additionally from the damages of the massive flood disasters. The other companies of the Group managed to improve their operating results thanks to the favourable underwriting trends and all achieved positive profit reports. The same applies to the underwriting results of the Swiss non-life business as well as to the assumed reinsurance.

The considerable decline of the financial markets and the significant drop of the interest rate level have both strongly marked the financial statements for 2002. Lost in the process was the fact that the Helvetia Patria has clearly improved the preconditions during the year under review to successfully meet the future challenges in the operating business.

The policyholders' dividend is at a high level.

The floods affect the result.

The financial markets impact the shareholders' equity.

Group results in CHF million

	2001	2002
Underwriting result from non-life activities	81.4	95.8
Underwriting result from life activities	17.8	-87.2
Non-underwriting result	43.3	-359.2
Result before taxation	142.5	-350.6
Taxation	-42.1	-11.3
Minority interests	0.2	-0.1
Result after taxation and minority interests	100.6	-362.0

The insurance business

The growth rate of the consolidated gross premiums written in local currency attained 12.0 per cent compared to 7.2 per cent last year. The portfolio acquired in France contributed only 0.2 per cent to this rate. The premium volume for existing business accelerated therefore notably compared to 2001 (6.3 per cent) and reached a rate of 11.7 per cent. The direct business with 13.1 per cent in local currency showed an even stronger rise (in CHF, 12.7 per cent). The indirect business (accounting period 2001) significantly receded by 31.3 per cent as a result of the adjustment to the premium assessment basis.

Strong stimuli in the life business

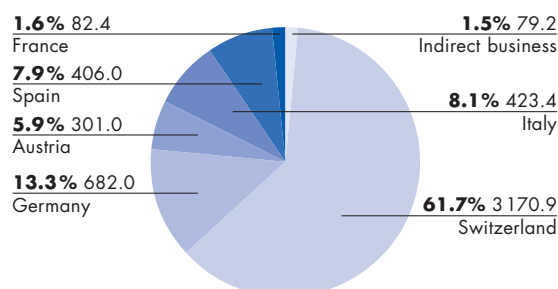
The direct business in the life sector expanded by 17.6 per cent in local currency and thus contributed significantly to the premium growth. The domestic market played here with 21.1 percentage points a decisive role while the increase in the relatively small foreign market was limited to 0.2 per cent. Helvetia Patria expanded its market share in Switzerland. Premium increase abroad remained below the overall market

Switzerland
has a high
growth rate.

Gross premiums written in CHF million

		2001	2002	Change	Change in original currency
Direct business					
Switzerland	Non-life	533.7	540.8	1.3%	1.3 %
	Life	2 171.0	2 630.1	21.1%	21.1 %
Germany	Non-life	508.3	553.1	8.8%	9.7%
	Life	125.4	128.9	2.8%	3.6%
Austria	Non-life	181.8	172.8	-5.0%	-4.2%
	Life	145.2	128.2	-11.7%	-11.0%
Italy	Non-life	290.4	318.5	9.7%	10.6%
	Life	99.4	104.9	5.5%	6.4%
Spain	Non-life	315.4	327.2	3.7%	4.6%
	Life	73.2	78.8	7.7%	8.5%
France	Non-life	48.4	82.4	70.2%	71.7%
Indirect business					
	Non-life	104.5	71.9	-31.2%	-31.2%
	Life	9.6	7.3	-24.0%	-24.2%
Total	Non-life	1 982.5	2 066.7	4.2%	4.9%
	Life	2 623.8	3 078.2	17.3%	17.5%
Total		4 606.3	5 144.9	11.7%	12.0%

Gross premiums earned in 2002 in CHF million



average. The direct business in the non-life sector showed with a 6.9 percentage growth rate in local currency an improvement as well. The increase of 9.0 per cent abroad was far ahead of Switzerland with 1.3 per cent. Germany and Italy and the transport insurer in France and Austria have all achieved gains in market shares.

Importance of Swiss business on the rise

As a result of the drive in the Swiss life business, the proportion of the total direct life business, generated abroad, decreased from 17.0 per cent to 14.4 per cent. On the other hand, the weight of the foreign non-life segments increased from 71.6 per cent to 72.9 per cent. This reversed trend caused the proportion of the total direct business of foreign source to decrease from 39.8 per cent to 37.4 per cent.

Gross premiums from direct life business

in CHF million

	2001	2002	Change
Individual	1 077.8	1 154.6	7.1%
Group	1 431.3	1 811.7	26.6%
Unit-linked	105.2	104.7	-0.5%
Total	2 614.3	3 071.0	17.5%

Special items influence underwriting results

The low financial result and the cyclical unfavourable risk trend in the disability insurance affected the underwriting result in the life sector. It had with CHF –87.2 million a negative outcome despite the small increase in investment income, in comparison to the size of the premium growth, and the significantly reduced allocation of funds to the reserve for results-linked and non-results-linked policyholders' dividends. The very majority of this result falls to Switzerland. The net interest income has significantly worsened despite the lower interest payment on the reserves in the group insurance. Cyclical reasons led to the deteriorating risk trend in the disability insurance. The consequences of lower investment performances and continuously too high policyholders' dividends were reflected in the negative results in Germany and of Der ANKER. The subsidiaries, however, in Italy and Spain managed to improve the underwriting results and to post profits thanks to their more varied range of products. On the one hand, the share of the pure risk- and unit-linked business is much higher in those countries, but, on the other hand, the group insurance portion is considerably lower than in the core markets.

The expense ratio saw a further reduction. This applies to all country markets with the exception of Der ANKER, which reports a significantly lower premium income following the sale of the commercial business for medium-sized companies.

The non-life as earnings pillar

The non-life segment reported again a considerable improvement of the underwriting result despite both, the storm- and flood damages in Germany and Austria and a higher claims ratio. The latter development was partially compensated by a higher system-related release of the equalization reserves. The pooling of the entire reinsurance business in the group reinsurance had a positive effect on the overall risk exposure.

The non-life business is very profitable.

The Group's overall efforts in operatively improving the underwriting business made substantial headway and are – together with the reorganized management of Der ANKER and the agreed-upon merger of the two Spanish subsidiaries – good preparations for the future.

Gross premiums from direct non-life business in CHF million

	2001	2002	Change	Change in original currency
Property	756.5	787.6	4.1 %	4.6 %
Transport	149.5	199.7	33.6 %	34.6 %
Motor vehicle	667.6	695.7	4.2 %	4.9 %
Liability	194.8	197.9	1.6 %	2.2 %
Accident/health	109.6	113.9	3.9 %	4.8 %
Total	1 878.0	1 994.8	6.2 %	6.9 %

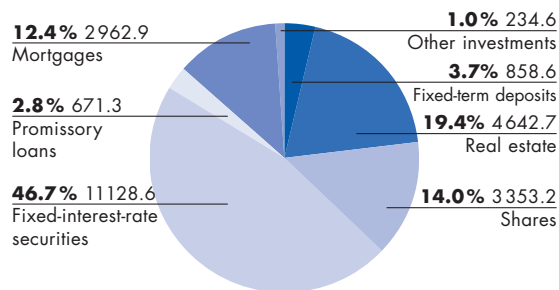
Key indicators for non-life business

	2001	2002
Non-life claims ratio	69.3 %	68.3 %
Non-life expense ratio	32.1 %	31.6 %
Non-life combined ratio	101.4 %	99.9 %

The investment business

Investments by asset type in 2002

in CHF million



The hope still cherished at the beginning of last year for a rapid, albeit moderate economic recovery has faded away. The economic development was full of uncertainties having their roots in both, geopolitical causes and corporate mismanagement. Falsified balance sheets, egocentric and fraudulent manager behaviour in a few but important domestic and foreign corporations have lastingly marred the trust into the economic capabilities. They left deep tracks in the stock markets, especially in the second and third quarter of 2002. The historically low interest rate level in conjunction with the three-year long value erosion at the stock markets sparked off an intense discussion about the minimum interest rate in the Swiss group business and put additional strain on the stock market. Pension issues, however, are not limited to the Swiss

market alone. They are curtailing the earning power of many companies that carry pension liabilities on their balance sheet as a result of promises made to former and current employees. The company-specific disturbances as well as the situation in the gulf region weakened the economy in the second half of the year. The round of interest-rate cuts, initiated by the US Federal Reserve Bank and the European Central Bank, did not make much of a difference. Interest-rate policy increasingly turns out to be a blunt weapon in an environment full of diverse uncertainty factors, such as a stubborn weakness of the economic fundamentals as well as a lack of confidence in a fast and sustaining recovery. A recession could have hardly being avoided without the astoundingly robust private consumption. The Swiss Franc maintained its strength as expected and substantially further increased its value against the Pound Sterling and the US Dollar.

The private consumption supports the economy.

The bear market shakes the investors' trust.

Development of the investments

The growing insurance business led to a net investment demand during the whole year requiring us to handle this need while the difficult situation at the capital markets was still persisting. The new funds were mostly invested in fixed-interest-rate securities – despite the low interest rate level. Funds under management grew again – compared to last year's decline. We continued shifting the portfolio's structure, with

Investments by asset type in CHF million

	Balance sheet 2001	Balance sheet 2002	Balance sheet Change
Real estate	4 242.6	4 642.7	9.4%
Investments in affiliates	14.5	14.5	0.0%
Investments in associated companies	75.2	2.0	-97.3%
Own shares	188.2	44.6	-76.3%
Shares, other non-fixed-interest-rate securities, investment funds and derivatives	4 554.7	3 353.2	-26.4%
Fixed-interest-rate securities	9 745.1	11 128.6	14.2%
Promissory loans	618.6	671.3	8.5%
Mortgages	2 880.7	2 962.9	2.9%
Policy loans	184.9	173.5	-6.2%
Fixed-term deposits and similar	1 024.8	858.6	-16.2%
Total	23 529.3	23 851.9	1.4%

the objective of ensuring the long-term value, by selectively selling shareholdings and by purchasing fixed-interest-rate assets. Extensive hedging measures were put in place with the purpose of providing a comprehensive accounts protection thus shielding the remaining share holdings. At the end of the year the net equity allocation amounted to 4.5 per cent. The above described investment strategy and the difference in value significantly changed the asset structure. While equities substantially lost in importance following sales and their loss of value, fixed-interest-rate securities and real estate strengthened their positions thanks to additional purchases and gains in value.

Development of the investment income

The ordinary income remained on last year's level as a result of the declining interest rate levels and without regard for the fact that the portion of the interest-bearing investments had significantly risen. The result reflects the weakening interest rate trend. The increased volume was able to just about compensate for the ensuing reductions in profit. The balance of profits and losses realized on investment disposals massively remains below last year's amount. This has two reasons. The severe downward revision of the stock markets played an important role and the valuation margins of the equity securities, already notably dwindled over the past year, were limiting the potential for realization of

profits from the beginning. The hedging instruments, however, helped improve the result by contributing the amount of CHF 154 million.

Economic situation continuously difficult

The economic situation remains fragile. Unused output capacities, rising unemployment and increasing deficits run by the public authorities and the private sector in the US will hamper a recovery. The corporations themselves need to be first in line and be put to the task of restoring the trust lost in the economic capability by following a solid and realistic business policy and by adhering to an ethically impeccable business conduct. It will take a long time but will ultimately lead to success.


Given the prevailing situation, it is our principal objective to safeguard the substance of our investment portfolio and to optimize our ordinary investment income. We will continue to shift into more defensive investment vehicles and pursue an active risk management.

The cyclical situation remains tense.

The investment income remains stable.

Investment income by asset type (without value adjustments and readjustments as recorded in the books) in CHF million

	Ordinary income 2001	Ordinary income 2002	Change	Realized profits (losses) on investment 2001	Realized profits (losses) on investment 2002	Change
Real estate	186.1	193.1	3.8%	23.6	10.8	-54.2%
Investments in affiliates and associated companies	3.5	0.4	-88.6%	36.0	0.3	-99.2%
Shares, other non-fixed-interest-rate securities, investment funds and derivatives	77.9	59.0	-24.3%	518.3	-127.2	-124.5%
Fixed-interest-rate securities	428.8	477.6	11.4%	29.2	69.8	139.0%
Promissory loans	34.5	34.6	0.3%	0.0	0.0	-
Mortgages	125.9	120.9	-4.0%	-1.1	-0.7	-36.4%
Policy loans	9.2	7.9	-14.1%	0.0	0.5	-
Fixed-term deposits and similar	47.4	20.7	-56.3%	0.0	0.0	-
Total	913.3	914.2	0.1%	606.0	-46.5	-107.7%

A photograph of a man with dark hair and a light beard, wearing a dark blue shirt, looking out from the window of a large orange truck. The truck's body is a vibrant orange, and the word "EURO" is printed in large, bold, white letters with a thick black outline. The man's hand is resting on the orange frame of the window. To the right, a portion of a red structure, possibly a building or another part of the truck, is visible, featuring a vertical line of rivets. The lighting is bright, suggesting a sunny day.

Daily from Monday to Friday: Marseille-Limoges and back. The stress is really getting to you. Whatever happens: The Helvetia transport insurance covers at least the material risks.

EURO

Switzerland

The Swiss economy was marked by zero growth of the gross domestic product and a low inflation rate of below one per cent in the year under review. The unemployment rate jumped from 1.9 per cent in the year 2001 to about 3.5 per cent.

Difficult market environment

The insurance market was dominated by a wide array of external factors putting special emphasis on the life insurance sector. Dealing with the first BVG-revision (LOB-Federal Law on the Occupational Old-age, Survivors' and Disability Benefits Plan) in the Swiss Parliament triggered a broad discussion about issues related to the insured wages in the occupational benefit plans and to an adequate pension conversion rate. Furthermore, the negative development at the stock markets and the historically low interest rates forced the Executive Federal Council to adjust the minimum interest rate for the group life business for the first time since it had been introduced in the year 1985. The decrease from 4.00 per cent to 3.25 per cent took effect on 1.1.2003. At the same time, calls for more transparency were voiced demanding more information from the insurers about what they do with the funds entrusted to them and how much of the return made from the funds is passed on to the customers. Last but not least, problems with the shareholders' equity of leading competitors gave rise to the question about the security of pension funds.

