

# Letter to Shareholders<sup>2/03</sup>



## Ladies and Gentlemen!

Last year, the Helvetia Patria Group had to report a loss for the first time in its history. This year, we succeeded in returning to profitability thanks to operative improvements implemented during the first half year of 2003 and as a result of more favourable conditions on the international financial markets. For the first six months of this year, the Group posts a significant better overall result of CHF 26.8 million compared to CHF 0.7 million for the first half year of 2002.

The non-life business with a profit of CHF 60.5 million remains an important earnings pillar. The prior-year result, however, could not quite be achieved as a result of decreased payments from the reinsurers and the allocation to the equalisation reserves (CHF 74.2 million).

The life-business continues to be impacted by the difficult legal framework in the Swiss group insurance business and has to report a loss of CHF 28.2 million. Various operative measures taken and the improvement of the legal provisions for the occupational benefit plans will ensue a substantial loss reduction during the current year so that a positive profit contribution is again expected from 2004 on.

The non-underwriting sector reports with CHF 5.8 million a positive result on the year-earlier loss of CHF 83.7 million thanks to a better stock market environment as well as foreign exchange earnings on the Euro. Given the increased volatility of the Euro we considered it appropriate to allocate a portion of those accounting foreign exchange gains to a reserve for capital market fluctuations and chose the amount of CHF 100 million.

## Improved shareholders' equity base

Total assets at 30.6.03 amounted to just under CHF 27.6 billion (end of 2002: CHF 26.1 billion) and thus increased by almost 6 per cent. Net underwriting reserves increased from CHF 21.4 billion at 31.12.02 to CHF 23.3 billion.

The improved conditions on the stock markets led to an increased valuation margin and thus also to an increase of the shareholders' equity amounting at 30.6.2003 to CHF 1.20 billion. Furthermore, the bonds are carrying more than CHF 500 million in unrealised gains that are not included in the shareholders' equity – following the accounting principles applied. Those unrealised gains are offering protection in case of rising interest rates. It was not necessary to make use of the approved capital increase in the first six months of this year since the Helvetia Patria Group did not conclude any acquisitions and is meeting all solvency requirements. Selling shares and also hedging them in other cases effected reducing the risks of the investment portfolio. The equity allocation therefore decreased from 11.1 per cent at the end of 2002 to 7.9 per cent (net equity allocation: 4.2 per cent).

## Key consolidated figures of the Helvetia Patria Group in CHF million

	31.12.02	30.06.02	30.06.03
Gross written premiums	5 144.9	3 134.7	3 504.6
Income from investments	-67.2	164.8	477.3
Result before taxation	-350.6	21.6	38.1
Result after taxation and minority interests	-362.0	0.7	26.8
Investments at market value	23 851.9	23 824.1	25 396.1
Net underwriting reserves	21 815.2	21 386.7	23 252.0
Consolidated shareholders' equity before appropriation of profit	1 046.5	1 372.8	1 195.5
Number of employees	4 825	4 834	4 855

**HELVETIA  
PATRIA**



### **Continuously high premium growth and improved investment result**

Consolidated premium volume amounts to about CHF 3.5 billion. The growth rate of 11.8 per cent remains under last year's first half increase of 13.7 per cent. The restrictive measures in the Swiss group insurance business will cause this growth rate to continuously weaken for the remainder of this year.

The remarkable growth rate in the non-life business of 11.5 per cent (previous year: 0.2 per cent) was also positively influenced by the stronger Euro. The absence of extraordinary claims to be reported led the claims ratio to achieve another pleasing result of 68.5 per cent. The strict cost management helped to keep the expense ratio again low with a resulting combined cost- and claims ratio of 100.00 per cent (previous year 95.1 per cent).

In the life business, the restrictive underwriting policy in Switzerland shows already its effect: with a growth rate of 12 per cent this sector already significantly weakened compared to the previous first half-year rate of 23.9 per cent. The domestic life business contributed the largest share to the increase whereas the foreign business units felt the impact from the slump in the funds business.

During the past six months the investment performance was marked by substantial foreign exchange gains, an increase in the current income as well as smaller depreciation.

