

Annual Results 2002 Helvetia Patria Group

Welcome



**HELVETIA
PATRIA**



Dr. Hans-Rudolf Merz

Chairman of the Board of Directors

Program:

- **The Group's business**
- **The investment business**
- **The consolidated financial statements and the Group's shareholders' equity**
- **The Swiss business**
- **Review and preview**
- **Questions and answers**

Erich Walser

Ralph Honegger

Roland Geissmann

Philipp Gmür

Erich Walser



Helvetia Patria's course of business in 2002



- **Engine: Positive development in the life and non-life businesses**
- **Navigation: No change of course**
- **Sailing: Rough stock markets, cyclical lull and world-wide economic stagnation**

Staying on course thanks to a slim boat, a well-coordinated crew and good mechanics!



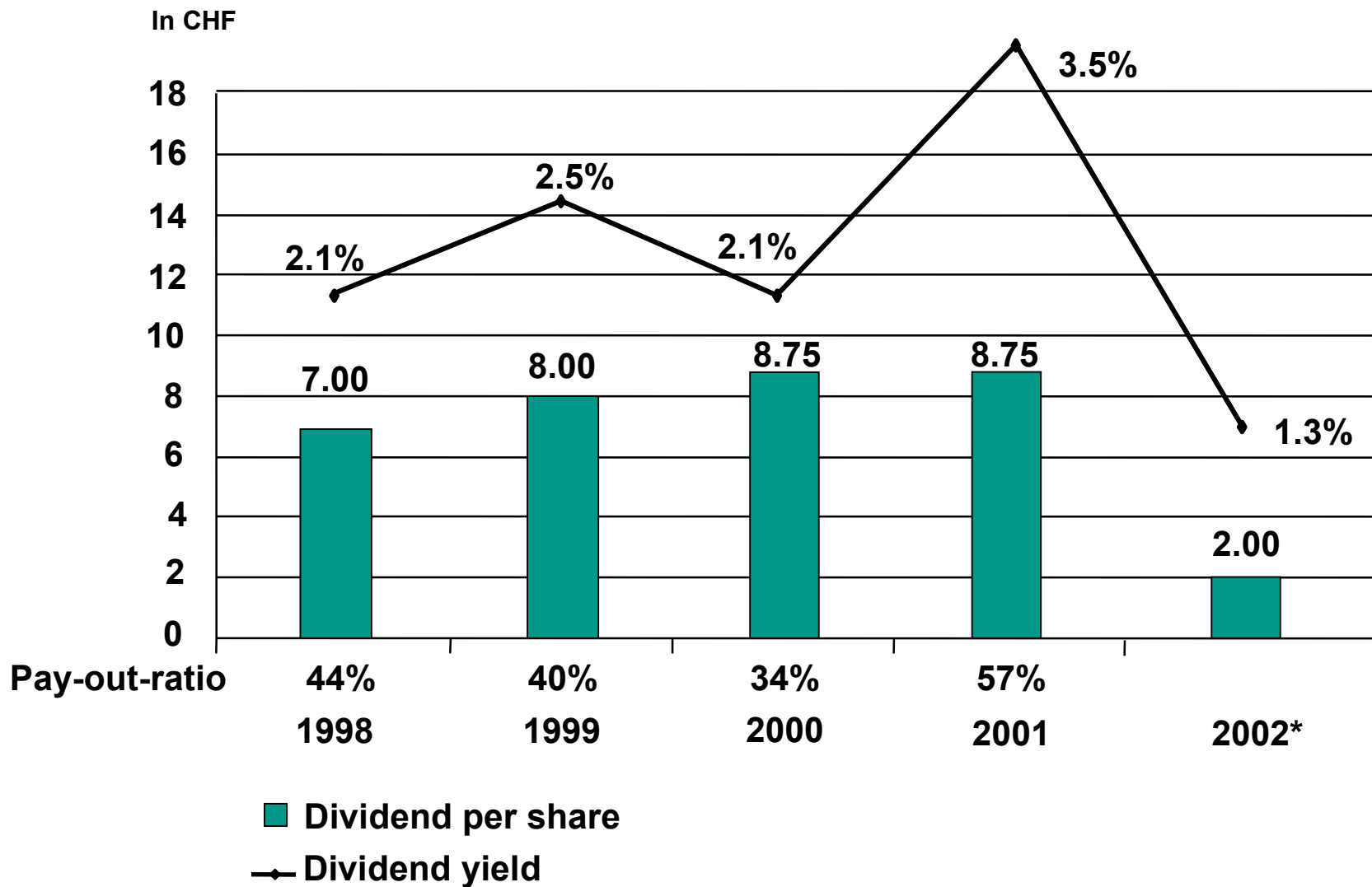
Important key figures of Helvetia Patria

In CHF million

- **Negative overall result**
Reasons:
 - Insufficient legal framework in the Swiss group life business
 - High depreciation of capital investments
- **High premium income**
- **Satisfactory equity cover**

| 2001 | 2002 | Change |
|---------|---------|---------|
| 100.6 | - 362.0 | - 460% |
| | 5 144.9 | 11.7% |
| 1 519.7 | 1 046.5 | - 31.1% |