The slackening of the economic activity, the adversity of the capital markets and the definitive burst of

the "new economy bubble" prompted many competitors to reassess their strategy. With the resolve to concentrate on the core business came the increasing emphasis on the realization that our industry depends on solid underwriting results. Strategic considerations even led some individual competitors to completely discontinue the group life insurance business.

Success thanks to a clear strategy and focus

The Helvetia Patria stood its ground well in this difficult market environment. Following our strategy in the year under review we focussed on the business with private clients as well as with small- and medium-sized commercial customers. We have examined the possibilities of setting up an internet portal or establishing a bank of our own in earlier years but rejected both of them thus sparing us now a potentially necessary restructuring.

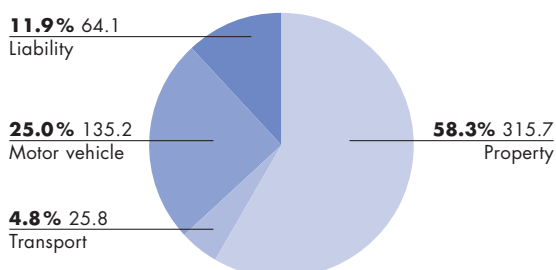
Pleasing premium growth

The premium income exceeded in the life- and the non-life segment our expectations while we managed to make further headway in reducing costs. The progress in the individual life business gained from the unfavourable stock markets and the low interest rates with particularly stimulating effects on the demand for the traditional single premium policies with their attractive and guaranteed rates of return. Premiums in the life business grew by 21.2 percentage points with the group life insurance sector achieving a higher increase with 27.1 per cent than the individual life

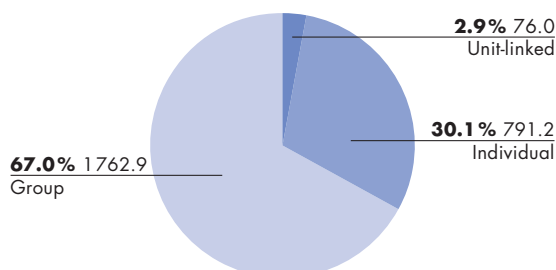
The group business takes centre stage.

The premium income exceeds expectations.

Gross premiums in 2002 from direct non-life business in Switzerland in CHF million



Gross premiums in 2002 from direct life business in Switzerland in CHF million



segment with 10.7 per cent. Once more we were able to reap the rewards of our long-term development efforts. Given the adverse capital market conditions we were even forced to dampen the demand. The risk results in the whole-life insurance continued to provide pleasing profit contributions while the development in the disability insurance took an unsatisfactory path. We are attributing the rise in the number of disabled people to cyclical effects, especially in the group insurance segment.

The amount of CHF 178.7 million was removed from the fund for results-linked and non-results-linked policyholders' dividends for distribution to our customers and CHF 15 million were allocated at the same time. The deposit was made by Patria Genossenschaft which, in line with its Articles of Association, uses a part of its income in favour of our customers. Despite being reduced by CHF 163.7 million the fund is still sufficiently endowed to allow for making up the effects of the financial markets' fluctuations. The low interest rates and the volatile stock markets forced us though to reduce our contribution to future policyholders' dividends.

Profitable non-life business

We managed to increase the premium income in the non-life business by 1.3 per cent and were able to stop the premium erosion of the past years in the property- and transport insurance segments. The market has accepted the premium increase in the motor vehicle business as a logical step realizing that the industry-wide gap between continuously decreasing premiums and simultaneously higher damages was dramatically widening during the past years. We were spared extensive natural disasters and could once again profit from the high quality of our portfolio. Together with a consistent cost control it resulted in an excellent combined ratio of significantly below 100 (sum of claims ratio and expense ratio).

Successful distribution channels

Our own sales force continued to render the majority of the acquisition and consulting services. Sales efforts through other distribution channels were additionally strengthened. Business generated through the broker

Gross premiums from direct business in Switzerland in CHF million

	2001	2002	Change
Non-life			
Property	314.8	315.7	0.3%
Transport	24.2	25.8	6.6%
Motor vehicle	130.5	135.2	3.6%
Liability	64.2	64.1	-0.2%
Total	533.7	540.8	1.3%
Life			
Individual	689.3	791.2	14.8%
Group	1 387.4	1 762.9	27.1%
Unit-linked	94.3	76.0	-19.4%
Total	2 171.0	2 630.1	21.2%

channels also reported pleasing growth rates for all sectors. The Raiffeisen Banks almost doubled the gains in new business generated with the emphasis being put on individual life insurance. It amounts in this sector to 9 per cent of the total value.

The fact that the numerous local Raiffeisen Banks have the choice to request support from our specialists for issues related to pension plans especially played a decisive role in the success. The bank customers for their part benefited from the comprehensive "one-stop consulting" service.

Innovative products keep customers coming back.

The demand for insurance-, pension- and financial products is still very much intact. The Helvetia Patria has taken this demand into account and expanded its scope of products with selectively targeting the individual needs of attractive customer groups. The property insurance sector, for example, expanded its range of "acompa products" for commercial clients and added "acompa.food". We expanded in the individual life insurance the series of fund-linked products, that are a part of integrated insurance solutions, by offering pure funds products under the name of "HP Funds Collection". The customer is able to individually create an investment package to his/her personal risk capacity and – liking by choosing those funds offered by our partners Raiffeisen and Vontobel that are matching the personal pension situation. In the group life insurance

The policyholders' dividends had to be reduced.

The co-operation with the Raiffeisen Banks takes a favourable course.

Our range of products is continuously expanding.

We excel in providing quality and service.

we are offering our customers the opportunity to take care of modifications directly online (personnel, wages, etc.).

Excelling thanks to quality and service

Conducting our business with emphasis on quality and service distinguishes us from others. This is also the reason for our continuously large investments into the training of our workforce, i.e. sales force and the in-house staff. We initiated a Swiss-wide quality and service program. Using the so-called EFQM-model (European Foundation for Quality Management) we strive to constantly improve our processes and thus our key performance results in particular. Co-sponsoring “Esprix”, the foundation presenting the annual Swiss quality award for business excellence, is one way of illustrating our focus on quality.

Continuity was the characteristic of the branding strategy. Within the scope of the umbrella brand strategy for the year 2002 we dedicated our efforts to strengthen our relationship with our customers and partners by putting forward the core communication statements that we had initiated two years before: “Humanity and closeness”, “Forward-looking” and “Performance and competence”. Reinforcing the image of Helvetia Patria as an insurance services provider on the various target-group levels and substantially increasing the degree of familiarity were positive effects of this continuity. Selective sponsoring was granted to classical music concerts – also with charity character – and larger sporting events (e.g. inline skating) with those occasions usually also being used as customer events.

An energetic start into the new year

We got off to a good start into the new business year. Growth rates and costs are meeting so far our expectations. We intend on giving special attention to growth rates in the individual life and the non-life business while being very selective for profitability reasons with regard to new group life business. We expect the volatile stock markets and the low interest rate level to continue and the recovery for the economy to take no immediate hold. The development in the group insurance sector remains uncertain with regard to the revision of the occupational benefit plans (BVG-LOB) and

Profitability comes before growth.

the minimum interest rate. We consider the minimum interest rate of 3.25 per cent as substantially too high leading us to think that the profitability environment in the life insurance will persist on being trying. Counter-acting this trend will require an even more selective underwriting policy and a more risk-conforming pricing system in the disability insurance. We have also initiated a group-wide program to meet the legitimate demands for more transparency.

The non-life business sees a continuous concentration on profitable segments. Premium increases though will here be hard to avoid, especially both, in the motor vehicle insurance and in some areas of the commercial segment where profitability is still not satisfactory. Last but not least are the reinsurers a source for forced-upon premium adjustments. They are taking advantage of the current environment with the purpose of improving their own underwriting results through higher premiums and exclusion clauses.

Product-wise we are offering for example a new insurance solution for municipalities (“acompa.comunale”) and trade businesses (“acompa.trade”). Customer- and employee surveys are part of the above-mentioned quality- and service offensive. Furthermore, we are planning several customer events: At the occasion of the 125th anniversary of Patria Genossenschaft we are celebrating together with customers, employees and partners at thirteen different places during the whole year – under the theme “125 Jahre mehr vom Leben”.

The concentration on profitable business activities continues.

Key indicators Switzerland

	2001	2002
Gross domestic product (GDP)	0.9%	0.0%
Interest rate	3.3%	2.3%
Inflation	1.0%	0.6%
Unemployment rate	1.9%	3.5%

Germany

The operating results of the German subsidiaries were marked last year by numerous storm-, hail and flood damages that were unique in both, their frequency and the severity of the claims events. Those areas mostly affected by the flood disaster were the regions at the Danube and the Elbe as well as their tributaries. We were further hit by severe windstorms in spring and fall as well as by numerous thunderstorms and other storms during summer of last year.

The good claims management proved again successful.

Our good claims management was up to the immense tasks. The extremely high amount of claims paid and the adverse capital market development were both the causes that, for the first time in many years, Helvetia Germany reported a negative result for the year for the entire non-life segment. Attention needs to be drawn to the fact that the underwriting result remains in very positive territory after the release of the equalisation reserves.

High premium volume in the non-life business

We are pleased to report that the premium volume in the non-life segment rose significantly above the market average with the expense ratio holding steady at the same time. In the motor vehicle sector, new and combined products geared to the automobile-related businesses have enjoyed high demand. In addition to this, we were able to adjust the premiums on a broad scale. Streamlining led to an increase of the premium income in the commercial business with the high portfolio quality being maintained.

Quality- and service offensive

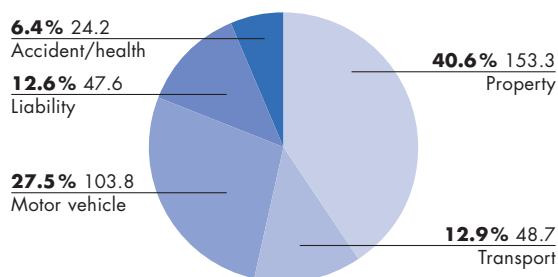
We have taken steps to improve the customer satisfaction and the customer loyalty as part of our quality- and service-orientation. A customer survey, carried out for the second time, revealed that the market is noticing our efforts and that the image of Helvetia Germany as a trustworthy partner is strengthening. The performance assessment by our brokers reflects the excellent quality of our services. They ranked Helvetia Germany very high in an independent survey. Development and qualification are two issues we are focussing on with our general agents as well.

Customer satisfaction is continuously increased.

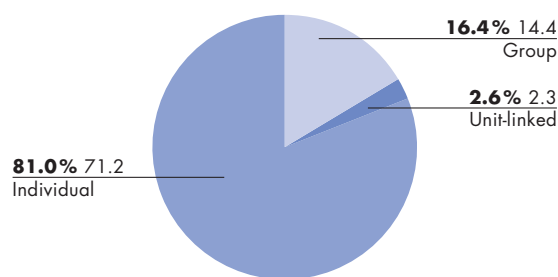
Positive growth in the life business

Thanks to persistently adhering to its effective distribution- and business strategy Helvetia managed to well maintain its position despite being in a politically and economically difficult environment with high unemployment and the lowest economic growth rate in Europe. A positive premium trend is again being reported as a result of the number of new policies, significantly beating the market-average, and of fewer policy cancellations. Our expectations put in the new law promoting wealth formation were not met either ("Riester-contracts"), but our results are exceeding the ones of many competitors not least because of the fact that we have our own sales force. In light of the prolonged downward trend at the stock markets we have trimmed the policyholders' dividends.

Gross premiums in 2002 from direct non-life business in Germany in EUR million



Gross premiums in 2002 from direct life business in Germany in EUR million



The new Federal Financial Supervisory Authority

In light of the fundamental changes on the financial markets the Federal Financial Supervisory Authority (Bundesamt für Finanzaufsicht – BaFin) was set up on May 1, 2002. The former offices for banking supervision (Bundesaufsichtsamt für das Kreditwesen – BAKred), insurance supervision (Bundesaufsichtsamt für das Versicherungswesen – BAV) and securities supervision (Bundesaufsichtsamt für den Wertpapierhandel – BAWe) have been combined in a single state regulator that comprises all the key functions of consumer protection and solvency supervision.

A good start in the new year

We expect strong stimuli for the life business.

We are optimistic with regard to the further development of the life business and expect strong stimuli from new business. We will soon implement the next generation of unit-linked tariffs that – together with an attractive product design – will support our efforts in reaching out to the brokerage segment and thus opening up new distribution channels.

The growth trend will continue in the private and the commercial sectors of our non-life business, albeit on a lower and market-conforming level. Our investments into quality and service will reinforce our competitive position and an expanding and even more qualified distribution will improve our marketing efficiency. We are convinced to return to profitability in the current year with no unforeseen events occurring.

Gross premiums from direct business in Germany

	2001	2002	Change
Non-life			
Property	140.1	153.3	9.4%
Transport	40.6	48.7	20.0%
Motor vehicle	93.2	103.8	11.4%
Liability	46.2	47.6	3.0%
Accident/health	24.1	24.2	0.4%
Total	344.2	377.6	9.7%
Life			
Individual	70.6	71.2	0.8%
Group	13.7	14.4	5.1%
Unit-linked	0.6	2.3	283.3%
Total	84.9	87.9	3.5%

High priority is put on a systematic quality improvement of the existing insurance contracts in the commercial business. We are optimistic that the market-wide trend towards a risk-conforming pricing will continue and that the demand for our products remains high thanks to a quality- and service-oriented business strategy.