### **Outlook**

In the short term, the operating result of the Helvetia Patria Group will continue to be influenced by the development on the financial markets. Although we have significantly reduced the risk with the currently lower equity allocation, setbacks on the stock markets cannot be ruled out. Caution will again be in the forefront in the second half of this year and we will adapt our investment strategy if changed circumstances require it.

The life business of our Group will again be dominated by the domestic market. Avoiding to jeopardise the stability of the Swiss pension system requires to adjust the legal framework to the demographic trends as well as to the interest rate level prevailing on the capital markets. A decrease of the guaranteed minimum interest rate and of the conversion rate will have a positive impact on Helvetia Patria in the medium term. It is important that the new regulations provide a basis of computation that is flexible, market-compatible, transparent and predictable and thus understandable for all parties involved.

Besides paying attention to those external elements we will persistently stay the adopted course also for the strategy period 2004 to 2006 and we will focus even more on our core competencies in our traditional markets. We are convinced to be able to generate an adequate profit also in the future thanks to the continuous optimisation of our business operations, our distinct focus on quality and service as well as to our unmistakable brand presentation.

Sincerely



*Hans Rudolf Merz*

*Chairman of the Board of Directors*



*Erich Walser*

*Delegate of the Board*

# The Group Result

The half-year Group result of 2003 significantly improved compared to both periods, the previous year's first six months and the year-end result of 2002. This can be mainly attributed to the improved investment performance. On one hand, the ordinary income has increased especially as a result of the sustained inflow of capital in the life sector. On the other hand, depreciation of investments has receded. Realised capital gains remained substantially below last year's amount as a result of the lower equity allocation that had been decreased for risk considerations. The re-increasing valuation margin strengthened the shareholders' equity base.

Risk capacity of the Helvetia Patria Group gained in the first half year 2003. Minimising the risk on the asset side of the balance sheet and improving the underwriting profitability are both kept on the high-priority list.

## **Underwriting results below last year's**

The underwriting results of both, the non-life and the life business, remained below last year's results. The difficult legal framework regulating the business with the occupational benefits plans and a worsening trend in the disability insurance are both impacting the life business of which Switzerland is generating 90 per cent.

The lower result in the non-life business is marked by opposite elements. On one hand, the underwriting result has significantly gained in strength resulting in a decrease of the claims- and expense ratios. On the other hand, the favourable course of business led to decreased payments from the reinsurers as well as to a compulsory reinforcing of the equalisation reserves reserves thus leading to an overall lower net combined ratio (sum of expense- and claims ratio). The company, however, is strengthening financially.

## **Pleasing results in the country markets**

The operating results in the individual country markets took an overall pleasing course. The Swiss non-life business was good but remained below the previous half-year result as a consequence of the financial burden put on by the reinsurers. A similar trend appeared in Germany: the expansion of the equalisation reserves heavily impacts its results. Improved underwriting results and higher investment performance could not prevent the non-life business in our Austrian subsidiary «Der ANKER» from remaining slightly below last year's outcome. The financial burden by the reinsurers and the formation of substantial equalisation reserves were the main culprits. Italy's non-life result that continues to be excellent is slightly lower than in the first six months of 2002. Both companies in Spain succeeded in generating good operating results in the non-life business that were exceeding last year's. The same applies to the transport insurers in Austria and France.

# The Insurance Business

Premium growth achieved in the first half of 2003 a rate of 11.8 per cent (in local currency 10.3 per cent) and thus remained below last half-year's attained level of 13.7 per cent (15.0 per cent in local currency).

Responsible for this strong growth was once more the Swiss life business expanding with 14.5 percentage points considerably faster than its foreign counterparts. Indirect business is heavily contributing to that growth rate. Excluding the indirect business would decrease the growth rate to 10.6 per cent (9.1 per cent in local currency).

It was again the direct life business dominating the picture with its increase of 12.1 per cent (in local currency 11.6 per cent) while the non-life sector expanded by 8.2 per cent (4.8 per cent in local currency).