Dividend payment despite difficult time



* Recommendation to Shareholders' Meeting

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The Group's Business

Erich Walser, CEO



Negative overall result

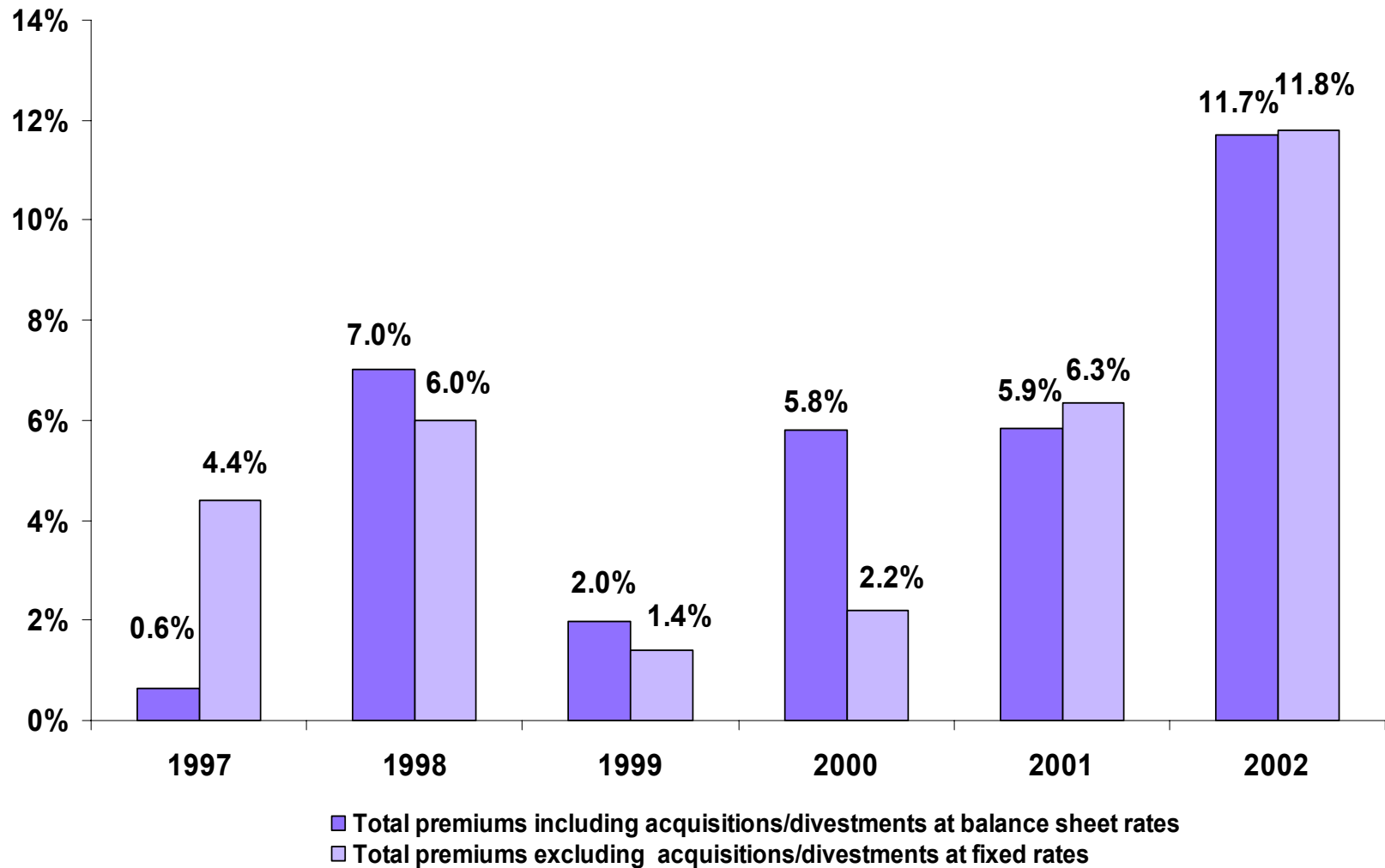
In CHF million if not otherwise noted

| | 2001 | 2002 |
|---|----------|----------|
| Gross premiums | 4 606.3 | 5 144.9 |
| Income from investments net | 736.2 | - 67.2 |
| Result before taxation | 142.5 | - 350.6 |
| Result after taxation | 100.6 | - 362.0 |
| Capital investments at market values | 23 529.3 | 23 851.9 |
| Net underwriting reserves | 20 477.6 | 21 815.2 |
| Consolidated shareholders' equity | 1 519.7 | 1 046.5 |
| Market capitalization ¹⁾ | 1 669.1 | 962.8 |
| Result after taxes per share (in CHF) ²⁾ | 16.8 | - 60.3 |
| Consolidated shareholders' equity per share (in CHF) ¹⁾ | 230.3 | 166.3 |
| Share price (in CHF) | 253.0 | 153.0 |
| Price/Book ratio | 110% | 92% |
| Number of shareholders | 3 248 | 3 761 |

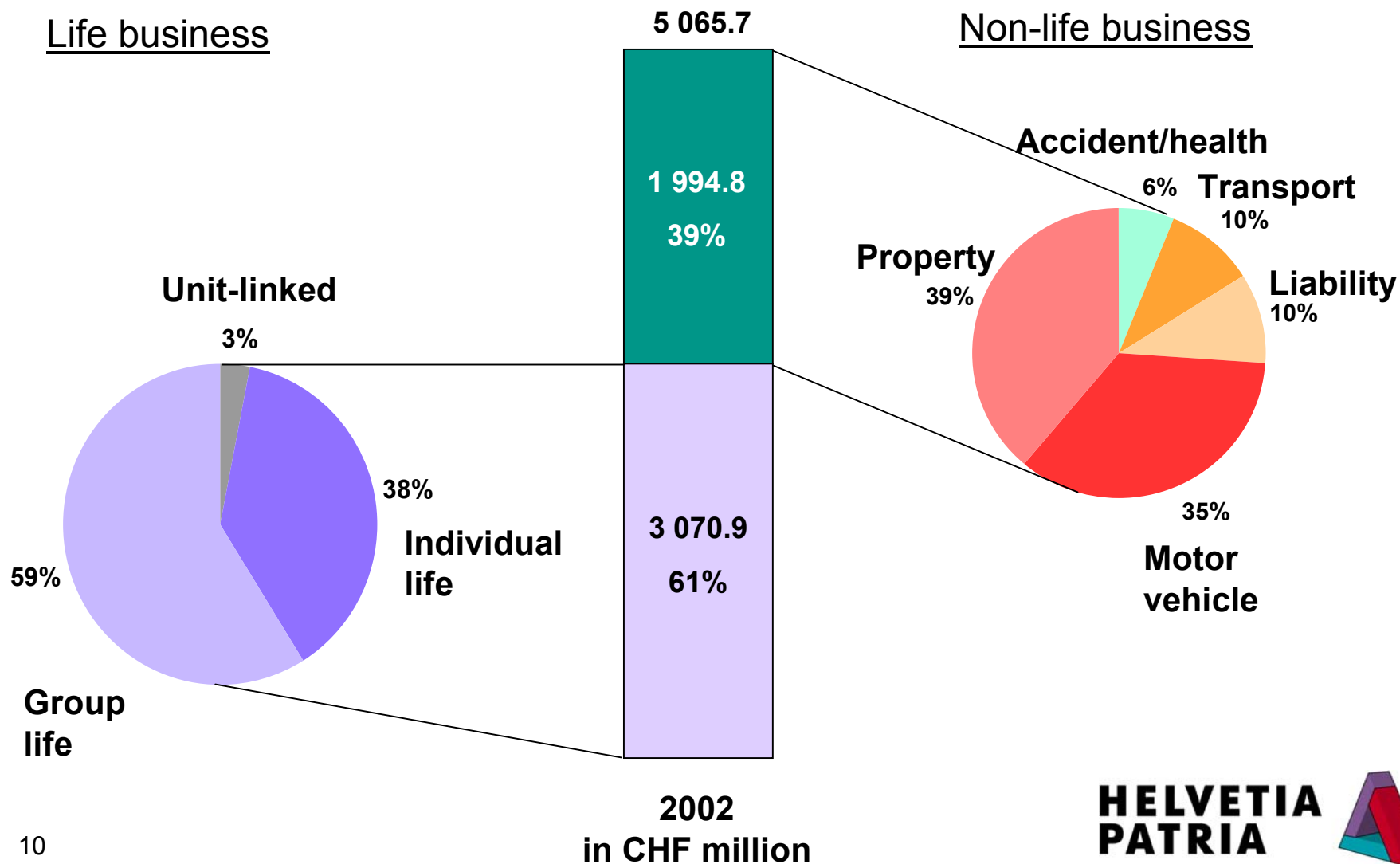
¹⁾ Based on 6 597 192 (2001) and 6 293 000 (2002) Helvetia Patria Holding shares

²⁾ Based on 6 597 192 (2001) and 6 293 000 (2002) Helvetia Patria Holding shares minus own holdings