Key indicators Germany

	2001	2002
Gross domestic product (GDP)	0.6%	0.2%
Interest rate	5.0%	4.2%
Inflation	2.3%	1.3%
Unemployment rate	9.6%	10.1%

Austria

Austria was not different from other industrial nations and thus experienced only a very weak economic development. Stagnation is affecting the Austrian economy already for two years. The real gross domestic product hardly moved and consequently reported the lowest growth rates since 1983. The slump is basically going hand in hand with the course of the global economy. The weak economic growth in Germany had a direct impact on the neighbouring Austria whose exports achieved only a very small real increase during the year under review. Positive news was coming from the inflation rate trend while the difficulties on the capital markets continued in 2002. The forecasts for the coming years, however, are expected to be more optimistic.

High competitive pressure

The Austrian insurance industry was marked by the continuing reduction of the number of suppliers. The structure of the distribution channels is still under the influence of a trend reversal as the life business, in particular, sees the importance rising of brokers and banks as points of sale. Periodic premium policies were the primary driving force for growth of the Austrian life insurance market. Single premium policies saw a negative trend. The very positive year this sector had in 2001, the feeling of uncertainty among the investors in light of the turbulent stock market situation as well as

the necessary pull-back of the profit promises are all part of the explanation for this reversed trend. Life insurance products with larger policyholders' dividends are back in higher demand. Implications from the new policy withdrawal regulations and the pension plans with regular premium payments will start putting their mark on the business year 2003 at the earliest.

The non-life business continued to generate a constant growth rate. Reorganization and the gradual return to a more realistic actuarial approach have stabilized the growth and laid positive groundwork despite the weaker economy.

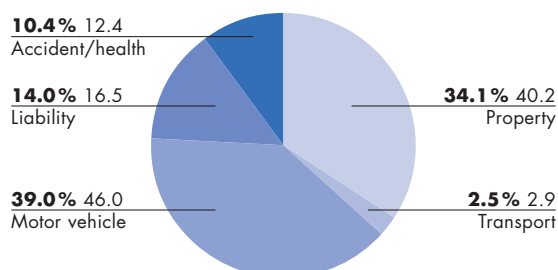
The non-life business grows continuously.

Unsatisfactory course of business

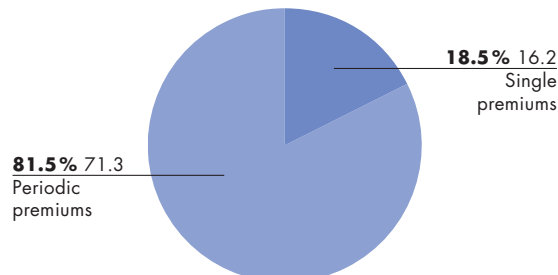
Our subsidiary Der ANKER took a pleasing course with the periodic premium life insurance policies reporting an above-market growth while single premium policies suffered a decline. Implementing the new strategic focus on private clients and small companies involved a portfolio streamlining. Last year, the business segment for medium-sized commercial customers was sold resulting in a decline in premium income in the non-life business. Other measures taken include rate adjustments in certain business lines to reach risk-conforming premiums. Optimizing the structure and procedures to improve the underwriting quality were additional tasks taken on during the year.

The market is moving.

Gross premiums in 2002 from direct non-life business in Austria in EUR million



Gross premiums in 2002 from direct life business in Austria in EUR million



The pricing in the motor vehicle is gradually making progress in meeting the actuarial requirement.

Last year was marked by the floods in August and other hail- and storm events had a strong impact on 2002 and caused – together with adverse capital market situation – the unsatisfactory business result.

Der ANKER was again able to prove its high quality of its customer service when it came to settling the claims from the flood disaster victims. Thanks to the extraordinary dedication and the flexible help of the local employees, supported by organizational measures, Der ANKER was among the fastest to settle the claims within the entire insurance industry thus improving its image with the customers and the distribution partners.

Helvetia Versicherungen, Direktion für Österreich, is specialized in the transport insurance. The overall weak economy, however, did not hamper the significant premium growth. Besides using the traditional distribution channels Helvetia has concluded co-operation agreements with other insurance companies that contributed to the premium growth rate. The prudent underwriting policy brought again a pleasing operating income.

Helvetia co-operates with new partners.

Focus on the core business

The management has taken steps to improve the performance. One step is to continue the strategy of


Gross premiums from direct business in Austria in EUR million

	2001	2002	Change
Non-life			
Property	44.3	40.2	–9.3%
Transport	2.2	2.9	31.8%
Motor vehicle	46.1	46.0	–0.2%
Liability	18.1	16.5	–8.8%
Accident/health	12.4	12.4	0.0%
Total	123.1	118.0	–4.1%
Life			
Periodic premiums	66.7	71.3	6.9%
Single premiums	31.7	16.2	–48.9%
Total	98.4	87.5	–11.1%

focussing on selective customer segments with success- and profit potential. Der ANKER and Helvetia Versicherungen are offering an optimal customer service by providing innovative and individual solutions, even in turbulent period of times. This is the guarantee for a secured future.

Key indicators Austria

	2001	2002
Gross domestic product (GDP)	1.1 %	0.9 %
Interest rate	5.2 %	4.3 %
Inflation	2.7 %	2.1 %
Unemployment rate	3.6 %	4.1 %

The image is a blurred photograph of a cafe interior. The ceiling is a deep red color. In the foreground on the right, a person wearing a red uniform is partially visible. The background shows a counter area with various items and a person working behind it. The overall scene is out of focus, creating a sense of depth and atmosphere.

Making coffee with whipped cream a thousand and one times a day. No surprise that fatigue sometimes gets to you on the way home to Kufstein. A bit too much and – wumm. Oh my god, where would I be without Der ANKER?



Italy

The globally weak economy and the pessimistic forecast left a significant impact on Italy. The gross domestic product grew by a mere 0.4 per cent. The timid behaviour of the private consumers, in particular, took its toll. The declining stock markets and the historically low interest rate levels dampened the inclination to invest with very direct repercussions on the growth of the life business, in particular.

Changed regulatory environment

The motor vehicle insurance keeps the insurers and the consumer organizations busy, but the government as well. The latter tries with various measures to get a handle on the continuously mounting claims: For example, measures reducing insurance fraud were enacted and adjudging excessive damages for minor invalidity was curtailed. So-called alternative distribution locations are banned from selling complex life insurance products in the future. This does not affect our companies, however, since we have never teamed up with those middlemen.

Continuing wave of mergers

The concentration process on the Italian insurance market persists. The merger, for example, of the two insurers Sai and Fondiaria created another insurance mammoth. This kind of mergers have a positive impact on medium-sized companies such as Helvetia since customers, looking for personal service, are often avoiding bigger corporations.

Successful business year

Helvetia Italia reports again a successful business year. The premium growth rate achieved a level substantially above the market average. Although the premiums in the motor vehicle insurance were again raised and are coming therefore closer to the actuarially necessary level, other non-life sectors achieved a better growth rate thus slightly reducing the motor vehicles' share in the aggregate premium volume. The profitable property insurance sector managed to grow especially well, not least thanks to the co-operation with the mortgage bank Banca Woolwich. We created special mortgage protection products to be marketed through this bank. An unfavourable claims trend caused a premium raise for third party liability insurance which in turn led to firmer growth. The motor vehicle liability insurance carries strongly above-average weight on the Italian market – in comparison with other markets. This is the reason why this segment has such an impact on the entire non-life business. Continuous adjustments of the premiums to the increasing loss experience are therefore necessary. Those premium hikes resulted again in a substantial growth rate yet with a simultaneous drop in the number of policies.

The above-mentioned series of measures taken in the motor vehicle segment induced a significant decline of the claims ratio. The favourable claims result and a strict cost control led again to an improved underwriting result being large enough to more than compensate for the diminished financial outcome.

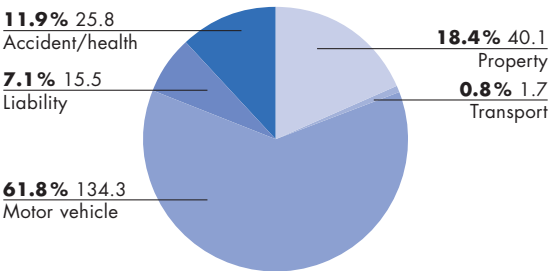
The premiums exceed the market average.

Premiums were increased.

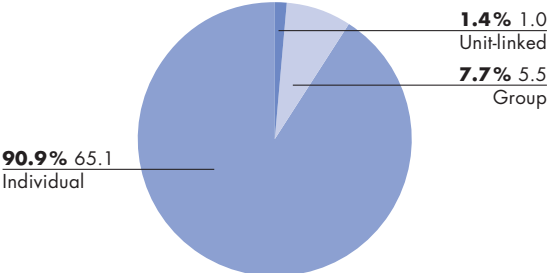
Costs are under control.

The government enacted new laws.

Gross premiums in 2002 from direct non-life business in Italy in EUR million



Gross premiums in 2002 from direct life business in Italy in EUR million



The development in the life insurance was positively marked by the completed integration of Norwich Union Vita, acquired last year, which is now called Helvetia Life. The other side of the coin came in the form of the weak stock markets. The sale of unit-linked policies suffered a very hard and market-wide hit. The growth of the traditional products and the successful launch of index-linked policies were not able to completely fill the void.

Consistent focussing

Helvetia Italia focussed all along on private customers and smaller companies in northern and central Italy. The network of agents is the primary distribution channel while the brokers' influence is relatively low. In addition to those channels, we also have a co-operation agreement with the mortgage bank Banca Woolwich for which we created special products (Life and non-life policies) for mortgage protection. Customized products are also marketed through smaller regional banks in the Lombardy region.

Notable success with new products

New products are developed in close co-operation with the individual distribution partners thus guaranteeing their acceptance. In the year under review we managed to sell three tranches of index-linked policies with guaranteed capital, in addition to the special products for the customers of the Banca Woolwich.

Helvetia has attractive distribution channels.

Gross premiums from direct business in Italy in EUR million

	2001	2002	Change
Non-life			
Property	34.6	40.1	15.9%
Transport	2.1	1.7	-19.0%
Motor vehicle	123.0	134.3	9.2%
Liability	13.6	15.5	14.0%
Accident/health	23.3	25.8	10.7%
Total	196.6	217.4	10.6%
Life			
Individual	58.1	65.1	12.0%
Group	4.4	5.5	25.0%
Unit-linked	4.8	1.0	-79.2%
Total	67.3	71.6	6.4%

Continuously high premium growth

For the current year we are expecting the non-life premiums to grow at the same rate as in 2002 despite the uncertain economic forecasts. With regard to the life business we are taking this as a starting point on the road to a significant recovery. Innovative products and the development of new co-operations will be helpful instruments. Well-trained and motivated employees in the sales force and the office staff are reinforcing our optimism to reach those objectives.

Key indicators Italy

	2001	2002
Gross domestic product (GDP)	1.9%	0.4%
Interest rate	5.3%	4.4%
Inflation	2.4%	2.6%
Unemployment rate	9.4%	8.9%

Spain

The Spanish economy managed to achieve a growth rate of about 2 per cent braving the globally weak economic development, but was unable to meet the ambitious expectations of the government. The creation of new employment was not enough to prevent the unemployment rate from rising, which remains with 11.5 per cent the highest in Europe. Price levels rising by 4 per cent gave also cause for concern during the year under review.

Uncertainties in the Spanish legislation

In 2002, the Spanish legislators enacted a tax reform which took effect on January 1, 2003. The life insurers, in particular, are standing to gain from this reform allowing certain life insurance policies to secure the same more tax-privileged treatment under the new legislation as those pensions plans are currently receiving that are managed by pension funds.

An important change in the area of pension plans was also implemented. A second extension of the deadline for entrusting the pension reserves to a life insurer or a pension fund was granted to those companies that are carrying on their balance sheets the pension reserves needed to cover the pension liabilities towards their employees. The first extension required all companies with such pension reserves to have this separation process concluded by mid-November 2002. The problems arising in small and medium-sized companies to finance this process was the reason for granting

the second extension pushing the new to deadline to December 2004. These examples illustrate the insecurity of the Spanish legislators with regard to regulating the pension benefits system. It is therefore not surprising that a proposal for a comprehensive reform of the pension benefit system has yet to be developed although Spain has one of the fastest ageing population in the world. The demographic development presents the current welfare system with enormous challenges in the future.

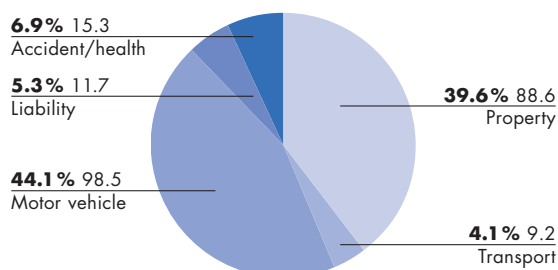
Positive market environment

The Spanish life insurance industry was able to benefit already from the new regulation to have the pension funds managed externally – despite that deadline extension – and achieved a growth rate of 17 per cent. The growth potential becomes much more modest, however, if the business with large companies is excluded. Since large companies are not among the strategic target groups of our Spanish subsidiaries we are nevertheless content with the progress of our life business. The non-life sectors in the Spanish insurance market enjoyed an upturn and attained a growth rate of 13 per cent. Previsión Española and Helvetia CVN were both able to take advantage of this upward trend although their selective underwriting policy has affected the premium development, especially in the motor vehicle segment. 2003 shapes up to be a very promising year for the Spanish insurance industry.

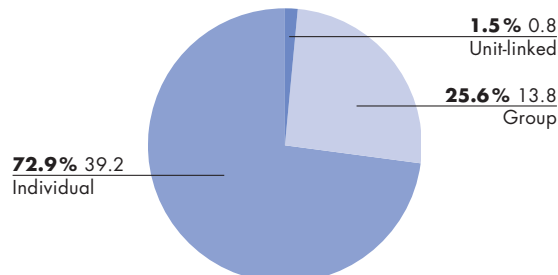
The insurers benefit from the tax reform.