The volume of the life insurance was heavily impacted by the Swiss premium income with its increase by 14.5 per cent (individual life 34.6 percent, group insurance 8.7 per cent). The Swiss country market has taken measures to limit the expansion of the group insurance sector. The foreign business units saw their life sector being more or less influenced by the weak course of the unit-linked products, while the growth rate of non-life business was mostly generated by the Swiss and Spanish markets as well as by the transport insurers in Austria and France.

## Improved ratios in the non-life sector

Gross claims- and expense ratios have both improved over the last six months. This applies to all country markets with the exception of Switzerland since our home market experienced an extraordinarily good claims ratio in the first half of 2002 that could not quite be matched this year. A particular strong reduction of the combined claims- and expense ratio was reported from Spain, Italy and France followed by Germany and Austria. The expense ratio in Switzerland saw its value falling again though but was unable to compensate for the higher claims ratio.

## Insufficient profitability in the Swiss life business

Comparing the profitability of the Swiss life business with the whole year 2002 shows a slight improvement thanks to the reduction of the minimum interest rate in the group business and a significant decrease of the expense ratio. The risk trend in the disability insurance continued to deteriorate with the result that the current business was unable to generate the dividends allocated to the policyholders. The allocation of funds to the reserve for results-linked and non-results linked policyholders' dividends was reduced accordingly.

## Gross Premiums written in CHF million

		01.01. – 30.06.02	01.01. – 30.06.03	change in local currency	change
<b>Direct business</b>					
Switzerland	Non-Life	348.4	373.7	7.2 %	7.2 %
	Life	1717.2	1966.0	14.5 %	14.5 %
Total Switzerland		2065.6	2339.7	13.3 %	13.3 %
Germany	Non-Life	342.8	367.5	2.5 %	7.2 %
	Life	60.5	62.5	-1.3 %	3.3 %
Total Germany		403.3	430.0	1.9 %	6.6 %
Austria	Non-Life	93.7	99.9	1.9 %	6.6 %
	Life	70.8	69.1	-6.8 %	-2.4 %
Total Austria		164.5	169.0	-1.8 %	2.7 %
Italy	Non-Life	161.8	172.5	1.9 %	6.6 %
	Life	50.5	32.8	-37.8 %	-35.0 %
Total Italy		212.3	205.3	-7.6 %	-3.3 %
France	Non-Life	36.1	45.0	19.1 %	24.6 %
Spain	Non-Life	172.7	191.5	6.0 %	10.9 %
	Life	43.8	46.7	1.9 %	6.7 %
Total Spain		216.5	238.2	5.1 %	10.0 %
<b>Indirect business</b>					
	Non-Life	33.1	75.2	127.0 %	127.2 %
	Life	3.3	2.2	-33.4 %	-33.2 %
Total Indirect business <sup>1)</sup>		36.4	77.4	112.5 %	112.6 %
Group	Non-Life	1188.6	1325.3	8.2 %	11.5 %
	Life	1946.1	2179.3	11.5 %	12.0 %
Total		3134.7	3504.6	10.3 %	11.8 %

<sup>1)</sup> Including indirect business of units

# The Investment Business

The international financial markets experienced strong fluctuations in the first half year: Until mid-March the most important stock markets tumbled again by 11 per cent, and then finished end-of June with a new yearly high after gaining over 20 per cent in a fast recovery. At the same time, interest rates fell first but increased later to the level of the beginning of the year. The US Dollar and the British Pound tended to show weakness while the Euro – the more important currency for our Group – gained in strength.

## Positive investment performance

The environment for our investment activities experienced a significant overall improvement. The continuously prevailing uncertainty – especially with regard to stocks and currencies – underlines however the necessity for ongoing hedging measures to safeguard Helvetia Patria's equity base. Those imperative expenses involved hurt the reported results regardless of the fact that the hedging measures are implemented as cost-offsetting as possible. The higher stock market listings resulted in a more favourable development of the underlying investments so that last year's negative performance report is replaced by a positive one. The valuation margin on our stock- and bond holdings jumped considerably even with gains on bonds been realised for the anticipation of increasing interest rates. Overall, the Group achieved

## Group results in CHF million

	30.06.02	30.06.03
Underwriting profit from non-life activities	74.2	60.5
Underwriting profit from life activities	31.1	-28.2
Non-underwriting profit	-83.7	5.8
Profit before taxation	21.6	38.1
Taxation	-20.8	-11.2
Minority interests	-0.1	-0.1
Profit after taxation and minority interests	0.7	26.8

strengthening in its asset base as well as the its balance sheet risk capacity to face potential market fluctuations in the future. The recovery of the Euro allowed for revalorization gains.