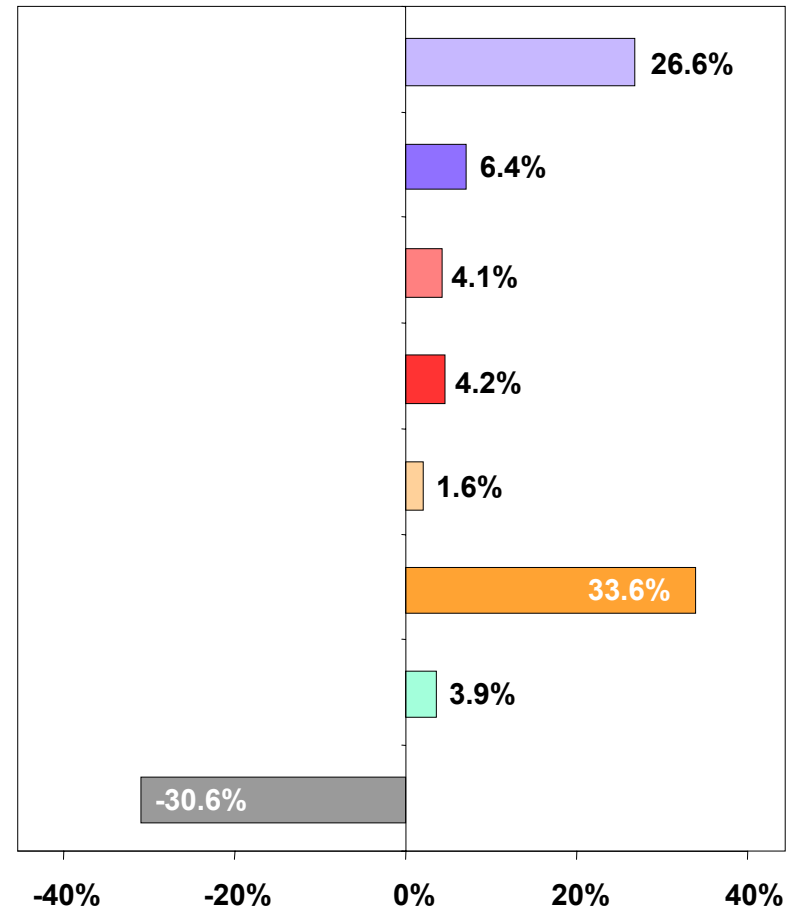
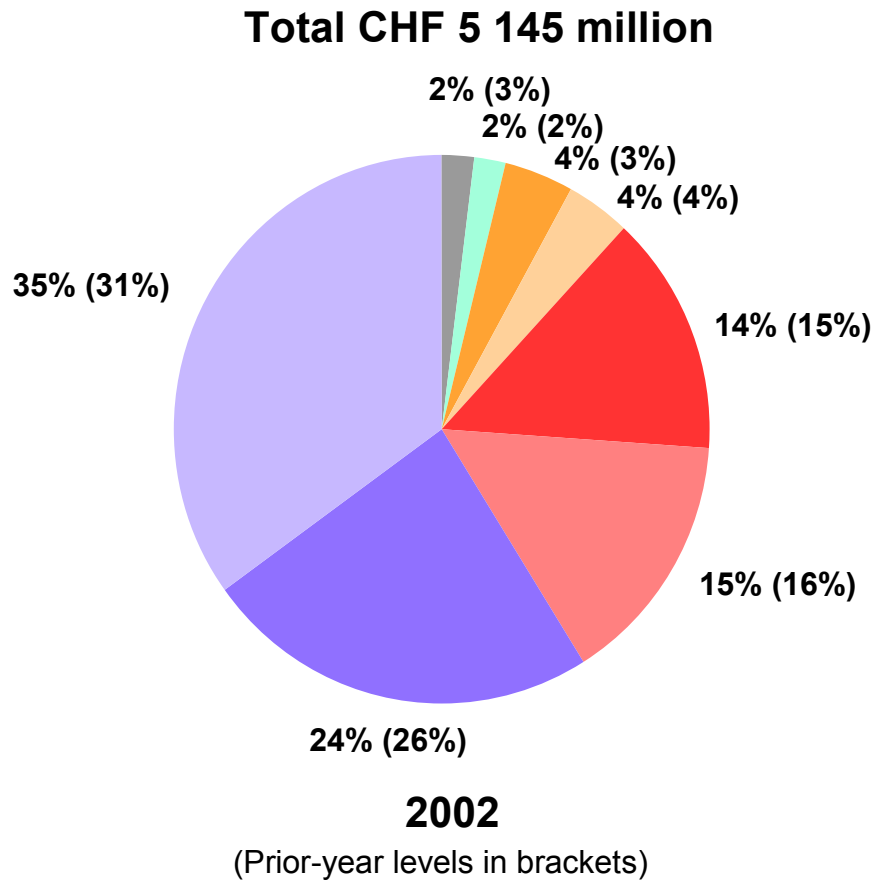
High organic premium growth



Direct business: Premiums by business segment



Premium development by business segment (incl. indirect business)



■ Group life
■ Individual life

■ Property
■ Motor vehicle

■ Liability
■ Transport

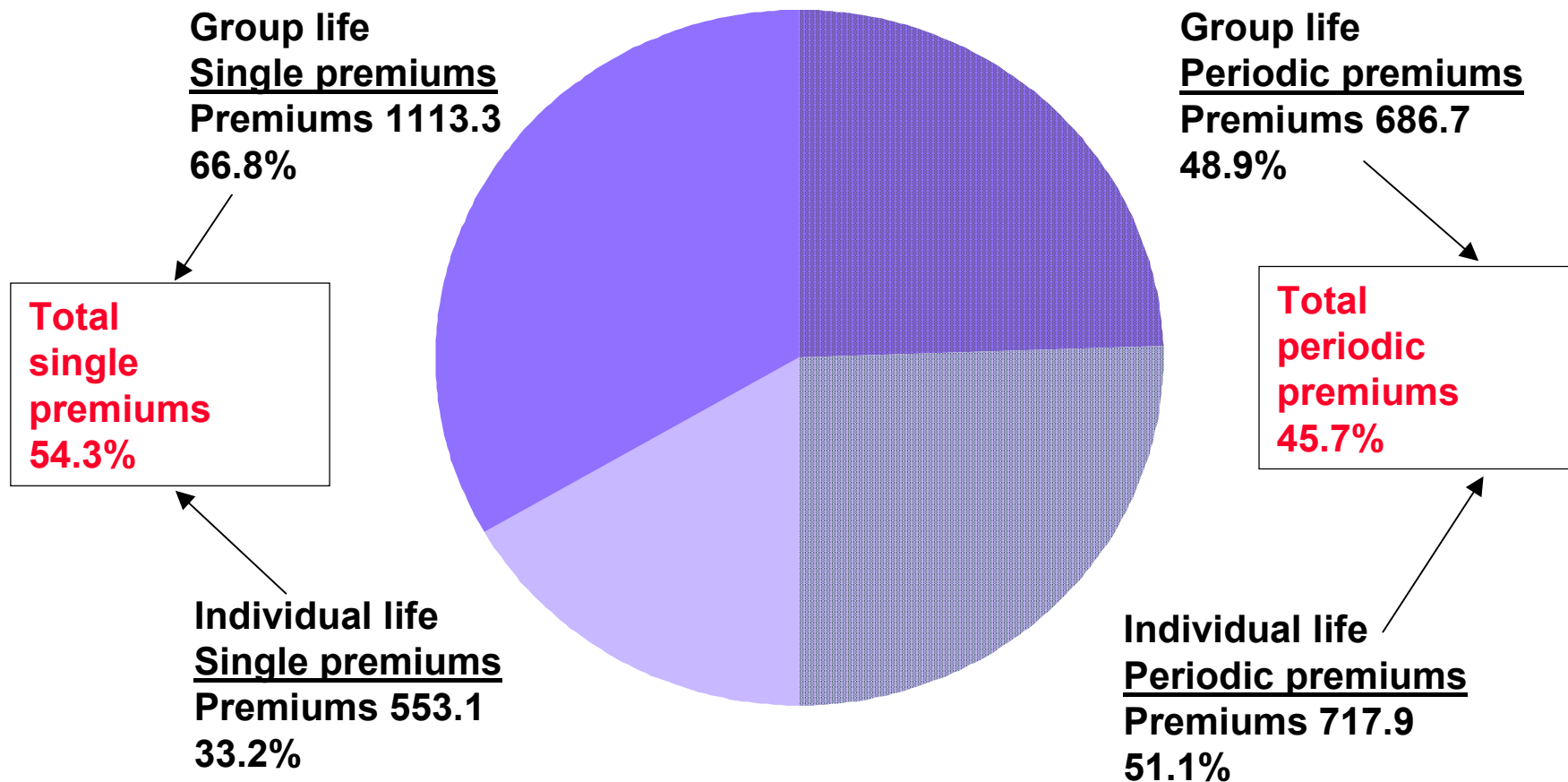
■ Accident/health
■ Indirect business

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Life business: Premium distribution