Our subsidiaries adhere to a selective underwriting policy.

Gross premiums in 2002 from direct non-life business in Spain in EUR million



Gross premiums in 2002 from direct life business in Spain in EUR million



The life insurance business is expecting stimuli from the last tax reform and from the slowly but surely changing mentality of the population towards the merits of long-term saving. The non-life insurers, on the other hand, will benefit from the good underwriting results, for example in the motor vehicle sector generating almost half of the aggregate non-life premium volume in Spain.

Pleasing course of business

Our two Spanish subsidiaries, Helvetia CVN and Previsión Española, had a good business year in 2002. Both companies managed to further improve their underwriting results in the most important sectors as a result of the measures effected during the past years and of the consistent application of their prudent underwriting policy.

Their aggregate premium volume progressed nicely as well last year despite the strict risk selection. It was our deliberate choice to accept both, their overall growth rate, remaining below the market average, and the slight decline in the motor vehicle premiums. The portfolio quality consequently continued to improve and the claims burden to get lighter again this year. Reducing the claims ratios and optimizing the critical business procedures were helpful to the two subsidiaries to achieve better results than last year regardless of the adverse economic climate and the bear market.

Merger of our two subsidiaries

The Spanish market offers indeed many opportunities to dynamic and innovative companies but faces like-

Gross premiums from direct business in Spain in EUR million

	2001	2002	Change
Non-life			
Property	80.1	88.6	10.6%
Transport	7.1	9.2	29.6%
Motor vehicle	101.4	98.5	-2.9%
Liability	10.5	11.7	11.4%
Accident/health	14.5	15.3	5.5%
Total	213.6	223.3	4.5%
Life			
Individual	35.7	39.2	9.8%
Group	11.9	13.8	16.0%
Unit-linked	2.0	0.8	-60.0%
Total	49.6	53.8	8.5%

wise the important challenges being in store for the Spanish insurance industry. Intense competition is one example and requires further optimization of the company's own resources.

Helvetia Patria has therefore decided to merge its two Spanish subsidiaries to ensure a continuously improving profitability. This integration has started in February 2003 and will enable the Helvetia Patria to participate in the future growth of the Spanish insurance industry.

We are merging both subsidiaries.

Key indicators Spain

	2001	2002
Gross domestic product (GDP)	2.7%	2.0%
Interest rate	5.2%	4.3%
Inflation	2.5%	4.0%
Unemployment rate	10.7%	11.5%

The results improved further.

France

The market position was expanded.

Following consistently its niche strategy Helvetia France managed again to remarkably maintain its position during the year under review. With its strong reputation for being a leading specialist in the transport insurance Helvetia France strengthened its market position by 2 per cent and currently holds about 5.6 per cent of this segment. The premium volume increased by more than two-thirds as a result of an extraordinarily high organic growth and the acquisition of a transport insurance portfolio. All regional units contributed to the two-digit growth rate of new policies written, with most of it generated by the carrier’s liability segment. This advance also exceeds by several times the 7 per cent growth rate of the non-life market. Both, the jump in premium volume by over 70 per cent and the reduction of the cost ratio by about 4 per cent to 32.6 per cent, were critical in substantially further improving the underwriting result on the previous year despite a higher claims burden.

The claims ratio of 66 per cent has considerably increased as a consequence of three major losses but is still good compared to the market. The expense ratio further declined thanks to the strong premium growth and despite the moderate increase in personnel. Thanks to the very good underwriting result in particular, the operating result achieved again a positive outcome and exceeds by far last year’s level.

Difficult competitive environment

The concentration process in the insurance industry continues undiminished within the currently difficult

Gross premiums from direct business in France in EUR million

	2001	2002	Change
Non-life			
Transport	32.8	56.3	71.6%
Total	32.8	56.3	71.6%

economic environment. The competitive pressure remains high. Helvetia France has further broadened and intensified its broker relationships with the current market climate being tough.

Above-average growth thanks to innovative products

We will continue to adhere to our strict, targeted and selective underwriting policy. Contracts in deficit will be re-assessed and adjusted in price. The centralized organizational structure proves successful. Consistently focussing, expanding profit-oriented co-operations and putting emphasis on profitable contracts remain to be the tools enabling a sustainable future growth in this specialized niche market. Helvetia France is thus off to a good start in the new business year.

Strict focussing continues.

Key indicators France

	2001	2002
Gross domestic product (GDP)	2.1 %	1.2 %
Interest rate	5.1 %	4.3 %
Inflation	1.5 %	1.9 %
Unemployment rate	8.8 %	9.1 %

The reinsurance business

The reinsurance is an important link in the value-added chain of the Helvetia Patria Group. The purpose of using it is to optimize the actuarial risk structure within the scope of the financial strength, the earning power, the strategic capacity requirements as well as other, mainly tax-related, factors. It also ensures a cost-effective purchase of reinsurance capacities for the entire Group.

Risk management for the entire Group

The Group Reinsurance supervises the compliance with the overall coverage concept and takes on the function of an internal reinsurer for the business units. In addition to this, it co-ordinates the procurement of reinsurance for the whole Group. The Group Reinsurance department is taking on the important responsibility of being the risk manager for all insurance concerns in the Helvetia Patria Group.

The reinsurance is the risk manager for the Group.

Assumed reinsurance as profit centre

For over 140 years, Helvetia Patria also underwrites a small but successful reinsurance portfolio and is therefore among the oldest reinsurers in Europe. Helvetia Versicherungen is the insurance carrier. While fire reinsurance dominated the business until the mid-nineties, our reinsurance business in force has evolved into a well-diversified portfolio with special focus on the OECD area.

The assumed reinsurance segment should do both, making a positive profit contribution to the Group and providing the Group Reinsurance and the Risk Management with technical, accounting and actuarial expertise. Carrying out cross-comparisons with relevant competitors and being in tune with the developments on the global market are important contributions in a comprehensive assessment in areas such as risk financing and -transfer through innovative, efficient and effective solutions.

Positive profit contribution

Last year's contract renewal rounds were held on a positive and very promising note for our Assumed Reinsurance business unit as the price erosion, persistent since 1994, finally came to an end this year. The original insurers were much more willing to accept

The price erosion has ended.

premium increases, in some cases to a considerable extent, and to agree to limitations of cover and more restrictive conditions.

The macroeconomic environment has considerably improved for the reinsurance industry compared to past years. After having deliberately trimmed our commitment in the former years we saw a good opportunity in this emerging trend to upgrade our portfolio in both, geography and quality.

For the year under review, the traditional reinsurance business advanced from CHF 36 million to a total of CHF 83 million. The fact that a decline in premium volume is reported is caused by the changed entry method for finite business.

After achieving an operating profit of CHF 4.3 million in the previous year the assumed reinsurance contributed a profit of CHF 5.2 million in the fiscal year 2002. A combined ratio (sum of claims and expense ratios) of 100.1 per cent is considered to be excellent in comparison with the competition and especially since it was achieved in one of the darkest years for the reinsurance industry with the expenditure for the World Trade Center.

The reinsurance provides a positive profit contribution.

Broad-based premium increases

In the key markets of the direct insurance business premium increases by 10 to 25 per cent have been accepted more frequently. On the other hand, the increasingly scarce reinsurance capacities enabled significant rate increases to materialize, especially in the aviation, but also in the technical lines of this insurance sector and the transport- and energy field.

Sustained positive development

CHF 150 million is the estimated amount of premiums written in the contract year 2002 affecting the balance sheet of 2003. Given the current information regarding the claims experience for the year 2002 we are expecting again a positive contribution to the next annual accounts.





Convents nowadays keep their doors unlocked, also in Rome. That could make a sister feel a bit unsafe with all the hardship of a secular life right outside her door ... unless she has faith in God's and in Helvetia's insurance protection.

The share

The stock markets suffer heavy setbacks.

The pessimism in the global economy and the negative cyclical trend substantially impacted the financial markets last year. In the United States, the investors' trust suffered from the various corporate bankruptcies and accounting scandals whereas the economic engine in Europe never took really off. The Dow Jones Index of the thirty leading US companies lost about 17 per cent of its value. Especially hard hit were the companies of the New Economy, listed on the NASDAQ Index, which lost more than 32 per cent of its value. The companies in Europe were not better off either: The French CAC dropped 34 percentage points and the German DAX Index almost 44 per cent. Its zero growth rate and the decline of the Swiss market Index (SMI) by 28 per cent caused Switzerland to rank in the lowest third in Europe when it comes to economic development. The yield on 10-year government bonds remained on a historic low of 2.2 per cent in 2002.

Insurance shares in the bear market's grip

Insurance stocks suffered a double blow from the adverse development at the financial markets last year. Many insurers had to accept high value adjustments of their capital investments and were forced – in a period of difficult market conditions – to reduce their equity allocation to comply with the capital base requirements stipulated by law and to reduce the risk of further losses. Significant investment losses and a substantially reduced shareholders' equity were the consequences. Moreover, the prevailing low interest rates were not attractive for the funds becoming now available to be reinvested. More funds were therefore directed into conservative investment vehicles such as real estate and mortgages.

Aggravating the situation, in addition to the adverse trend on the international capital markets, for the Swiss insurance shares were the unfavourable legal frame-

Low interest rates impede the investment of new funds.

Key information for investors

	2001	2002
Helvetia Patria Group		
Consolidated shareholders' equity before appropriation of profit (in CHF million)	1 519.7	1 046.5
Consolidated equity per share ¹ (in CHF)	230.3	166.3
Profit after taxation per share ² (in CHF)	16.8	-60.3
Return on consolidated shareholders' equity	4.8%	-28.2%
Return on consolidated shareholders' equity (excluding revaluation reserve)	10.4%	-50.5%
Helvetia Patria Holding (Helvetia Patria registered shares)		
Market value		
■ End of year (in CHF)	253.0	153.0
■ Yearly high (in CHF)	426.0	282.0
■ Yearly low (in CHF)	212.0	109.0
Market capitalisation at end of year ¹ (in CHF million)	1 669.1	962.8
Ratio of market capitalisation to consolidated shareholders' equity	110%	92%
Ratio of market capitalisation to gross premiums earned	36%	19%
Number of shareholders	3 248	3 761
Dividend per share (in CHF)	8.75	2.0
Dividend yield ³	3.5%	1.3%
Price/earnings ratio ³	15	-
Pay-out-ratio	57%	-
Securities number/Symbol	1 227 168/HEPN	
Stock exchange listed	Swiss Stock Exchange SWX	

¹ Based on 6 293 000 (6 597 192 in 2001) Helvetia Patria Holding shares

² Based on 6 293 000 (6 597 192 in 2001) Helvetia Patria Holding shares minus own holdings

³ Based on year-end price

work for the group insurance business (minimum guaranteed interest rate of 4 per cent) as well as a heavy-handed communication policy which further eroded the investors' trust. Wrong business strategies, dubious participation vehicles and forced management changes at competitors depressed all insurance stocks. The SPI Insurance Index, which includes all insurance companies listed on the Swiss stock market, lost almost 51 per cent of its value last year and thus fell back on the approximate level of 1997.

Better than the average

Although the registered share of the Helvetia Patria could not avoid being drawn into this hostile environment, it maintained considerably better with its decline of 40 percentage points than the shares of many of the competitors. It also succeeded in beating the SPI Insurance Index by far. The further price trend will be determined by company-specific circumstances but much more significantly by the general status of the financial markets and by the geopolitical situation.

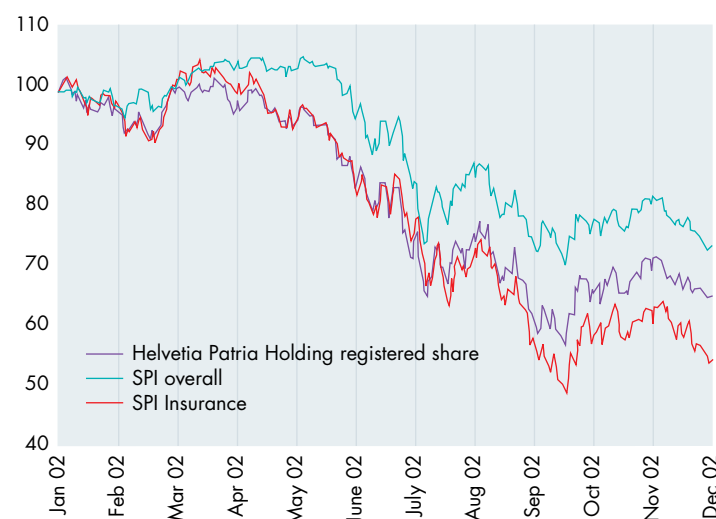
A shareholder-friendly capital decrease was carried out.

Within the scope of various shareholder-friendly measures the Shareholders' Meeting approved in 2001 a reduction of capital by a maximum of 5 per cent of the share capital. The shares were destroyed by the end of August after the share buy-back was carried out through the internal electronic trading line and after all corresponding duties for compulsory disclosure were fulfilled. The share capital was reduced by 4.61 per cent and amounts now to CHF 62 930 000.00.

Shareholders' equity following appropriation of profit in CHF thousand

	2001	2002
Share capital	65 972	62 930
Statutory reserves	462 545	353 190
Profit carried forward	15 906	15 662
Total shareholders' equity	544 423	431 782

2002 share price trends (indexed in CHF)



The shareholders' structure

The total number of Helvetia Patria shareholders significantly increased in 2002. A total of 3 761 registered shareholders were entered in the share register on March 31, 2003, compared to 3 449 in the previous year. The shares are held by the following shareholder groups:

By private individuals	10.65 per cent
By banks and insurance companies	26.98 per cent
By other institutional investors	62.27 per cent
By public authorities	0.10 per cent

93.6 per cent of the shareholders are Swiss residents while 6.4 per cent of the investors are living abroad.