## Increase of current income

The manifold uncertainties on the financial markets required a cautious investment strategy. The majority of new funds was invested in fixed-interest rate securities in Swiss Francs. Although the yield on the investments was decreasing the current income expanded by about 4 per cent and is thus above last year's level; the new funds that had to be invested at lower rates caused the direct yield to slightly fall.

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

	Ordinary income 01.01. – 30.06.02	Ordinary income 01.01. – 30.06.03	Change in ordinary income	Realized profits/losses on investments 01.01. – 30.06.02	Realized profits/losses on investments 01.01. – 30.06.03	Change in ordinary income
Real estate	97.0	98.4	1.4 %	2.5	-0.1	-104.0 %
Investments in affiliates and associated companies	0.4	0.4	0.0 %	0.0	0.0	-
Shares, other non-fixed-interest-rate securities and investment funds	48.8	41.6	-14.8 %	125.2	-40.5	-132.3 %
Fixed-interest-rate securities	230.1	265.1	15.2 %	-2.8	144.1	-5246.4 %
Promissory loans	17.2	16.3	-5.2 %	0.5	10.5	2000.0 %
Mortgages	60.9	55.9	-8.2 %	0.0	-0.1	-
Policy loans	4.1	3.7	-9.8 %	0.0	0.0	-
Fixed-term deposits and similar	10.3	6.2	-39.8 %	0.0	0.0	-
Total	468.8	487.6	4.0 %	125.4	113.9	-9.2 %

## Results by country

### Switzerland

Direct premium income in the Swiss market increased in the first half year of 2003 by 13.3 per cent to the amount of CHF 2 339.7 million with both sectors, life and non-life, experiencing significant progress. While the group insurance business was deliberately kept back, the individual life business posted strong growth thus probably expanding our markets shares in both segments, the single premium– and the periodic premium policies. The amount of CHF 51 million was removed from the fund for results-linked and non-results-linked policyholders' dividend in favour of our customers and the Patria Genossenschaft allocated CHF 25 million to the fund in line with its Articles of Association.

Premium volume in the non-life business took also a pleasing path with contributions made by all sectors. Our efforts paid especially off in the property insurance, where we are able to report an increase of 4.3 percent. Costs developed according to plan. We are still recording a continuously strong rise in the disability insurance benefits; the claims trend in the non-life sector, however, showed no unusual development.

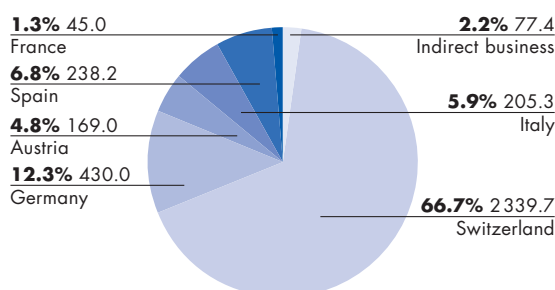
We have reached an important milestone in our quest for quality and service. We are the first Swiss insurance services provider to be awarded the certificate «Commitment to Excellence» from the Swiss Association for Quality (SAQ).

For the second half of this year we are expecting the premium growth to level out. The two reasons for this development are our cautious underwriting policy in the group insurance business and lower guarantees in place since mid-year for the individual life insurance segment. Since most of the premiums in the non-life insurance are due at the beginning of the year, growth in this business sector will probably level out as well until the end of the year.

### Germany

The German non-life business achieved raising the premium income again. The growth mostly derives from the commercial business that accepted substantial premium increases as a consequence of the market development and our own reorganisation efforts. The property insurance sector took also a favourable

### Gross premiums earned from 01.01. to 30.06.2003 in CHF million



development with our market share being expanded. The motor vehicle insurance that was driving large volume expansions in the past years registered a deliberately light premium volume decrease as a result of the portfolio consolidation. The expense ratio was successfully decreased again despite the commissions paid for new business.