In CHF million

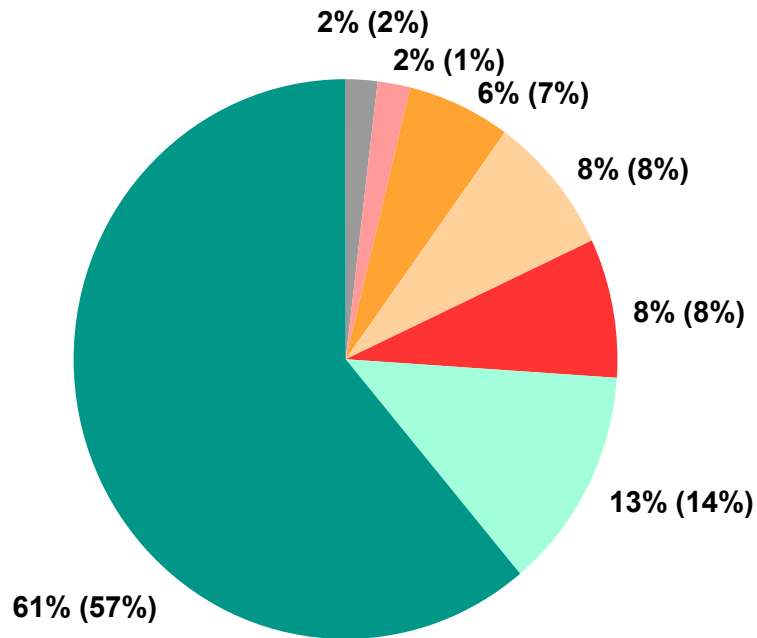


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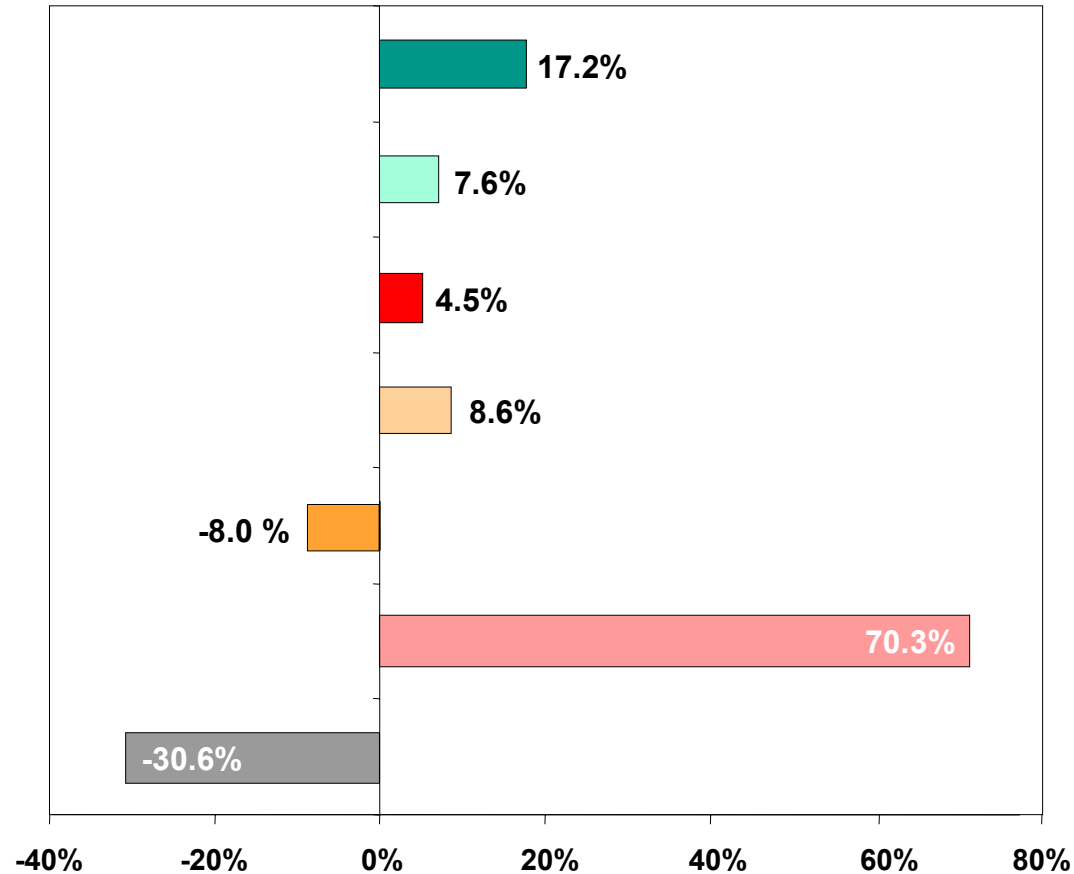
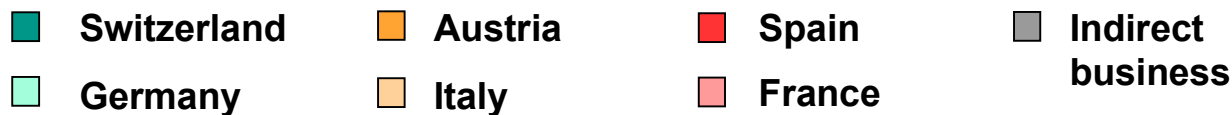
Premium growth by country

Total CHF 5 145 million



2002

(Prior-year levels in brackets)



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Shareholders' structure

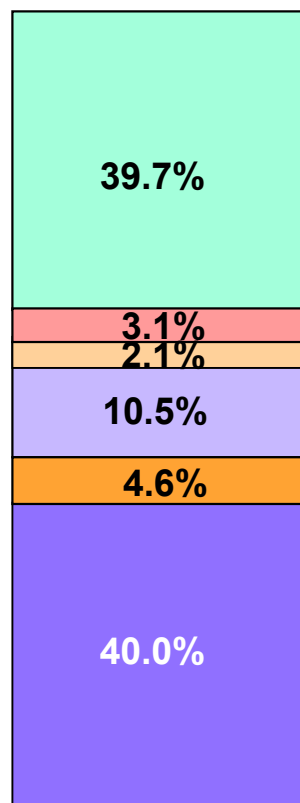
Free Float

Patria Mutual

Vontobel
Raiffeisen Banks

Munich Re
Own shares
(blocked until 2005
for convertible bond)

Free Float ¹⁾



2002

Members of shareholders' pool

| | |
|---------------------------------|-------|
| Patria Mutual | 39.7% |
| Vontobel Beteiligungen AG | 3.1% |
| Swiss Union of Raiffeisen Banks | 2.1% |
| ➔ Total shareholders' pool | 44.9% |