Open information policy

The Helvetia Patria Holding appreciates value-oriented corporate communications and cultivates close relations with investors and financial analysts from all over the world. We are attaching importance to a pro-active and transparent dialogue with our shareholders besides providing a strong presence on the Internet. We have increased the user friendliness of the Annual Report through a new design and specifically by an expanded contents to provide you with additional information on our Group. We are convinced that our share shows an interesting potential for appreciation in value provided that the economic environment improves. We will continue to focus on being market-, customer- and profit-oriented.

The share price has potential for appreciation.

The environmental policy

The Helvetia Patria Group publishes for the second time this spring a detailed report on its environmental activities. This report may be ordered with the included card or directly downloaded from the Internet.

Commitment to sustainable development

The commitment to the environment of the Helvetia Patria is embodied in the Company Policy of the Group and reads as follows: "We want to develop and provide our services in harmony with our environment and taking into account the interests of the public." By considering the ecological aspects in the operation we want to support the protection of the environment and the conservation of natural resources.

The environmental policy of Helvetia Patria Group

The Helvetia Patria Group implemented its environmental policy a while ago and fully supports the lasting preservation of the natural environment. It is conscious of its responsibility to future generations and considers acting ecologically as important investment in the future.

Progress made in the past year

The aggregate energy demand at the headquarters in St.Gallen and Basel was met as follows: 3 per cent with oil products, 51 per cent with electricity and 44 per cent with gas and district heating. The heating oil consumption was considerably reduced last year and fell by 40 per cent to 31 000 litres.

Paper

Paper consumption in 2002 reached a total amount of 1 701 tons – about 26 tons less than last year. The environmentally friendly recycling paper accounted for 35 per cent.

Transportation

Making the right choice in the means of transportation plays an important role in reducing noxious emissions into the air. Total business traffic of all Helvetia Patria employees in Switzerland in 2002 accounted for about 1 million kilometres (898 kilometres per employee), 74 300 kilometres less compared to last year. The principal share falls with 641 kilometres per employee to

the railways. Employees who are using public transportation for commuting to work receive a contribution towards the expenses from Helvetia Patria.

Environmental activities in our country markets Properties in Switzerland

The Helvetia Patria Versicherungen takes already into consideration all eco-relevant construction concerns and guidelines at the planning stage and implements them during completion. Gradually, all oil heating systems are replaced by gas heaters resulting in both, reduced amount of emissions and lower transportation costs. All larger facilities will be tied into district heating- or interlinked energy systems as much as possible.

Energy-saving extension of the Headquarters in St.Gallen

The extension of the headquarters in St.Gallen complies with all the strict requirements of the MINERGIE-Standard with regard to the shell of the building and to the technology inside. A house only qualifies as MINERGIE-House if it meets specifically defined, current, structural and technical conditions as to comfort, health, emission and energy consumption.

The total energy consumption of a MINERGIE-building is reduced to about a third of what would be consumed in an average new construction.

Steps taken in Germany

Helvetia Germany achieved savings in energy- and material consumption through defensive measures. The refurbishment of the head office and the integration of the annex were carried out according to strict ecological regulations. The readings of the consumption figures taken in January 2002 show that Helvetia Germany has successfully implemented its efforts in protecting the environment. The heating energy- and electricity consumption was reduced by 60 per cent which is significantly below the threshold value included in the German Ordinance regulating thermal protection (WSVO).

Implementing specific measures

The Helvetia Patria Group intends to implement a

The environmental policy is anchored in the mission statement.

The oil-consumption was significantly reduced.

Progress is also made abroad.

series of specific measures again this year which point to the biggest pay-off in terms of ecology and economy. Besides continuously improving the corporate ecology we intend to encourage all employees to increase their

awareness in this area and regularly provide tips how to take better care of the environment.

Indicators Locations: St.Gallen (SG) and Basel (BS)

	Unit	Total Amount 2001	Total Amount 2002	Change	Amount per employee 2001	Amount per employee 2002	Change
<i>Energy</i>							
Overall energy consumption	kWh	9 325 006	9 148 537	-2%	8 166	8 011	-2%
Electricity	kWh	4 387 465	4 663 941	6%	3 842	4 084	6%
District heating	kWh	2 847 200	2 292 079	-19%	2 493	2 007	-19%
Heating oil/ex. Light	Ltr	52 100	31 000	-40%	46	27	-40%
Natural gas	kWh	1 375 378	1 707 126	24%	1 204	1 495	24%
Petrol	km	243 000	219 000	-10%	213	192	-10%
<i>Materials</i>							
Total paper quantity	kg	195 662	170 154	-13%	171	149	-13%
Copier paper	kg	82 300	68 440	-17%	72	60	-17%
Chlorine bleach paper	kg	212	92	-57%	0.19	0.08	-57%
100% chlorine-free bleach paper	kg	51 400	42 892	-17%	45	38	-17%
Recycled paper	kg	61 750	58 730	-5%	54	51	-5%
Water	m³	17 971	23 860	33%	16	21	33%
<i>Waste</i>							
Paper/cardboard	kg	107 375	126 210	18%	94	111	18%
Waste for disposal	kg	71 615	75 334	5%	63	66	5%
Hazardous waste	kg	0	-	-	-	-	-
Other recyclable material	kg	0	-	-	-	-	-
Total waste	kg	178 990	201 544	13%	157	176	13%
Sewage	m³	17 971	23 860	33%	16	21	33%
<i>Passenger traffic (external)</i>							
Railways	Pkm	792 000	732 000	-8%	694	641	-8%
Air travel	Pkm	270 000	255 000	-6%	236	223	-6%
Tram	Pkm	38 100	38 800	2%	33	34	2%
<i>Emissions (Core balance)</i>							
Carbon dioxide	kg	3 730 384	3 790 970	2%	3 267	3 320	2%
NM VOC	kg	2 091	2 029	-3%	2	2	-3%
<i>Environmental burden</i>							
Environmental burden (core balance)	kUBP	3 897 786	4 101 978	5%	3 413	3 592	5%
Total environmental burden	kUBP	4 215 484	4 381 903	4%	3 691	3 837	4%

Reference quantities

	2001	2002
Employees	1 142	1 142



Moving tons with his forklift was his life in Duisburg.
And now he is taking life on the light side. Not that the
German old-age pension would get you very far.
Luckily, he gets something more from Helvetia.

The social responsibility

Helvetia Patria is aware of its social responsibility and supports numerous charitable projects and organizations. Most of the grants are awarded to charitable and social institutions. Projects encouraging young people and the arts are also very close to our hearts. In addition to this, many of our employees are politically active and take on responsibilities in trade associations.

Actively encouraging the young

The amount of CHF 130 000 is spent every year to support youth projects. Furthermore, we are making contributions through the foundation Patria Jeunesse which was established in 1978 at the occasion of Patria's hundredth anniversary. Patria Jeunesse is participating in "Pro Europa", the European cultural foundation, already for some years and awards a prize to young musicians for their outstanding achievements.

Within the scope of its youth support in the eastern part of Switzerland Helvetia Patria awards every year the "Helvetia Patria-Prize" for outstanding individual or group achievements in school-, music- or charitable activities. Raising the interest level of young people of the ages between 16 and 20 in the cultural activities of the "Stadtheater St.Gallen" is the purpose of the Helvetia Patria-Paul Bürgi-Foundation which provides the amount of CHF 30 000 annually.

Supporting the arts

"We support sport and culture by well targeted sponsoring" is included in the Helvetia Patria Group's Company Policy.

With its specific concept for supporting the arts Helvetia Patria is taking this cultural obligation in the public interest very serious. The Arts Commission was specifically established for the purpose of promoting the fine arts in particular. During the past year this Commission has selected and purchased eight new pictures by promising young talents. With our commitment we support young, still unknown artists and we make the art works more accessible to our guests and employees by placing them in open areas such as the reception, restaurants and conference rooms.

We support the Arts.

Sponsoring

Helvetia Patria built already a very nice reputation as being a specific sponsor of the inline sport. Thanks to Helvetia Patria's financial support twelve major events in Switzerland could take place last year. Besides supporting the top athletes we made the deliberate decision to promote also young promising talents and sports activities for the broad population.

Children performing for children

Besides sponsoring the sporting activities we also help to protect the broad range of culturally diverse activities offered in Switzerland. Helvetia Patria made it for about 1 000 children and adults possible to experience the Robinson Children's circus in the past year.

Helvetia Patria actively supports youth activities.





Learning that economy comes originally from home economics is part of the first semester for economics students in Lugano. When it comes to risks in the private household they can count on Helvetia Patria.

Financial statements

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Consolidated profit and loss account

Non-life underwriting in CHF thousand

	2001	2002	Change
Net earned premiums:			
Gross written premiums	1 982 303	2 066 673	
Premiums ceded to reinsurers	-233 671	-244 830	
Net written premiums	1 748 632	1 821 843	
Gross change in reserves for unearned premiums	-19 361	-11 454	
Reinsurers' share of gross change in reserves for unearned premiums	15 647	23	
Net change in reserves for unearned premiums	-3 714	11 431	
Net earned premiums	1 744 918	1 810 412	3.8%
Net interest income assigned to non-life activities	127 888	122 613	-4.1%
Net claims paid:			
Claims paid:			
– Gross	-1 305 753	-1 291 932	
– Reinsurers' share	149 072	123 774	
– Net	-1 156 681	-1 168 158	
Change in reserves for claims outstanding:			
– Gross	-78 321	-182 907	
– Reinsurers' share	5 484	59 481	
– Net	-72 837	-123 426	
Net claims paid	-1 229 518	-1 291 584	5.1%
Net change in other underwriting reserves	-2 534	54	102.1%
Net expenditure on results-linked and non-results-linked policyholders' dividends	-1 082	-1 030	-4.8%
Net change in equalisation reserve	20 981	55 000	162.1%
Net underwriting expenses:			
Gross underwriting expenses	-611 085	-622 814	
Commissions and profit share received from reinsurers	49 831	46 696	
Net underwriting expenses	-561 254	-576 118	2.7%
Other net underwriting expenditure	-17 952	-23 520	31.0%
Result from non-life underwriting activities	81 447	95 827	17.7%

Life underwriting in CHF thousand

	2001	2002	Change
Net earned premiums:			
Gross written premiums	2 623 965	3 078 272	
Premiums ceded to reinsurers	-31 951	-29 036	
Net written premiums	2 592 014	3 049 236	
Gross change in reserves for unearned premiums	-4 217	-2 734	
Reinsurers' share of gross change in reserves for unearned premiums	1 062	-1 877	
Net change in reserves for unearned premiums	-3 155	-4 611	
Net earned premiums	2 588 859	3 044 625	17.6%
Net interest income assigned to life activities	452 512	500 864	10.7%
Funds transferred from policyholders' dividend reserve	31 270	27 162	-13.1%
Net benefits paid:			
Benefits paid:			
– Gross	-1 702 353	-1 837 929	
– Reinsurers' share	20 417	18 536	
– Net	-1 681 936	-1 819 393	
Change in reserves for benefits outstanding:			
– Gross	23 272	5 710	
– Reinsurers' share	-101	-1 101	
– Net	23 171	4 609	
Net benefits paid	-1 658 765	-1 814 784	9.4%
Net change in actuarial reserves:			
– Gross	-1 140 089	-1 535 611	
– Reinsurer's share	4 882	6 377	
– Net	-1 135 207	-1 529 234	34.7%
Net change in other underwriting reserves	179 909	25 469	-85.8%
Net underwriting expenses:			
– Gross underwriting expenses	-291 875	-336 021	
– Commissions and profit share received from reinsurers	1 765	5 519	
Net underwriting expenses	-290 110	-330 502	13.9%
Other net underwriting expenditure			
Net	-4 869	-827	-83.0%
Result from life underwriting activities before policyholders' dividend distribution	163 599	-77 227	-147.2%
Net expenditure on results-linked and non-results-linked policyholders dividends	-145 806	-9 941	-93.2%
Result from life underwriting activities	17 793	-87 168	-589.9%

Non-underwriting in CHF thousand

	2001	2002	Change
Income from real estate	186 083	193 117	3.8%
Income from investments in affiliates and associated companies	3 483	439	-87.4%
Income from other investments:			
From shares, other non-fixed-interest-rate securities and investment funds	77 884	59 008	
From fixed-interest-rate securities	428 816	477 633	
From promissory loans	34 498	34 554	
From mortgages	125 937	120 857	
From policy loans	9 170	7 905	
From fixed-term deposits and similar	47 439	20 737	
Income from other investments	723 744	720 694	-0.4%
Interest on deposits	1 487	1 751	17.8%
Gross realized gains on investments	1 160 425	382 832	-67.0%
Gross unrealized gains on investments	122 984	100 116	-18.6%
Other interest income	8 776	6 806	-22.5%
Expenditure on investments and interest costs:			
Investment administration costs	-29 252	-15 397	
Realized losses on investments, including hedging expenses	-554 385	-429 333	
Depreciation of investments	-906 181	-1 035 052	
Interest payments on reinsured business and other interest costs	-81 289	-72 515	
Expenditure on investments and interest costs	-1 571 107	-1 552 297	-1.2%
Interest assigned to life- and non-life underwriting activities	-580 400	-623 477	7.4%
Other extraordinary income from other business operations	0	410 210	-
Other income from ordinary business operations	28 432	4 040	-85.8%
Other expenditure on ordinary business operations	-40 647	-3 524	-91.3%
Result from non-underwriting activities	43 260	-359 293	-930.5%

Combined in CHF thousand

	2001	2002	Change
Result from non-life underwriting activities	81 447	95 827	17.7%
Result from life underwriting activities	17 793	-87 168	-589.9%
Result from non-underwriting activities	43 260	-359 293	-930.5%
Result before taxation	142 500	-350 634	-346.1%
Taxation	-42 057	-11 277	-73.2%
Minority interests	181	-91	-150.8%
Result after taxation and minority interests	100 624	-362 002	-459.8%