Although Helvetia Patria – like the overall German market – felt the impact of a large number of local storm events, the claims trend turned out to be more favourable than last year leading thus to a decreasing claims ratio. The improvement on the previous year will strengthen in the second half of the year since last year suffered heavy damages from the flood of the century that took place in August of 2002.

Sales in the life sector have further increased on the previous year but the progress is not yet reflected in the premium volume since the number of single premium policies has diminished. We expect for the second half of the year a substantial stimulus in the new business thanks to a just launched new unit-linked product family.

### Austria

The development of the life business of our Austrian subsidiary «Der ANKER» is marked by the almost total absence of single premium policies – a phenomenon widespread in the Austrian market. The progress made in the business with periodic premium policies is not able to fully compensate for that loss. The non-life activities have returned to a moderate growth after the premium volume decreased over the previous years. The prevailing return to risk-conforming premiums, especially in the motor vehicle insurance, and the new business are both contributing to the growth.



Those measures are showing already first results: The loss experience has substantially dropped. The investment performance improved and helped the half-year result to significantly gain on the previous year. We are determined to continue the structural adjustments, initiated last year, and thus enabling «Der ANKER» to be successfully active on the Austrian market also in the future.

Helvetia Versicherungen, Direktion für Österreich, is specialised in the transport insurance and posts a pleasing development in its premium volume. A further decreased loss experience is proof that the growth is not happening at the expense of quality. The half-year result of this small subsidiary experienced thus another significant gain.

### Italy

For the first time in several years Helvetia Italy's growth rate has softened. The uncertain economic situation, which led to a cautious consumption- and investment behaviour, and the motor vehicle insurance segment have both contributed to the lower growth rate. The motor vehicle insurance has become a political issue due to the massive but necessary increases of the premium rates over the past years. Under pressure of the consumer organisations and with the mediation of the government the insurers have pledged to adjust the rates only moderately during this year which weakens the growth.

The progress of our life insurance business in Italy strongly depends on the index-linked policies. Those products have generated a surge in growth during the last year that has not yet taken place during the current year. We have concluded a co-operation agreement with a large regional bank. We are expecting its first results to appear around the end of the current year. Helvetia Italy is practising a cautious and selective underwriting policy and has therefore an above average good insurance portfolio. High quality products, the strong consumer loyalty and our strict cost control have again resulted in a very pleasing half-year result.

### Spain

The Helvetia Patria Group significantly exceeds in Spain in 2003 the prior-year results thanks to its uncompromising implementation of the strategy with special focus on tight risk selection. At the same time,

our two subsidiaries, Helvetia CVN and Previsión Española, managed to improve the quality of the business portfolio by further reducing the share of the less attractive motor vehicle insurance segment. Despite of their strict underwriting policy both subsidiaries achieved a pleasant premium growth that was especially favourable in the property insurance and in the term life insurance sectors.

The integration process of the two companies is running its course as planned and should be completed by May 2004. Besides determining the new brand name, Helvetia Previsión, also the new structure, the organisational composition of the management and the business model were decided on. Further continuing the optimisation process of the Spanish business activities will be a task of the second half of the year.