Another major shareholder

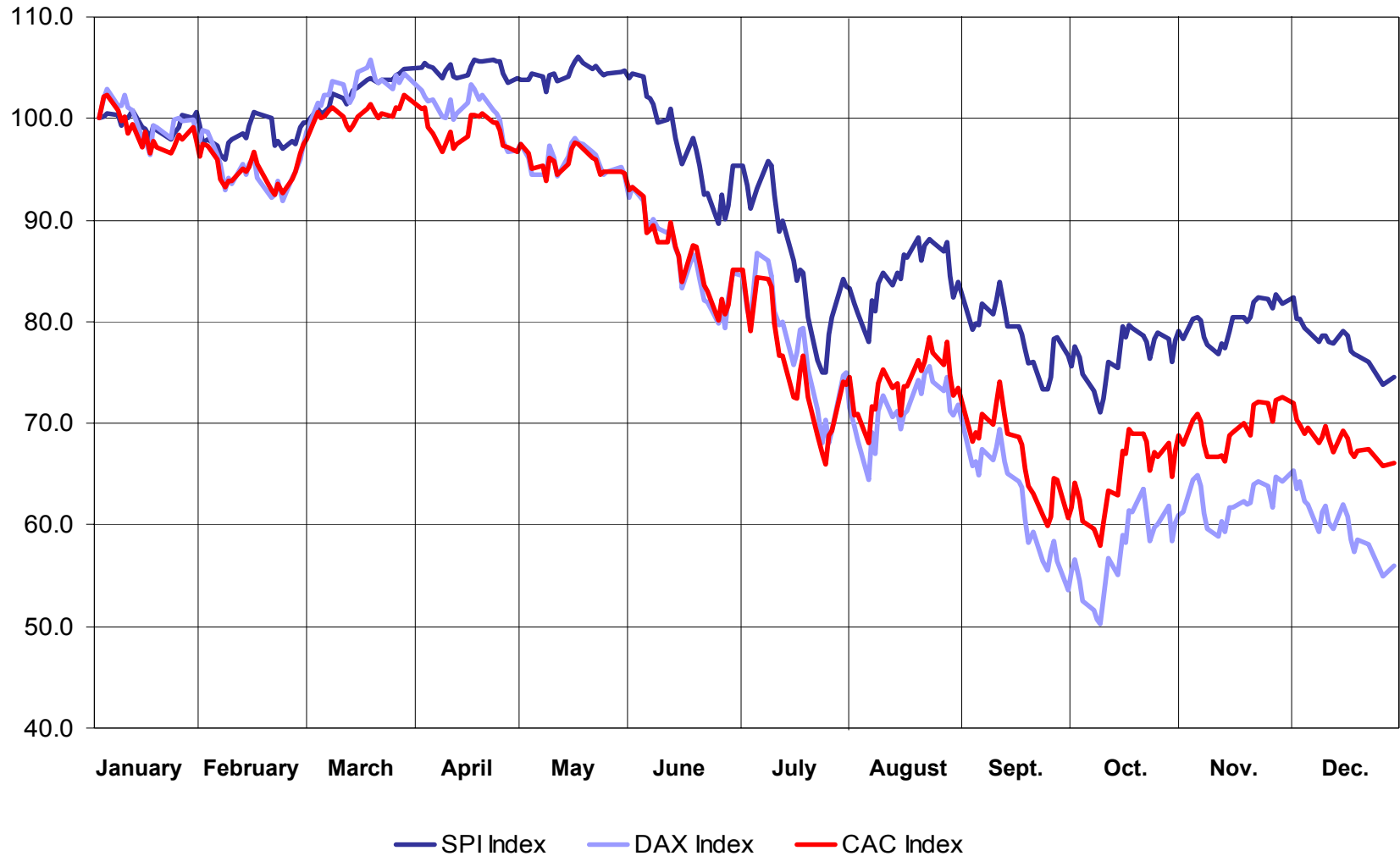
| | |
|-----------------|-------|
| Munich Re Group | 10.5% |
|-----------------|-------|

The investment business

Ralph Honegger, CIO



Development of selected stock market indices 2002



The investment result in detail

| In CHF million | 2001 | 2002 | Change |
|---|----------------|----------------|-----------------|
| 1. Current income | 913 | 914 | + 0.1% |
| 2. Realized profit/losses | 606 | - 46 | - 107.6% |
| - on index- and unit-linked life insurance policies | - | - | - |
| 3. De- / appreciation and value adjustments affecting the operating result | - 748 | - 898 | + 20.0% |
| - of index- and unit-linked life insurance policies | - 35 | - 37 | + 5.7% |
| Sum of 3. *) | (- 783) | (- 935) | |
| (Difference between 2. and 3.) | (- 177) | (- 981) | |
| 4. Total investment income | | | |
| - with index- and unit-linked life insurance policies | 736 | - 67 | - 109.1% |
| - without index- and unit-linked life insurance policies | 771 | - 30 | - 113.5% |

*) Depreciations according to FER 14 „old“, i.e. total charged to profit and loss account (no deferred depreciations)



Realized profits and losses

in CHF million

Real estate

Shares, derivatives, funds

Fixed-interest rate securities

Other

Total

| | 2001 | 2002 |
|--------------------------------|------------|-------------|
| Real estate | 23 | 11 |
| Shares, derivatives, funds | 555 | - 127 |
| Fixed-interest rate securities | 26 | 70 |
| Other | 2 | - |
| Total | 606 | - 46 |

Depreciation and value adjustments

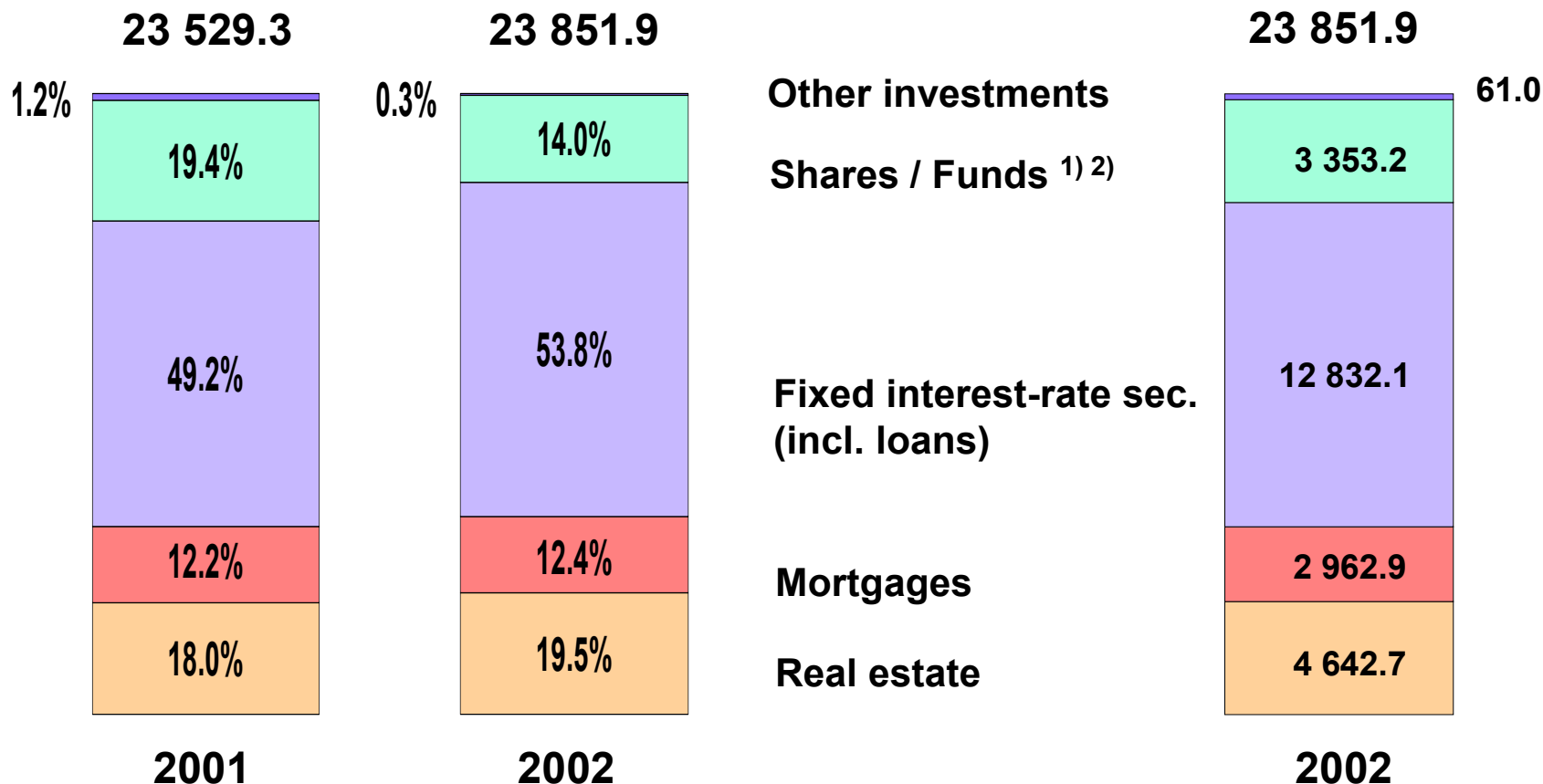
Net incl. appreciations
in CHF million

| |
|---------------------------------------|
| Real estate |
| Mortgages |
| Shares and funds |
| Fixed-interest rate securities |
| Others / eliminations |
| Total |

| 2001 | 2002 |
|------|------|
| 11 | 12 |
| 2 | - 4 |
| 693 | 880 |
| 42 | 29 |
| 35 | 18 |
| 783 | 935 |