Consolidated balance sheet

Assets in CHF thousand

	31.12.2001	31.12.2002	Change
Intangible assets	132 288	116 961	-11.6%
Investments:			
Real estate	4 242 545	4 642 720	
Investments in affiliates	14 474	14 441	
Investments in associated companies	75 203	2 027	
Own shares	188 219	44 544	
Shares, derivatives, other non-fixed-interest-rate securities and investment funds	4 554 722	3 353 186	
Fixed-interest-rate securities	9 745 120	11 128 607	
Promissory loans	618 580	671 339	
Mortgages	2 880 725	2 962 887	
Policy loans	184 891	173 520	
Fixed-term deposits and similar	1 024 833	858 609	
Investments	23 529 312	23 851 880	1.4%
Investments for unit-linked life insurance policies	469 190	514 163	9.6%
Deposits from reinsurance assumed	77 828	70 132	-9.9%
Receivables from underwriting activities:			
From policyholders	301 905	292 388	
From agents and brokers	94 224	88 910	
From insurance companies	114 253	128 050	
Receivables from underwriting activities	510 382	509 348	-0.2%
Other Receivables:			
From affiliates and associated companies	583	525	
From others	127 018	164 041	
Other receivables	127 601	164 566	29.0%
Tangible fixed assets	49 249	48 390	-1.7%
Liquid assets	130 244	242 510	86.2%
Other assets	1 827	2 988	
Prepaid expenses:			
Interest and rents	258 441	279 602	
Other	121 189	321 130	
Prepaid expenses	379 630	600 732	58.2%
Total assets	25 407 551	26 121 670	2.8%

Liabilities and shareholders' equity in CHF thousand

	31.12.2001	31.12.2002	Change
Shareholders' equity:			
Share capital	65 972	62 930	
Capital reserve	274 326	308 646	
Own-shares reserve	188 219	44 544	
Consolidation reserve	890 521	992 371	
Result for the year	100 624	-362 002	
Shareholders' equity	1 519 662	1 046 489	-31.1%
Minority interest in shareholders' equity	2 035	1 865	-8.4%
Reserve for unearned premiums Gross	649 615	664 114	
Reinsurers' share	-43 701	-35 728	
Net	605 914	628 386	3.7%
Gross actuarial reserves	16 549 542	18 035 924	
Reinsurers' share	-174 872	-176 989	
Net	16 374 670	17 858 935	9.1%
Gross outstanding claims reserve	2 384 857	2 554 711	
Reinsurers' share	-253 953	-278 017	
Net	2 130 904	2 276 694	6.8%
Net reserves for results-linked and non-results-linked policyholders' dividends	459 529	249 153	-45.8%
Net equalisation reserve	381 603	242 681	-36.4%
Reserves for unit-linked life insurance policies	464 777	510 197	9.8%
Other net underwriting reserves	60 196	49 115	-18.4%
Other reserves:			
Reserves for pensions and similar obligations	94 560	101 092	
Reserves for taxes	432 524	389 048	
Miscellaneous reserves	365 555	251 272	
Other reserves	892 639	741 412	-16.9%
Reinsurance deposit liabilities	178 834	173 600	-2.9%
Convertible bond	150 000	150 000	0.0%
Other insurance liabilities:			
Towards affiliates and associated companies	31	0	
Premium deposits/prepaid premiums	670 413	750 770	
Credited results-linked and non-results-linked policyholders' dividends	1 054 241	1 080 565	
Towards agents and brokers	43 904	46 769	
Towards insurance companies	87 973	66 682	
Other insurance liabilities	1 856 562	1 944 786	4.8%
Other liabilities:			
Towards affiliates and associated companies	1 840	1 848	
Towards other creditors	240 553	149 422	
Other liabilities	242 393	151 270	-37.6%
Accrued liabilities	87 833	97 087	10.5%
Total liabilities and shareholders' equity	25 407 551	26 121 670	2.8%

Consolidated cash flow statement

in CHF thousand	2001	2002	Change
Cash flow from operations			
Consolidated annual result	100 624	-362 002	-459.8%
Expenditure not affecting the flow of funds:			
Increase in underwriting reserves	1 130 926	1 702 270	
Increase in reserves for unit-linked life insurance policies	107 969	54 689	
Change in results-linked and non-results-linked policyholders' dividends	112 600	-30 154	
Depreciation of intangible assets	16 407	17 189	
Depreciation of investments	750 263	1 077 310	
Depreciation of tangible fixed and other assets	18 856	15 579	
Expenditure for revalorization of investments and other assets	224 547	73 476	
Total expenditure not affecting the flow of funds	2 361 568	2 910 359	23.2%
Income not affecting the flow of funds:			
Income from value readjustments	-65 638	-140 786	
Change in non-actuarial reserves and other income	-20 916	-39 537	
Total income not affecting the flow of funds	-86 554	-180 323	108.3%
Cash inflow before changes in working capital:			
Change in receivables	16 986	-35 931	
Increase in assets	-16 746	-16 282	
Change in prepaid expenses	1 689	-221 103	
Change in liabilities	93 164	-2 900	
Increase in accrued liabilities	202	9 253	
Payments from reserves	-465 062	-450 203	
Total cash inflow before changes in working capital	-369 767	-717 166	94.0%
Total cash flow from operations	2 005 871	1 650 868	-17.7%
Cash flow from investments:			
Increase in intangible assets	-13 834	-1 861	
Change in non-consolidated holdings	-15 282	73 254	
Increase in real estate	-71 352	-156 625	
Increase in other investments	-1 820 831	-1 212 600	
Increase in investments for unit-linked life insurance policies	-117 666	-75 408	
Decrease in receivable deposits for assumed insurance business	14 895	7 696	
Total cash flow from investments	-2 024 070	-1 365 544	-32.5%
Cash flow from financing activities:			
Change in reinsurance deposit liabilities	10 679	-5 233	
Decrease in minority interest in shareholders' equity	-505	-170	
Payments from shareholders' equity	-74 250	-167 655	
Total cash flow from financing activities	-64 076	-173 058	170.1%
Net cash flow	-82 275	112 266	-236.5%
Cash and cash equivalents at January 1	212 519	130 244	-38.7%
Cash and cash equivalents at December 31	130 244	242 510	86.2%

Notes to the consolidated financial statements of the Helvetia Patria Group

1. Accounting principles

The consolidated financial statements of the Helvetia Patria Group have been compiled in accordance with the consolidation and valuation principles specified below, and are in accordance with the Swiss GAAP ARR.

2. Scope and principles of consolidation

The consolidated financial statements of the Helvetia Patria Group contain the annual accounts at December 31, 2002 of Helvetia Patria Holding and all those companies in which the holding company controls, directly or indirectly, more than 50% of voting rights (the “subsidiaries”). Consolidated subsidiaries of Helvetia Patria Holding are listed in detail in the table below.

Assets and liabilities, income and expenditure for all these companies are fully consolidated.

Holdings in the subsidiaries, Previsión Española and Helvetia CVN, were slightly increased in the year under review.

The Anglo-Saxon capital consolidation method is applied. Minority interests in shareholders' equity and profit are disclosed separately in the balance sheet and the profit and loss account. In the case of companies

consolidated for the first time, any goodwill is capitalized and depreciated in the profit and loss account over its economic life.

Inter-company receivables and liabilities have been set off, as have all inter-company income and expenditure. All intermediate profits resulting from inter-company asset sales have been eliminated.

Deferred taxation has been applied based on local income tax rates for all revalued items.

3. Foreign currency translation

Foreign currency revenue and expenditure in the accounts of individual Group companies are recorded at the actual rates ruling on the day they occur; foreign currency balance sheet positions for such companies are translated at the rate ruling on the balance sheet date. The resulting foreign currency exchange differences are shown in the profit and loss accounts.

The financial statements of subsidiaries outside Switzerland are consistently translated into Swiss francs at the rate ruling at the end of the year. Any differences arising from translation are taken straight to Group reserves, with no impact on results for the year.

Consolidated subsidiaries of Helvetia Patria Group in million

Company	Company's Capital	Holding at 31.12.2002
Helvetia Schweizerische Versicherungsgesellschaft, St.Gallen (CHF)	77.5	100.00%
Patria Schweizerische Lebensversicherungs-Gesellschaft, Basel (CHF)	24.1	100.00%
Helvetia Beteiligungen, St.Gallen (CHF)	225.7	100.00%
Helvetia Finance Ltd., Jersey (CHF)	0.1	100.00%
Helvetia Europe S.A., Luxembourg (EUR)	11.5	100.00%
Helvetia International Versicherungs-AG, Frankfurt am Main (EUR)	4.0	100.00%
Helvetia Schweizerische Lebensversicherungs-AG, Frankfurt am Main (EUR)	6.5	100.00%
Der ANKER Vermögensverwaltung GmbH, Frankfurt am Main (EUR)	0.0	100.00%
Der ANKER, Allgemeine Versicherungs-Aktiengesellschaft, Vienna (EUR)	10.9	99.95%
Römertor Versicherungsmakler, Immobilien- und Baugesellschaft mbH, Vienna (EUR)	0.0	100.00%
Marc Aurel Liegenschaftsverwaltungsgesellschaft mbH, Vienna (EUR)	0.0	100.00%
Helvetia Vita Compagnia Italo Svizzera di Assicurazioni sulla Vita, Milan (EUR)	13.4	100.00%
Helvetia Life S.p.A., Milan (EUR)	6.8	100.00%
Helvetia Patria Holding España S.A., Madrid (EUR)	148.3	100.00%
Helvetia CVN, Compañía Española de Seguros y Reaseguros, Madrid (EUR)	27.6	98.13%
Previsión Española Sociedad Anónima de Seguros y Reaseguros, Seville (EUR)	11.2	99.09%
Sur Sociedad Anónima de Seguros y Reaseguros, Seville (EUR)	3.1	100.00%
Orfila Inversiones S.A., Seville (EUR)	0.4	100.00%

4. Valuation principles

4.1 General

The consolidated financial statements for 2001 and 2002 of the Helvetia Patria Group have been compiled using standardised valuation principles based on Swiss GAAP ARR.

The allowed treatment of deferring losses on securities has not applied.

4.2 Investments

Real estate is shown at market value, based on its capitalised rental income at the interest rates applied in the countries and markets concerned. Deferred taxes are shown on the balance sheet under “Reserves for taxes”.

Investments in affiliated companies too insignificant to be included in the consolidation and in **minority holdings** of the Helvetia Patria Group are shown at purchase price less depreciation based on economic principles and requirements. Investments in associated companies are measured at cost or, if applicable, at the lower equity value.

Shares, other non-fixed-interest-rate securities, investment funds and derivatives are shown at market value. Deferred taxes are shown on the balance sheet under “Reserves for taxes”.

Fixed-interest-rate securities are shown at their amortised cost, with the difference between their purchase and redemption price spread over the remaining duration. Supplementary depreciation is effected to cover additional credit risks.

The valuation of **promissory loans, mortgages, policy loans and other loan amounts** is based on their redemption value. Additional depreciations are effected to cover any credit risks.

Valuation differences between the market value of shares, other non-fixed-interest-rate securities and investment funds as shown in the consolidated financial statements and their book value (based on the lower-of-cost-or-market-value principle) as stated in individual company accounts are taken straight to the revaluation reserve, which forms part of shareholders' equity, after the deduction of any deferred taxation amounts. Any differences between the market value and purchase price of real-estate assets held are similarly treated. All other valuation differences between the consolidated financial statements and the accounts

of individual companies are charged or credited in the profit and loss account. All depreciation on investments is charged to the consolidated profit and loss account based on economic principles and requirements.

In individual countries the lower-of-cost-or-market-value principle has been alleviated according to legal provisions and the shareholdings and investment funds are shown at cost value or at last year's book value. The difference to market value is charged or credited to the consolidated profit and loss account in accordance with Group accounting policies (Swiss GAAP ARR) – taking into account any deferred taxation.

4.3 Underwriting reserves

All calculations of underwriting reserves comply with the rules and requirements of local regulatory authorities. All such calculations are based on assumed liabilities towards claimants and policyholders.

4.4 Other balance sheet items

Other balance sheet items are shown using the valuation methods applied to individual company accounts.

5. Foreign-currency translation

Key foreign currencies for the Helvetia Patria Group were translated into Swiss francs at the following year-end rates:

Currency translation rates

	31.12.2001	31.12.2002
1 EUR	1.4768	1.4650
1 USD	1.6580	1.4347
1 CAD	1.0501	0.9205

6. Notes to the profit and loss account

6.1 Gross premiums written by country and sector

For details of gross premiums written by national market and insurance sector and type, please see pages 34–53.

6.2 Interest income from life and non-life underwriting activities

Net interest income assigned to non-life business derives from the interest earned on premium income and from the interest earned on the average levels of the reserves for claims outstanding, the equalisation reserves and other underwriting reserves.

The net interest income assigned to life business corresponds to the income earned on investments, less interest on the risk capital invested calculated at local rates, which remains in the non-underwriting account.

6.3 Results-linked and non-result-linked policyholders' dividends

A total of CHF 9.9 million (2001: CHF 145.8 million) was charged to the life underwriting profit and loss account for results-linked and non-results-linked dividends to be distributed to policyholders.

6.4 Personnel costs

Groupwide expenditure on commissions and personnel is as follows:

Personnel costs in CHF million

	2001	2002
Salaries/commissions	654.8	694.4
Social welfare expenditure	52.6	55.6
Pension plan expenditure	36.1	38.3
Other expenditure on personnel	8.8	8.3
Total expenditure on personnel	752.3	796.6

6.5 Other extraordinary income from other business operations

In the year under review, acquisition costs totaling CHF 207.8 million of the Swiss individual life business were capitalized for the first time with approval of the Federal Office of Private Insurance. The deferred acquisition costs will be annually assessed beginning with the business year 2003.