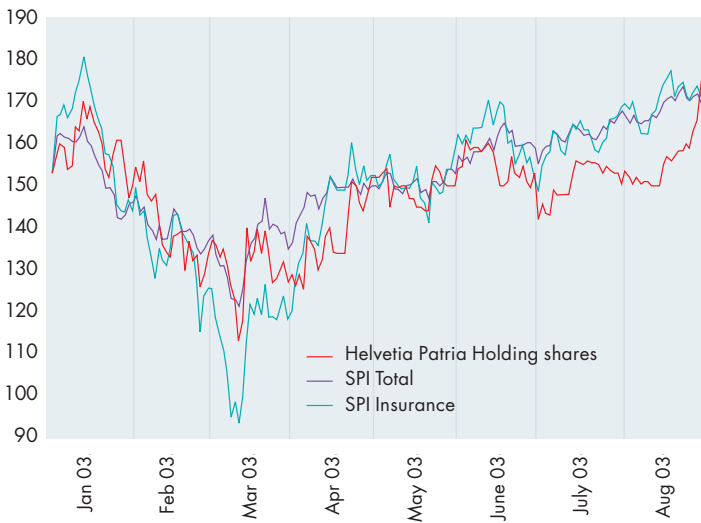
### France

The business unit in France specialises in transport insurance and experienced with almost 20 per cent a remarkable growth jump in the first six months of this year. This result also derives from the integration of the transport insurance portfolio of the Royal and Sun Alliance which had been acquired at the end of 2001 but was only carried in our books after 2002. The new partnership with the agent network of the Azur contributed as well to the positive result. We managed to further reduce the loss experience by actively monitoring the portfolio. The latter as well as the declining expense ratio were the main reasons for achieving a positive underwriting result with a very favourable combined expense-/claims ratio.

Helvetia France will continue striving in the future to further strengthen – especially also through co-operations – its market position in the transport insurance sector and to make positive contributions to the Group result.

# Our share

Share price trends from 01.01. to 31.08.2003 indexed in CHF



The international financial markets were up one minute, down the next during the first six months of the year. After the worldwide leading stock market indexes experienced again a sharp slump in the first quarter of the current year due to the uncertainties with regard to the war in Iraq, they began their recovery in the second quarter and closed all in positive territory by June 30. The Dow Jones Index of the thirty leading US companies gained 8 per cent. The European shares as well took a pleasant course. The French CAC 40 gained 1 per cent, the German DAX Index increased by 11 per cent compared to the end of last year and the Swiss Performance Index of all shares listed on the Swiss stock market grew by about 6 per cent.

## Light on the economic horizon

The economic front sees light on the horizon since various early indicators paint a more positive picture giving hope to the experts who are anticipating an economic recovery in the second half of the year. The interest rates, which are usually reflecting possible changes in the gross national product within a short period of time, increased by mid-year already by 0.2 per cent to 2.4 per cent thus causing bond prices to fall. On the other hand, investments find better conditions. A Swiss Franc-oriented investor was faced with conflicting developments with regard to foreign currencies: The US Dollar, the Pound Sterling and the Canadian Dollar all weakened versus the Swiss Franc while the Euro provided a foreign exchange gain of more than 5 per cent.

## Better environment for the insurance shares

After the insurance shares had been heavily beaten on the international stock market during the past year they fared much better in the first half of this year.

## Helvetia Patria Holding

	31.12.02	30.06.02	30.06.03
Market value (in CHF)	153	212	153
Market capitalisation <sup>1</sup> (in Mio CHF)	962.8	1 398.6	962.8
Profit after taxation per share <sup>2</sup> (in CHF)	-60.3	0.1	4.5
Equity per share <sup>1</sup> (in CHF)	166.3	208.1	190.0
Ratio of market capitalisation to consolidated shareholders' equity	92 %	102 %	81 %
Number of shareholders	3 761	3 601	3 812
Securities number/Symbol	1 227 168/HEPN		

<sup>1</sup> Based on 6 293 000 (6 597 192 für 30.06.02) Helvetia Patria Holding shares

<sup>2</sup> Based on 6 293 000 (6 597 192 für 30.06.02) Helvetia Patria Holding shares minus own holdings



On one hand, the highly capitalised securities had a lot of room for rallying after the overreaction of the past year; on the other hand, the prospects for those companies looked also positive. In this environment, our Helvetia Patria share was able to maintain end-of-last-year's price level. The future price trend will be determined by industry-specific circumstances but more significantly by the overall economic development and by the geopolitical situation.

**Value-oriented communication increases the worth of the company**

The Helvetia Patria appreciates value-oriented corporate communications and continuously cultivates close relations with financial analysts and investors. The financial community has the opportunity to partake in financial analysts meetings held on a regular basis where the company is presented and information is provided necessary to its evaluation process. Equal treatment of all market participants is important to us.