Reduced share quota

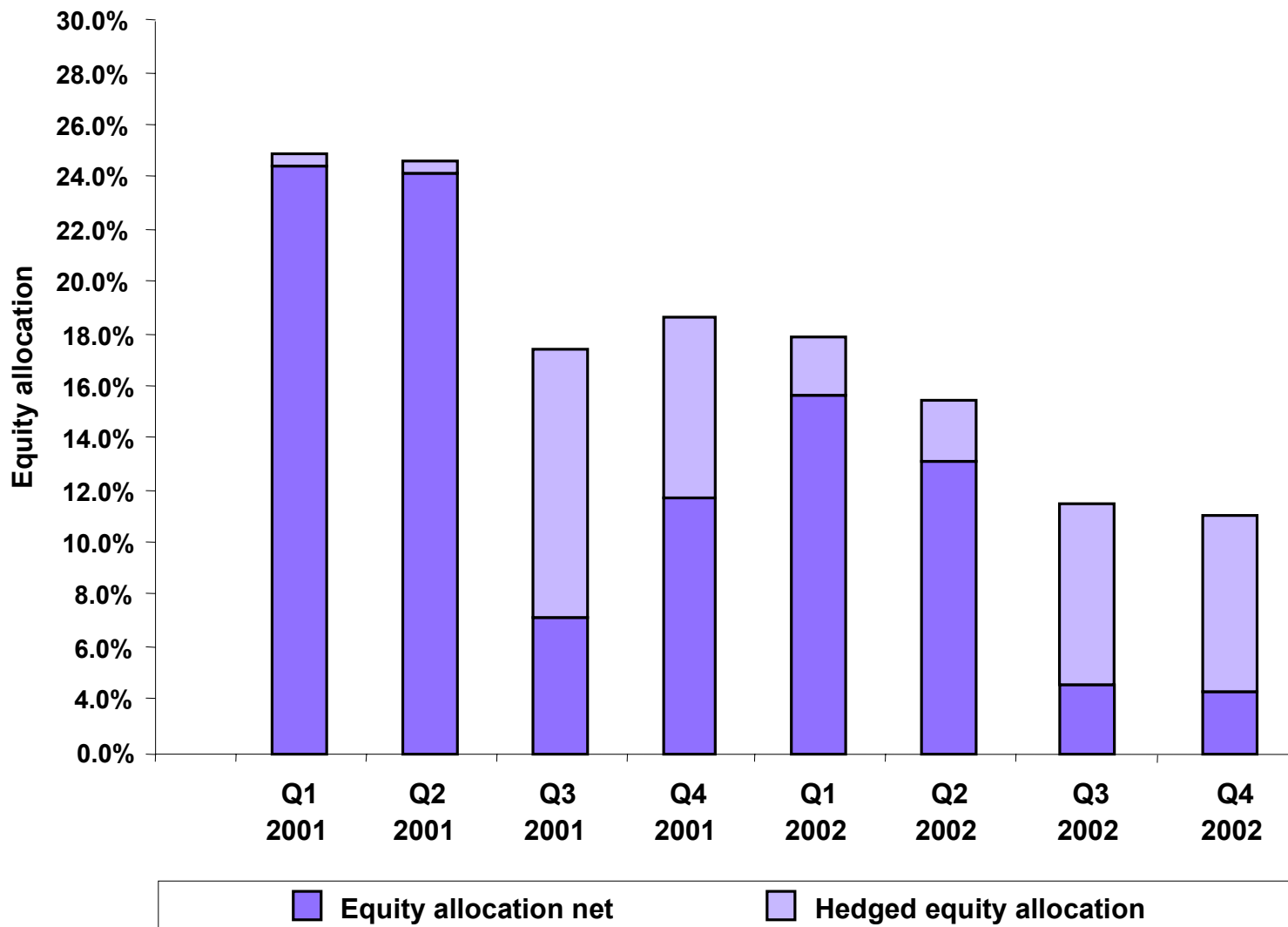
In CHF million



1) Shares/Share funds: CHF 2 310.3 Mio.
 Fixed income funds: CHF 765.7 Mio.
 Derivatives/Options: CHF 277.2 Mio.

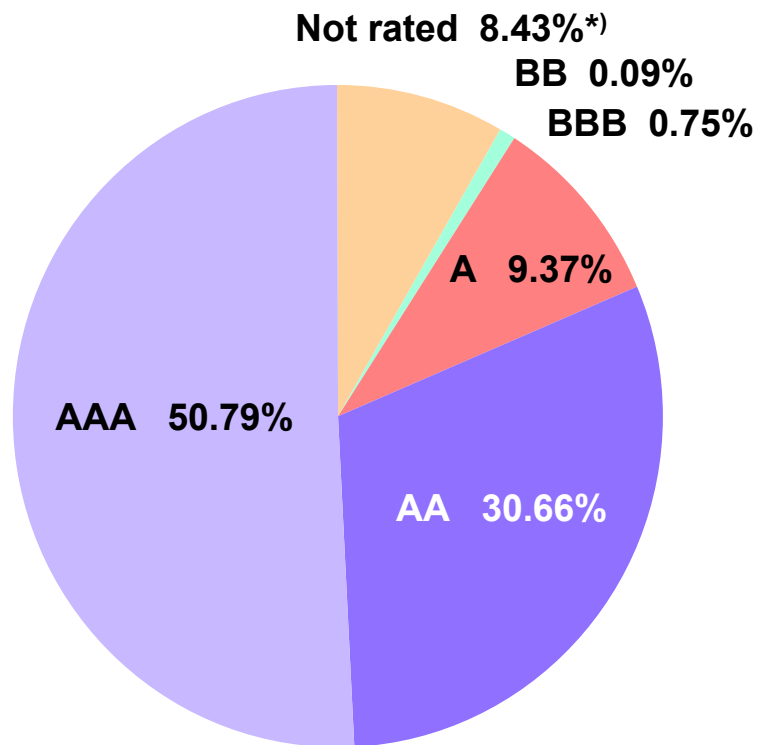
2) Alternative investments: 14.9%, i.e. CHF 500.4 million
 (Private equity and hedge funds)

Equity exposure and hedging policy



Excellent credit standing of our bond portfolio

By credit standing



2002

➡ 90% of all bonds have at least an A-Rating

*) in particular. Cantonal Banks, foreign regional banks, cantons and mortgage bond centers:
debtors with first-rate credit standing

The consolidated financial statements and the Group's shareholders' equity

Roland Geissmann, CFO

Life underwriting result

In CHF million

| | 2001 | 2002 | Change |
|--|------------------|------------------|-----------------|
| Net premiums written | 2 592.0 | 3 049.2 | + 17.6% |
| Net benefits paid | - 1 658.8 | - 1 814.8 | + 9.4% |
| Net change in actuarial reserves | - 1 135.2 | - 1 529.2 | + 34.7% |
| Net change in other underwriting reserves | 179.9 | 25.5 | - 85.8% |
| Net underwriting expenses | - 290.1 | - 330.5 | + 13.9% |
| Net expense ratio in % of net premiums written | 11.2% | 10.8% | |
| Net expenditure on results-linked and non-results linked policyholders' dividends | - 145.8 | - 9.9 | - 93.2% |
| Result from life underwriting activities | 17.8 | - 87.2 | - 489.9% |
| Net underwriting reserves | 17 596 | 18 836 | + 7.0% |