In addition to this, reserves in the amount of CHF 202.4 million, which are operationally no longer required, have been released in the year under review.

7. Notes to the balance sheet

7.1 Fixed assets movement

The fixed assets movement is for the first time shown gross, i.e. with cumulative acquisition costs and with cumulative value adjustments. Please see table on page 74.

7.2 Real estate

The CHF 4.6 billion (2001: CHF 4.2 billion) market value of real estate as stated on the consolidated balance sheet compares with a total book value of CHF 3.6 billion (2001: CHF 3.4 billion) based on individual company accounts.

7.3 Non-consolidated holdings

The position “Investments in associated companies” has decreased by CHF 73.2 million as a result of the sale of the holding in an associated company.

7.4 Shares, other non-fixed-interest-rate securities, investment funds and derivatives

Shares, other non-fixed-interest-rate securities, investment funds and derivatives were valued at an aggregate CHF 3.4 billion (2001: CHF 4.6 billion) in individual companies' accounts, where they are shown at the lower-of-cost-or-market value.

7.5 Fixed-interest-rate securities

The market value of fixed-interest rate securities, which are shown at amortized cost, amounted to CHF 11.7 billion (2001: CHF 9.8 billion).

7.6 Consolidated shareholders' equity

The consolidated shareholders' equity of the Helvetia Patria Group decreased by a total of CHF 473.2 million in 2002 (2001 decrease: CHF 1 142.1 million). Please see table on page 75.

7.7 Reserve structure

This year, the reserves are shown by movement. Please see table on page 74.

7.8 Bond

The Helvetia Patria Group has the following convertible bond outstanding, issued by the finance company Helvetia Finance Ltd., Jersey, and guaranteed by the Helvetia Patria Holding (conversion price CHF 381.00).

Bond

Issuer	CHF million	Interest rate	Year of issue	Redemption
Helvetia Finance Ltd., Jersey	150.0	2%	2000	16.06.2005

Fixed asset movements in CH million

	Portfolio 1.1.2002	Currency impact	Acquisition costs		Book transfers	Revaluation changes	Portfolio 31.12.2002	Value adjust- ments 31.12.2002	Net book value 31.12.2002	Net book value 1.1.2002
			Additions	Disposals						
Intangible assets	175.1	-0.1	5.2	-3.4	0.0	0.0	176.9	59.9	117.0	132.3
Investments:										
Real estate	4566.6	-4.0	174.6	-24.8	0.0	256.8	4969.2	326.5	4642.7	4242.5
Investments in affiliates	14.5	0.0	0.0	0.0	0.0	0.0	14.4	0.0	14.4	14.5
Inv. in associated companies	75.3	0.0	16.6	-17.9	-22.5	0.0	51.5	49.5	2.0	75.3
Own shares	188.2	0.0	0.0	-143.7	0.0	0.0	44.5	0.0	44.5	188.2
Shares, other non-fixed-interest-rate securities, investment funds and derivatives	5231.7	-5.5	3554.5	-3650.8	-26.4	-212.6	4890.9	1537.8	3353.2	4554.7
Fixed-interest-rate securities	10597.0	-24.8	5944.1	-4533.6	-7.8	0.0	11975.0	846.4	11128.6	9745.1
Promissory loans	618.7	-2.1	144.6	-89.8	0.0	0.0	671.5	0.2	671.3	618.6
Mortgages	2909.0	-0.6	318.7	-252.7	0.0	0.0	2974.4	11.5	2962.9	2880.7
Policy loans	184.9	-0.2	39.5	-50.0	0.0	0.0	174.2	0.6	173.5	184.9
Fixed-term deposits	1024.8	-1.7	5142.0	-5303.5	-3.0	0.0	858.6	0.0	858.6	1024.8
Total investments	25410.7	-38.8	15334.6	-14066.8	-59.7	44.2	26624.4	2772.5	23851.9	23529.3
Investments for unit-linked life insurance policies	479.1	-0.6	21.2	-5.5	59.7	0.0	553.8	39.7	514.2	469.2
Tangible fixed assets	167.9	-1.3	17.8	-4.5	0.0	0.0	179.9	128.5	51.4	51.1
Total	26232.7	-40.8	15378.9	-14080.1	0.0	44.2	27534.9	3000.5	24534.4	24181.9

	Portfolio 1.1.2002	Currency impact	Disposals	Transfers	Depre- ciation	Appre- ciation	Portfolio 31.12.2002
Intangible assets	42.8	-0.1	0.0	0.0	17.2	0.0	59.9
Investments:							
Real estate	324.0	-0.8	-6.8	0.0	10.7	-0.6	326.5
Investments in affiliates	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Inv. in associated companies	0.1	0.0	0.0	49.5	0.0	-0.1	49.5
Own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Shares, other non-fixed-interest-rate securities, investment funds and derivatives	677.0	47.6	-77.6	-49.5	964.1	-23.9	1537.8
Fixed-interest-rate securities	851.9	24.7	-3.4	0.0	64.3	-91.1	846.4
Promissory loans	0.2	0.0	0.0	0.0	0.0	0.0	0.2
Mortgages	28.3	0.0	0.0	0.0	0.2	-16.9	11.5
Policy loans	0.0	0.6	0.0	0.0	0.0	0.0	0.6
Fixed-term deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total investments	1881.4	72.2	-87.8	0.0	1039.4	-132.7	2772.5
Investments for unit-linked life insurance policies	9.9	0.0	0.0	0.0	37.9	-8.1	39.7
Tangible fixed assets	116.8	-0.9	-3.0	0.0	15.6	0.0	128.5
Total	2050.9	71.1	-90.7	0.0	1110.1	-140.8	3000.5

The fixed asset movements may include rounding differences.

Consolidated movements in shareholders' equity in CHF million

	At 1.1.2002	Transfers	Change in revaluation reserve	Profit appro- priation	Currency differences/ revaluation	Results for the year	At 31.12.2002
Share capital	66.0			-3.1			62.9
Capital reserves	274.4	143.7		-111.8			306.3
Own-share reserve	188.2	-143.7					44.5
Revaluation reserves	538.3		47.7		8.4		594.4
Profit reserves	352.2			47.8	0.4		400.4
Results for the year	100.6			-100.6		-362.0	-362.0
Total	1 519.7	0.0	47.7	-167.7	8.8	-362.0	1 046.5

The share capital consists of 6 293 000 registered shares with a nominal value of CHF 10.00.

Non-underwriting reserves in CHF million

	At 1.1.2002	Currency impact	Use	Release	Allocation	At 31.12.2002
Pensions and similar reserves	94.6	-0.2	8.6	0.0	15.3	101.1
Reserves for taxation	432.5	-1.2	20.7	83.7	62.1	389.0
Other reserves	365.5	-1.0	73.1	212.4	172.3	251.3
Non-underwriting reserves	892.6	-2.4	102.4	296.1	249.7	741.4

Net underwriting reserves in CHF million

	At 1.1.2002	Currency impact	Use	Release	Allocation	At 31.12.2002
Reserves for unearned premiums	605.9	-3.4	0.4	524.7	551.0	628.4
Actuarial reserves	16 374.7	-20.1	5.2	365.6	1 875.1	17 858.9
Reserves for benefits outstanding	2 130.9	-15.0	154.2	1 030.4	1 345.4	2 276.7
Reserves for policyholders' dividends	459.5	-0.8	179.3	40.3	10.1	249.2
Reserves for unit-linked life insurance policies	464.8	-0.6	8.7	11.4	66.1	510.2
Other underwriting reserves	441.8	-1.5	0.0	248.9	100.4	291.8
Underwriting reserves	20 477.6	-41.4	347.8	2 221.3	3 948.1	21 815.2

7.9 Post employment benefit obligations

Employees of the Group companies are covered under various pension plans with different benefits: In Switzerland, the pension plan is a defined contribution plan with benefits that exceed the legal minimum; in the branches and subsidiaries abroad, there are a number of pension plans which may be either defined benefits or defined contribution plans. The reserves for

pension obligations are set up following local laws and regulations.

The consolidated balance sheet contains pension commitments and other liabilities towards staff pension schemes amounting to CHF 101.6 million (2001: CHF 112.5 million).

The employer's contribution reserve in a welfare foundation amounts to CHF 22.4 million at 31.12.2002

(2001: CHF 23.6 million).

Derivative financial instruments in CHF thousand

	Contractual value at 31.12.2001	Gross positive repurchase value at 31.12.2001	Gross negative repurchase value at 31.12.2001	Contractual value at 31.12.2002	Gross positive repurchase value at 31.12.2002	Gross negative repurchase value at 31.12.2002
Derivatives on shares	2776213	3607	-120810	2228627	162826	-3927
Derivatives on interest	65000	16507	0	160000	17567	-229
Derivatives on currencies	498213	5985	0	0	0	0

Report of the Group Auditors

to the Shareholders' Meeting of Helvetia Patria Holding, St.Gallen

As auditors of the Group, we have audited the consolidated financial statements (profit and loss account, balance sheet, cash flow statement and notes pages 64 to 76 of Helvetia Patria Group for the year ended 31 December, 2002.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.


In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of the operations and the cash flows in accordance with Swiss GAAP/FER and comply with Swiss law.

We recommend that the consolidated financial statements submitted to you be approved.

*Zurich, March 27, 2003
Ernst & Young Ltd*

*Karl Geiger
Certified accountant*

*Martin Welser
Certified accountant (In charge of the audit)*

A man wearing a red baseball cap and a light blue patterned button-down shirt is standing in a vineyard. He is holding a large bunch of dark grapes in his left hand and a pair of pruning shears in his right hand. A metal basket filled with harvested grapes is visible in the lower-left foreground. The background shows lush green grapevines, a red-roofed building, and rolling hills under a clear blue sky.

Neusiedler Lake, well there are better locations for wineries. But the Zweigelt from this vineyard is served in the best restaurants in Vienna ... unless it's damaged again by hail – and the hail insurance pays. No problem and no questions asked with Der ANKER.

Financial statements for Helvetia Patria Holding

Profit and loss account in CHF thousand

	2001	2002	Change
Investment earnings	30 350	0	
Profits realized on disposals of associated companies	38 539	0	
Services rendered to affiliates	408	402	
Interest on loans	-1 549	-488	
Result before taxation	67 748	-86	-100.1%
Taxation	937	-158	
Result after taxation	68 685	-244	-100.4%

Balance sheet before appropriation of net profit

	31.12.2001	31.12.2002	Change
Assets:			
Own shares	114 562	0	
Investments	545 010	545 010	
Balances owed by Group member companies	6 434	0	
Other receivables	3	0	
Total assets	666 009	545 010	-18.2%
Liabilities:			
Share capital	65 972	62 930	
Own-shares reserve	188 219	0	
Other statutory reserve	274 326	353 190	
Profit brought forward	4 946	15 906	
Net result for the year	68 685	-244	
Total shareholders' equity before appropriation of profit	602 148	431 782	-28.3%
Liabilities toward Group member companies	63 616	113 046	
Reserves	60	0	
Accrued liabilities	185	182	
Total liabilities and shareholders' equity	666 009	545 010	-18.2%

Proposal for the appropriation of the net profit

	31.12.2001	31.12.2002
Result after taxation	68 685	-244
Balance brought forward from 2001	4 946	15 906
Profit available for distribution	73 631	15 662
Dividend (2001: CHF 8.75; 2002: CHF 2.00 per registered share)	57 725	12 586
Profit carried forward	15 906	3 076

Notes to the financial statements of Helvetia Patria Holding

1. Investments

Helvetia Patria Holding held direct investments in the following companies on the balance sheet date:

Investments of Helvetia Patria Holding in CHF million

Company	Company's capital in million	Holding at 31.12.2002
Helvetia Schweizerische Versicherungsgesellschaft, St.Gallen	77.5	75.30%
Patria Schweizerische Lebensversicherungs-Gesellschaft, Basel	24.1	100.00%

The investments in Helvetia Schweizerische Versicherungsgesellschaft and in Patria Schweizerische Lebensversicherungs-Gesellschaft were transferred to Helvetia Patria Holding under the non-cash contribution agreement of June 3, 1996 and the public take-over offer of June 10, 1996 (see also Articles 26 to 29 of the Articles of Association).

Patria Schweizerische Lebensversicherungs-Gesellschaft itself holds a 24.7-per-cent equity stake in Helvetia Schweizerische Versicherungsgesellschaft.

2. Income from investments

The income shown for Helvetia Patria Holding corresponds to the dividends that will be paid to it by its two subsidiaries, Helvetia Schweizerische Versicherungsgesellschaft and Patria Schweizerische Lebensversicherungs-Gesellschaft, for the 2002 business year.

3. Own shares

Subsidiaries of Helvetia Patria Holding held 291 136 Helvetia Patria Holding registered shares (291 136 such shares held at the end of 2001). These shares are held in a deposit for the 2% convertible bond issued by Helvetia Finance Ltd., Jersey. A corresponding own-shares reserve is reported in the shareholders' equity.

Within the scope of the share buyback program 303 276 shares were held last year. During the year under review, 916 shares were purchased at an average price of CHF 243. Following the resolution by the Shareholders' Meeting, 304 192 registered shares of Helvetia Patria Holding were destroyed last year.

4. Guarantee Obligation

The Helvetia Patria Holding has undertaken to secure the 2% convertible bond, issued by Helvetia Finance Ltd., Jersey, up to the amount of the face value which has not yet been converted, including outstanding interest payments. The outstanding face value stands at CHF 150 million at the balance sheet date.

5. Shareholders owning more than five per cent of share capital

Two shareholders were entered in the share register as owning more than five per cent of the share capital on December 31, 2002: Patria Genossenschaft (39.7%) and Münchener Rückversicherungs-Gesellschaft (10.5%).