Thanks to an experienced and successful management, an excellent corporate reputation, a high-quality and well-balanced portfolio as well as to a conservative and transparent Group accounting we are convinced that the Helvetia Patria share shows further potential for its value to appreciate and offers a good opportunity for a value-oriented investor.

**Important Dates**

- The results of the business year 2003 of the Helvetia Patria Group will be published on April 5, 2004.
- The Annual Report will be available at the end of April 2004.
- The Helvetia Patria Shareholders' Meeting will take place on Friday, May 7, 2004 in St. Gallen.

# Consolidated profit and loss account

## Helvetia Patria Group

Non-Life underwriting in CHF thousand	31.12.02	30.06.02	30.06.03
Net earned premiums			
Net written premiums	1 821 843	1 054 094	1 162 045
Net change in reserves for unearned premiums	-11 431	-174 946	-190 767
Net earned premiums	1 810 412	879 148	971 278
Net interest income assigned to non-life activities	122 613	64 315	65 812
Net claims paid			
Claims paid, net	-1 168 158	-563 130	-592 975
Change in reserves for claims outstanding, net	-123 426	9 878	-49 353
Net claims paid	-1 291 584	-553 252	-642 328
Change in other underwriting reserves	54	-1 269	-1 821
Net expenditure on results-linked and non-results-linked policyholders' dividends	-1 030	-1 117	-206
Net change in equalisation reserve	55 000	-2 847	-23 081
Net underwriting expenses			
Gross underwriting expenses	-622 814	-309 121	-338 038
Commissions and profit share received from reinsurers	46 696	29 356	31 839
Net underwriting expenses	-576 118	-279 765	-306 199
Other underwriting expenditure	-23 520	-30 991	-2 998
Result from non-life underwriting activities	95 827	74 222	60 457

Life underwriting in CHF thousand	31.12.02	30.06.02	30.06.03
Net earned premiums			
Net written premiums	3 049 236	1 928 105	2 166 156
Net change in reserves for unearned premiums	-4 611	-266 400	-311 149
Net earned premium	3 044 625	1 661 705	1 855 007
Net interest income assigned to life activities	500 864	336 006	369 000
Funds transferred from policyholders' dividends reserve	27 162	21 103	26 228
Net benefits paid:			
Benefits paid, net	-1 819 393	-1 106 104	-1 347 750
Change in reserves for benefits outstanding, net	4 609	64 295	55 689
Net benefits paid	-1 814 784	-1 041 809	-1 292 061
Net change in actuarial reserves, net	-1 529 234	-776 910	-765 576
Net change in other underwriting reserves	25 469	7 362	0
Net underwriting expenses			
Gross underwriting expenses	-336 021	-164 278	-175 342
Commissions and profit share received from reinsurers	5 519	2 728	1 396
Net underwriting expenses	-330 502	-161 550	-173 946
Other net underwriting expenditure, net	-827	0	-147
Result from life underwriting activities before policyholders' dividend distribution	-77 227	45 907	18 505
Net expenditure on results-linked and non-results-linked policyholders' dividends	-9 941	-14 813	-46 667
Result from life underwriting activities	-87 168	31 094	-28 162

Audited numbers 2002, application according to ARR-14, «old» accounting rules

Half-year numbers 2002 and 2003 not audited, application of the accounting rules (ARR-14, «old») unchanged

Non underwriting in CHF thousand	31.12.02	30.06.02	30.06.03
Income from real estate	193 117	96 953	98 381
Income from investments in affiliates and associated companies	439	411	378
Income from other investments			
From shares, other non-fixed-interest-rate securities and investment funds	59 008	48 728	41 562
From fixed-interest-rate securities	477 633	230 120	265 146
From promissory loans	34 554	17 168	16 312
From mortgages	120 857	60 930	55 939
From policy loans	7 905	4 142	3 740
From fixed-term deposits and similar	20 737	10 321	6 178
Income from other investments	720 694	371 409	388 877
Interest on deposits	1 751	751	31
Gross realized gains on investments	382 832	398 826	239 316
Gross unrealized gains on investments	100 116	41 376	39 761
Other interest income	6 806	1 700	3 783
Expenditure on investments and interest costs			
Investment administration costs	-15 397	-7 817	-9 520
Realized losses on investments, including hedging expenses	-429 333	-273 459	-125 386
Depreciation of investments	-1 035 052	-470 759	-163 983
Interest payments on reinsured business and other interest cost	-72 515	-34 229	-28 962
Expenditure on investments and interest costs	-1 552 297	-786 264	-327 851
Interest assigned to life- and non-life underwriting activities	-623 477	-400 321	-434 812
Other extraordinary income from other business operations	410 210	144 732	0
Other income from ordinary business operations	4 040	47 428	1 627
Other expenditure on ordinary business operations	-3 524	-735	-3 708
Result from non-underwriting activities	-359 293	-83 734	5 783