Significantly improved result in the non-life business

In CHF million

Net premiums written

Net claims paid

Net change in equalisation reserves

**Claims ratio (excl. change in equalisation reserve) in
% of net premiums earned**

Net underwriting expenses

Expense ratio in % of premiums written

**Combined Ratio (Sum of claims ratio in % of prem.
earned and exp. ratio in % of prem. written)**

Result from non-life underwriting activities

**Net non-life underwriting reserves
in % of premiums earned**

| 2001 | 2002 | Change |
|-----------|-----------|----------|
| 1 748.6 | 1 821.8 | + 4.2% |
| - 1 229.5 | - 1 291.6 | + 5.1% |
| 21.0 | 55.0 | + 161.9% |
| 70.5% | 71.3% | |
| - 561.3 | - 576.1 | + 2.6% |
| 32.1% | 31.6% | |
| 101.4% | 99.9% | |
| 81.4 | 95.8 | + 17.7% |
| 2 881.2 | 2 979.2 | + 3.4% |
| 165.1% | 164.6% | |

Includes indirect business

Other extraordinary income from other business activities

In CHF million

**Capitalized zillmering amount
(Acquisition costs of the individual life business)**

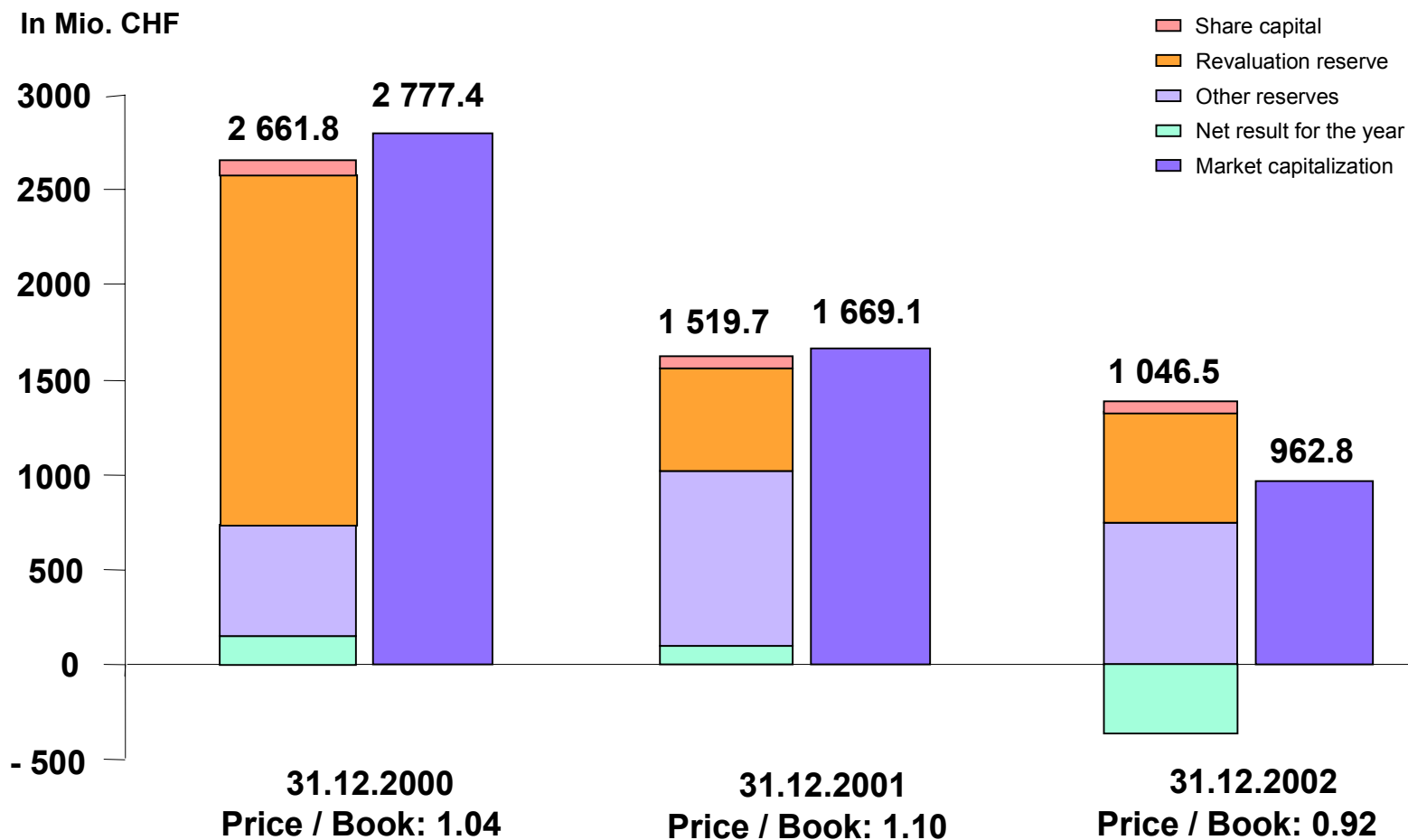
**Retransfer of reserves, accrued earlier
(See also equalization reserves)**

| 2002 |
|------|
| 208 |
| 202 |

Development of the Group result

| | 2000 | 2001 | 2002 |
|--|--------------|--------------|----------------|
| Profit after taxation (in CHF million) | 161.1 | 100.6 | - 362.0 |
| Profit before taxation (in CHF million) | 225.9 | 142.5 | - 350.6 |
| Profit per share (in CHF) | 25.6 | 16.8 | - 60.3 |

Development of shareholders' equity compared with market capitalization



Approved increase in capital

- **Approved increase in capital by a maximum of 50 per cent**

- **Maintaining the strategic scope for action:**
 - **External acquisition opportunities at home and abroad**
 - **Strong organic growth under interesting conditions**
 - **Greatest possible increase in financial flexibility**