Report of the statutory auditors

to the Shareholders' Meeting of Helvetia Patria Holding, St.Gallen

As statutory auditors, we have audited the accounting records and the financial statements (profit and loss account, balance sheet and notes pages 79/80) of Helvetia Patria Holding for the year ended 31 December, 2002.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

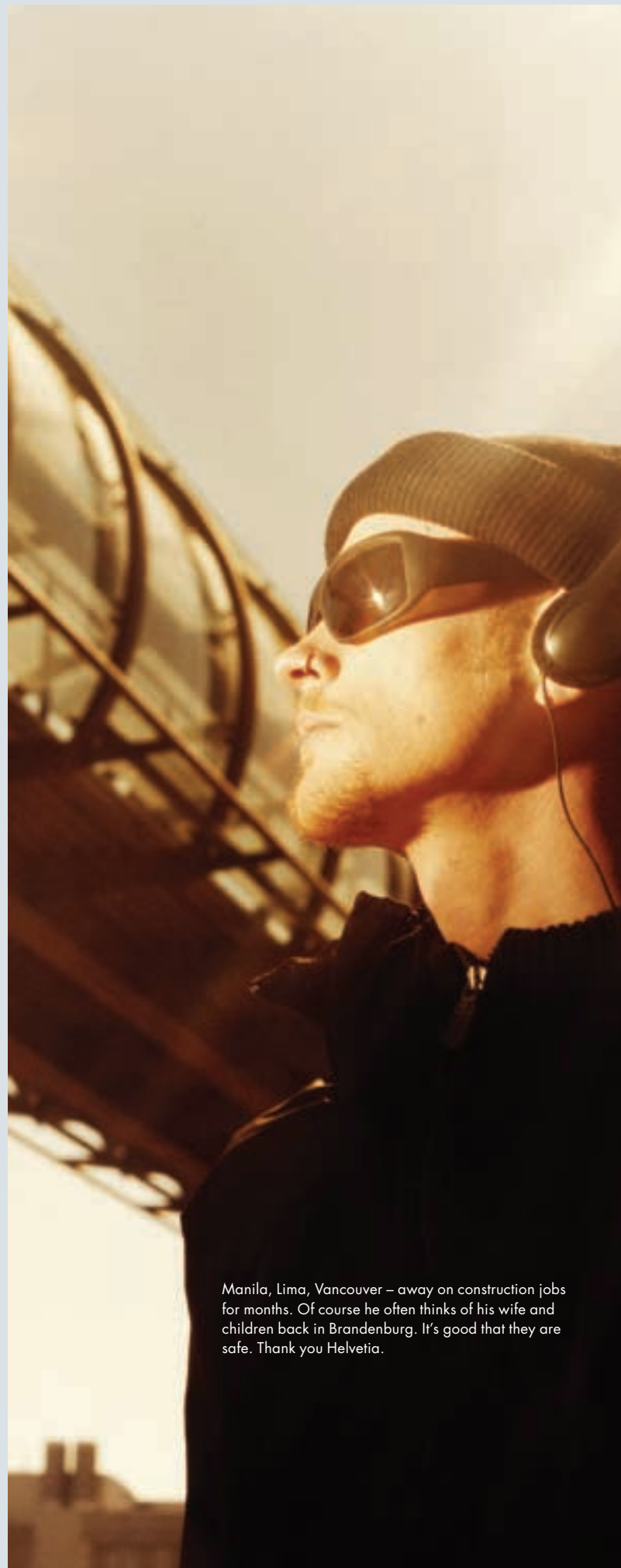
In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

Zurich, March 27, 2003
Ernst & Young Ltd

Karl Geiger
Certified accountant

Martin Welser
Certified accountant (In charge of the audit)



Manila, Lima, Vancouver – away on construction jobs for months. Of course he often thinks of his wife and children back in Brandenburg. It's good that they are safe. Thank you Helvetia.

Glossary

Actuarial reserves

Underwriting provisions made in the life insurance sector which are calculated on the basis of official regulations and, together with future premiums, ensure that sufficient funds are available to pay all claims to which an insurée may be entitled.

Asset liability concept

A means of balancing assets and liabilities on our clients' behalf in such a way as to ensure that all the Group's insurance commitments can be met with maximum security at any time.

Benchmark index

An index used as a point of reference to measure the performance of a particular portfolio.

Benefit

Amount paid by the insurer to the insurée in life insurance if the insured event occurs.

Claim

Amount paid by the insurer to the insurée in non-life insurance if the insured event occurs.

Claims ratio

The ratio of claims incurred (including changes to equalisation reserves) to net premiums earned.

Combined Ratio

The sum of the net expense ratio and the claims ratio is used to evaluate the profitability of the non-life insurance business before underwriting investment income is taken into consideration.

Convertible bond

A fixed-interest security whose bonds are convertible into Helvetia Patria Holding shares according to pre-set conditions and terms.

Direct business

All insurance policies concluded by Helvetia Patria with clients who are not insurers themselves.

Dread Disease Insurance

A Dread Disease Insurance policy will pay the benefits insured in case of a severe, precisely defined illness of the person insured (such as heart attack, stroke, cancer, bypass surgery, etc.). The compensation can be used at will, for example to pay for expensive treatments, to sustain the standard of living, to pay off a mortgage, etc.

Equalisation reserve

Underwriting reserves designed to balance out extremes in annual claims payments. Additions to and withdrawals from the equalisation reserve are based on mathematical models stipulated by the relevant supervisory authorities.

Fixed-interest-rate securities

Securities (such as bonds) on which a fixed and constant interest is paid for their entire duration.

Fund-linked life insurance policies

See "Unit-linked life insurance policies".

Gross premiums

The premiums written in the year under review before deduction of premiums ceded to reinsurers.

Group insurance

Insurance policy concluded for a company's personnel.

Indirect business

Companies involved in direct business – the original insurer – will often not wish to bear the entire risk alone, but will prefer to pass on some of it to a reinsurer. Like most companies active in the direct insurance business, Helvetia Patria also acts as a reinsurer, and assumes part of the risk from other original insurers. These reinsurance transactions are known as indirect business.

Individual insurance

Insurance policy concluded with one person.

Net claims/benefits paid

The total of all insurance claims/benefits paid in the year under review, with due regard to changes in the reserves for claims outstanding.

Net expenditure on claims/benefits

Total of all claims/benefits paid in the course of the year and changes to reserves for claims outstanding in non-life business, plus reserves for claims outstanding in life business, less the portion of such claims assumed by reinsurers.

Net expense ratio

The ratio of net underwriting expenditure to net premiums written.

Net premiums earned

The net premiums earned from total business (i.e. gross premiums less premiums ceded to reinsurers) within a financial year, with due regard to changes in the reserves for unearned premiums.

Net premiums from total business

If a risk is reinsured, the reinsurer will receive a part of the gross premium in proportion to the extent of total risk assumed. Net premiums from total business thus correspond to gross premiums written less the premiums ceded to reinsurers in exchange for their bearing part of the overall risk.

Periodic premium

Premium paid on an insurance policy at regular intervals.

Premium

Amount paid by an insurée to an insurer for the protection and benefits provided.

Premium reimbursement

Some insurance policies provide that part of the premium may be returned to the client as a policy dividend at times when few claims have incurred.

Reinsurance deposits

Original insurers always retain part of the reinsurance premium as a security for any claims they may themselves need to make. Since Helvetia Patria both assumes and cedes reinsurance, these items appear on the balance sheet under both assets and liabilities.

Glossary

Reinsurance premium

Amount paid by an insurer to a reinsurer in exchange for the latter's assumption of part of a policy's risk.

Reinsurer

Insurance company that assumes part of the risk of an insurance concluded by another insurance company.

Reserves

Amounts set aside on the balance sheet to meet likely future commitments.

Reserves for claims outstanding

Since not all claims will be settled by the end of the financial year in which they arise, provisions must be made on the balance sheet for the amounts these claims (or claims likely to be incurred but not yet received) may require. This item is known as the reserves for claims outstanding. Changes to the reserves for claims outstanding are shown in the profit and loss account.

Reserves for unearned premiums

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. That part of the premium relating to the next financial year will not have been earned by the end of the current one, even though the money has already been received. This amount must therefore be placed in the "reserves for unearned premiums", which appear on the balance sheet under underwriting reserves. All changes to reserves for unearned premiums are shown in the profit and loss account.

Results-linked and non-results-linked policyholders dividend

The positive difference between actual and guaranteed interest and between a policy's theoretical and actual benefits and costs is returned to the insured in the form of a dividend. Dividends are particularly common in the life insurance business.

Return on equity (excluding revaluation reserve)

Profit/loss after taxation and minority interests as a proportion of shareholders' equity as shown on the consolidated balance sheet, excluding changes to the revaluation reserve.

Return on equity (including revaluation reserve)

Profit/loss after taxation and minority interests as a proportion of shareholders' equity as shown on the consolidated balance sheet, including changes to the revaluation reserve.

Revaluation reserve

The difference between the market value and the balance sheet value of shares, investment funds and real estate, which is taken directly to shareholders' equity after deferred taxation has been deducted.

Securities lending

The loaning of securities for a fixed or unlimited period, in exchange for adequate sureties and a commission fee.

Single premium

One-time premium paid when concluding an insurance to cover all future premiums.

Solvability

The minimum amount of capital funds an insurance company is calculated to need to ensure that it can meet its liabilities from the policies in the long term.

Solvability ratio

Ratio of solvability (see above) to shareholders' equity as shown on the balance sheet.

Total benefits

Sum of all the benefits insured (used in particular in the life insurance business).

Total business

Direct and indirect business combined.

Underwriting reserves

Total amount of reserves for unearned premiums, life insurance reserves and annuity reserves, reserves for claims outstanding, reserves for premium reimbursements and other underwriting reserves, appearing under liabilities on the balance sheet.

Unit-linked life insurance policies

Life insurance policies in which the insurer invests the insured's savings capital on the account of and at the risk of the insured. Most unit-linked life insurance policies are so-called fund-linked products in which the insureds can select the type of investment they desire from a range of investment funds.

Zillmering

Balancing of an account with part of the deferred acquisition costs taken into consideration.

Looking onto the sea makes a Breton think of his livelihood. Is he sure that his trawler delivers its freight from Porto intact ... tennis shoes, rackets and t-shirts? It feels good to have at least the cargo insured with Helvetia.




Additional information

A historical overview

1858	Founding of Allgemeine Versicherungs-Gesellschaft Helvetia
1861	Founding of Helvetia Schweiz. Feuerversicherungs-Gesellschaft
1862	Establishment of branch offices in Germany
1878	Founding of the Mutual "Patria, Schweizerische Lebensversicherungsgesellschaft", in Basel
1920–1962	Founding of branch offices and subsidiaries of the Helvetia in France, Italy, Austria, Greece (sold 1997), the Netherlands (sold 1995) and Canada (sold 1999)
1974	Merger of "Helvetia Feuer" and "Helvetia Allgemeine", St.Gallen
1986–1988	Further Helvetia subsidiaries established in Spain, Italy and Germany
1992	Begin of partnership between Helvetia and Patria
1996	Founding of Helvetia Patria Holding in St.Gallen, Switzerland
1998	Acquisition of La Vasco Navarra (Spain); Acquisition of the portfolio of NCD (Italy)
1999	Merger between the companies La Vasco Navarra and Cervantes Helvetia to Helvetia CVN, Madrid/Pamplona
2000	Acquisition of the Spanish insurer Previsión Española, Seville
2001	Acquisition of Norwich Union Vita, Milan; renamed in Helvetia Life
2002	Acquisition of Royal & Sun Alliance's transport insurance portfolio in France
2003	Merger of subsidiaries Previsión Española and Helvetia CVN with headquarters in Seville, Spain



A woman with short, grey hair stands in a warehouse-like setting. She is wearing a black business suit with a blue top underneath. The background features large, multi-paned windows and several large rolls of material, possibly fabric or paper, stacked on the floor. The lighting is bright, coming from the windows.

Seriously, taking over the company at such a young age could give you the jitters. Well, it turned out to go better than expected, especially in Asia. And father back in Spandau, well, he had arranged for the risk management with Helvetia ahead of time.

The important addresses

Group head office

Helvetia Patria Holding, Dufourstrasse 40, CH-9001 St.Gallen
Phone +41 71 493 51 11, Fax +41 71 493 51 00, www.helvetiapatria.com, info@helvetiapatria.com

Group Executive Board

Erich Walser	Managing Director and Group Chief Executive Officer
Roland Geissmann	Deputy President, Chief Financial Officer
Philipp Gmür	Chief Executive Officer Switzerland
Ralph-Thomas Honegger	Chief Investment Officer
Markus Isenrich	Head of Human Resources and Services
Tjarko Ullings	Chief Executive Officer Austria
Wolfram Wrabetz	Chief Executive Officer Germany

National offices

Helvetia Patria Versicherungen Geschäftsleitung Schweiz	Philipp Gmür Vorsitzender	St.Alban-Anlage 26 CH-4002 Basel
Helvetia Versicherungen Direktion für Deutschland	Wolfram Wrabetz Hauptbevollmächtigter	Berliner Strasse 56–58 DE-60311 Frankfurt a.M.
Helvetia Versicherungen Direktion für Österreich	Georg Krenkel Hauptbevollmächtigter	Jasomirgottstrasse 2 AT-1010 Wien
Helvetia Assicurazioni Direzione per l'Italia	Fabio de Puppi Rappresentante Generale	Via G. B. Cassinis 21 IT-20139 Milano
Helvetia Assurances Direction pour la France	Alain Tintelin Mandataire Général	2, rue Sainte Marie FR-92415 Courbevoie/Paris

Subsidiaries

Helvetia schweizerische Lebensversicherungs-AG	Wolfram Wrabetz Vorstandsvorsitzender	Berliner Strasse 56–58 DE-60311 Frankfurt a.M.
Helvetia International Versicherungs-AG	Wolfram Wrabetz Vorstandsvorsitzender	Berliner Strasse 56–58 DE-60311 Frankfurt a.M.
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