Combined in CHF thousand	31.12.02	30.06.02	30.06.03
Result from non-life underwriting activities	95 827	74 222	60 457
Result from life underwriting activities	-87 168	31 094	-28 162
Result from non-underwriting activities	-359 293	-83 734	5 783
Result before taxation	-350 634	21 582	38 078
Taxation	-11 277	-20 816	-11 239
Minority interests	-91	-54	-65
Result after taxation and minority interests	-362 002	712	26 774

Audited numbers 2002, application according to ARR-14, «old» accounting rules

Half-year numbers 2002 and 2003 not audited, application of the accounting rules (ARR-14, «old») unchanged

# Consolidated balance sheet

## Helvetia Patria Group

Assets in CHF thousand	31.12.02	30.06.02	30.06.03
Intangible assets	116 961	124 099	108 104
Investments	23 851 880	23 824 083	25 396 127
Investments for unit-linked life insurance policies	514 163	498 432	562 705
Deposits from reinsurance assumed	70 132	71 434	69 246
Receivables from underwriting activities	509 348	443 927	555 343
Other receivables	164 566	162 179	165 623
Tangible fixed assets	48 390	47 864	49 134
Liquid assets	242 510	221 345	97 224
Other assets	2 988	2 079	7 458
Prepaid expenses	600 732	331 543	551 180
<b>Total asset</b>	<b>26 121 670</b>	<b>25 726 985</b>	<b>27 562 144</b>

Liabilities and shareholders' equity in CHF thousand	31.12.02	30.06.02	30.06.03
Shareholders' equity	1 046 489	1 372 898	1 195 520
Minority interest in shareholders' equity	1 865	2 041	1 996
Reserve for unearned premiums, gross	628 386	1 030 017	1 120 458
Actuarial reserves, net	17 858 935	17 022 330	18 723 769
Outstanding claims reserve, net	2 276 694	2 079 248	2 288 924
Net reserve for results-linked and non-results-linked policyholders' dividends	249 153	363 469	236 246
Net equalisation reserve	242 681	318 807	270 844
Reserves for unit-linked life insurance policies	510 197	511 210	558 818
Other net underwriting reserves	49 115	61 588	52 934
Other reserves	741 412	664 650	817 255
Reinsurance deposit liabilities	173 600	176 970	181 569
Convertible bond	150 000	150 000	150 000
Other insurance liabilities	1 944 786	1 643 644	1 640 232
Other liabilities	151 270	233 391	205 205
Accrued liabilities	97 087	96 722	118 374
<b>Total liabilities and shareholders' equity</b>	<b>26 121 670</b>	<b>25 726 985</b>	<b>27 562 144</b>

Audited numbers 2002, application according to ARR-14, «old» accounting rules

Half-year numbers 2002 and 2003 not audited, application of the accounting rules (ARR-14, «old») unchanged

St.Gallen, September 16, 2003

### Contact

Daniel Schläpfer  
 Helvetia Patria Group  
 Corporate Communications  
 P.O. Box, CH-9001 St.Gallen  
 Telephon +41 71 493 54 48  
 Fax +41 71 493 55 89  
[www.helvetiapatria.com](http://www.helvetiapatria.com)  
[daniel.schlaepfer@helvetiapatria.ch](mailto:daniel.schlaepfer@helvetiapatria.ch)

**HELVETIA  
PATRIA**