The Swiss Business

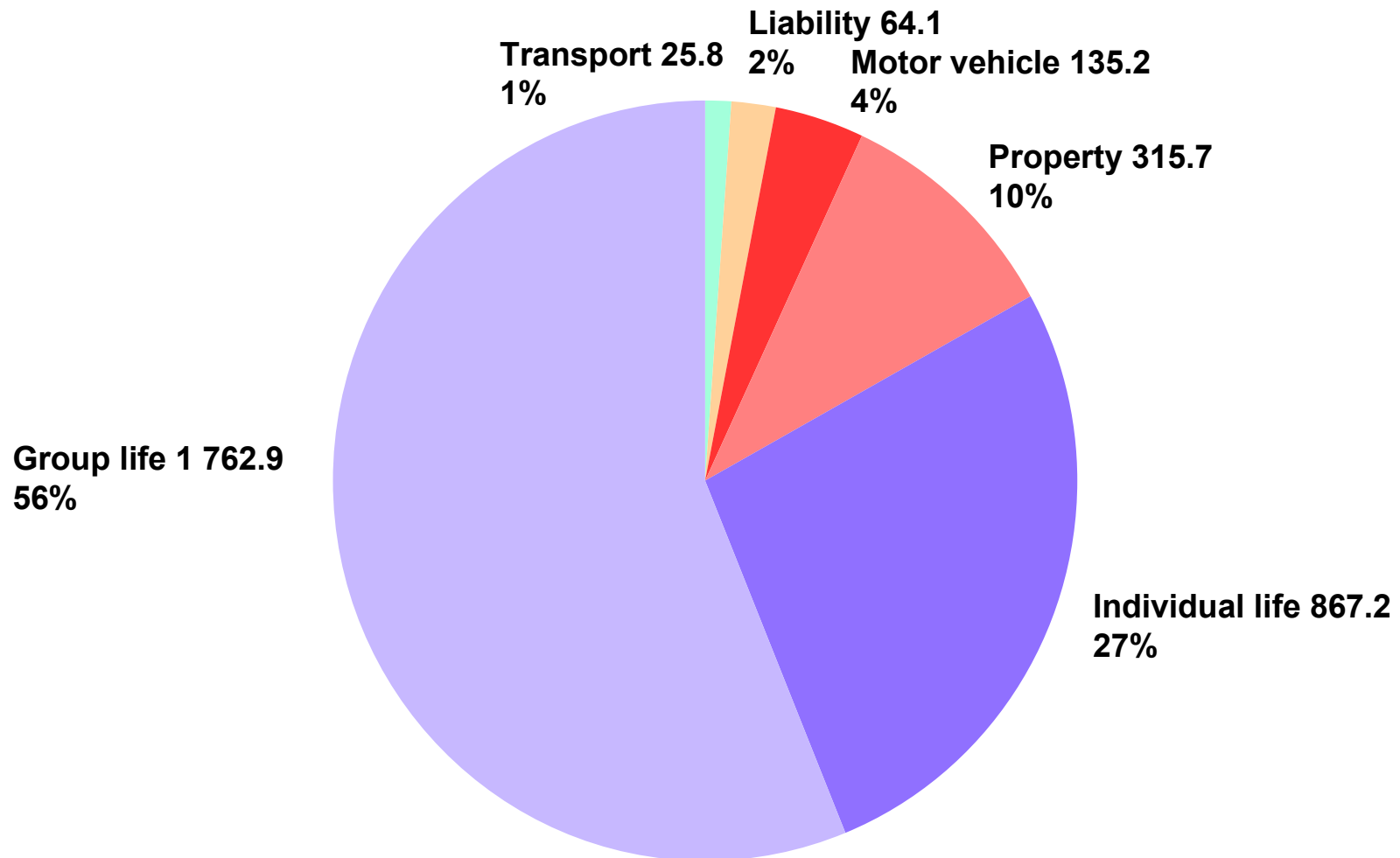
Philipp Gmür, CEO Switzerland

Overview 2002

| | | | |
|------------------------|---------|---------|--------|
| In CHF million | 2001 | 2002 | Change |
| Premiums life business | 2 171.0 | 2 630.1 | 21.1% |
| Premiums non-life bus. | 533.7 | 540.8 | 1.3% |
| Total Premiums | 2 704.7 | 3 170.9 | 17.2% |

- High premium growth in the life insurance business
- Good underwriting result in the non-life business
- Structural problems in group life business

Gross premiums by segment



Total: CHF 3 170.9 million

Premiums in life business

In CHF million

| | 2001 | 2002 | Change |
|-------------------------------------|----------------|----------------|--------------|
| Total premiums direct life | 2 171.0 | 2 630.1 | 21.1% |
| Periodic premiums individual | 403.9 | 410.1 | 1.5% |
| Single premiums individual | 379.7 | 457.1 | 20.4% |
| Total individual life | 783.6 | 867.2 | 10.7% |
| Periodic premiums group | 597.3 | 660.0 | 10.5% |
| Single premiums group | 790.1 | 1 102.9 | 39.6% |
| Total group life | 1 387.4 | 1 762.9 | 27.1% |
| Total periodic premiums | 1 001.2 | 1 070.1 | 6.9% |
| Total single premiums | 1 169.8 | 1 560.0 | 33.4% |

Premiums in non-life business

In CHF million

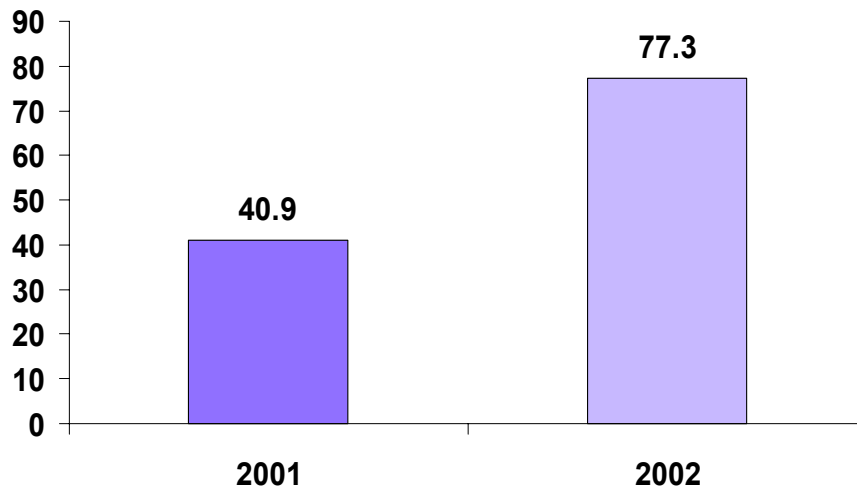
| | 2001 | 2002 | Change |
|--------------------------------|--------------|--------------|---------------|
| Total premiums non-life | 533.7 | 540.8 | 1.3% |
| Property | 314.8 | 315.7 | 0.3% |
| Transport | 24.2 | 25.8 | 6.6% |
| Motor vehicle | 130.5 | 135.2 | 3.6% |
| Liability | 64.2 | 64.1 | - 0.2% |

Non-life ratios

| | 2001 | 2002 |
|----------------------------------|--------------|--------------|
| Gross premiums (CHF mn) | 533.7 | 540.8 |
| Gross claims ratio (%) | 62.1 | 63.8 |
| Gross expense ratio (%) | 31.6 | 30.0 |
| Combined Ratio brutto (%) | 93.7 | 93.8 |
| Combined Ratio netto (%) | 98.9 | 99.9 |

Co-operation with the Raiffeisen Banks

In CHF million



- Continuous success
- Significant growth
- Expand insurance expertise at Raiffeisen Banks

Group life business: Earnings problems

- **Minimum interest rate of 3.25 per cent is unattainable at the financial markets. Annual rate of return of defensive investments is currently about 2 per cent.**
- **Conversion rate of 7.2 per cent leads to losses in the old-age pensions.**
- **Substantial increase of disability cases aggravates the risk result.**
- **The lack of interest rate margin causes uncovered costs.**

Helvetia Patria's response

- HPV supports a market-conform minimum interest rate. The conversion rate has to be swiftly adjusted to the demographic realities.
- Risk selection by target groups
- Premium increases for disability risks, streamlining of policies with a very high claims ratio.
- Efficient administration through cost control. Adjusting cost surcharges by 1.1.2004.
- Project transparency

Preview

- **Growth (individual life with periodic premiums/non-life) and costs under control**
- **Quality- and service offensive**
- **Anniversary of „Patria Genossenschaft“:
«125 Jahre mehr vom Leben»**

Review and Preview

Erich Walser, CEO

Objectives for the business year 2003

- **Achieving positive overall result
(depending on stock market development)**
- **Putting profitability before growth**
- **Taking measures in the group business**
- **Increasing the risk capacity**
- **Continuing cost control**
- **Expanding co-operations**

Current business trends and preview

■ Premium growth (Direct business aggregated)

Total: + 9.7 %
Life: + 12.7 %
Non-life: + 5.3 %

■ Claims trends

Normal course of net claims:
No specific incidents/striking features
Insignificantly better than the year before

■ Cost developments

Within budget

■ Financial results

Hedging rate on shares increased
Reduced equity exposure
Current income within budget

■ Preview 2003

Premium growth life will decrease
(Switzerland)

Conclusion: Helvetia Patria is well positioned in an attractive industry

Our Opportunity...

- Rising demand for one stop solutions in the financial and pension-scheme sectors in Europe

Our Strengths...

- Leadership position in risk protection
- Powerful country markets and brands
- Strong base for European growth
- Access to customers through multi-channel business model

Our Challenges...

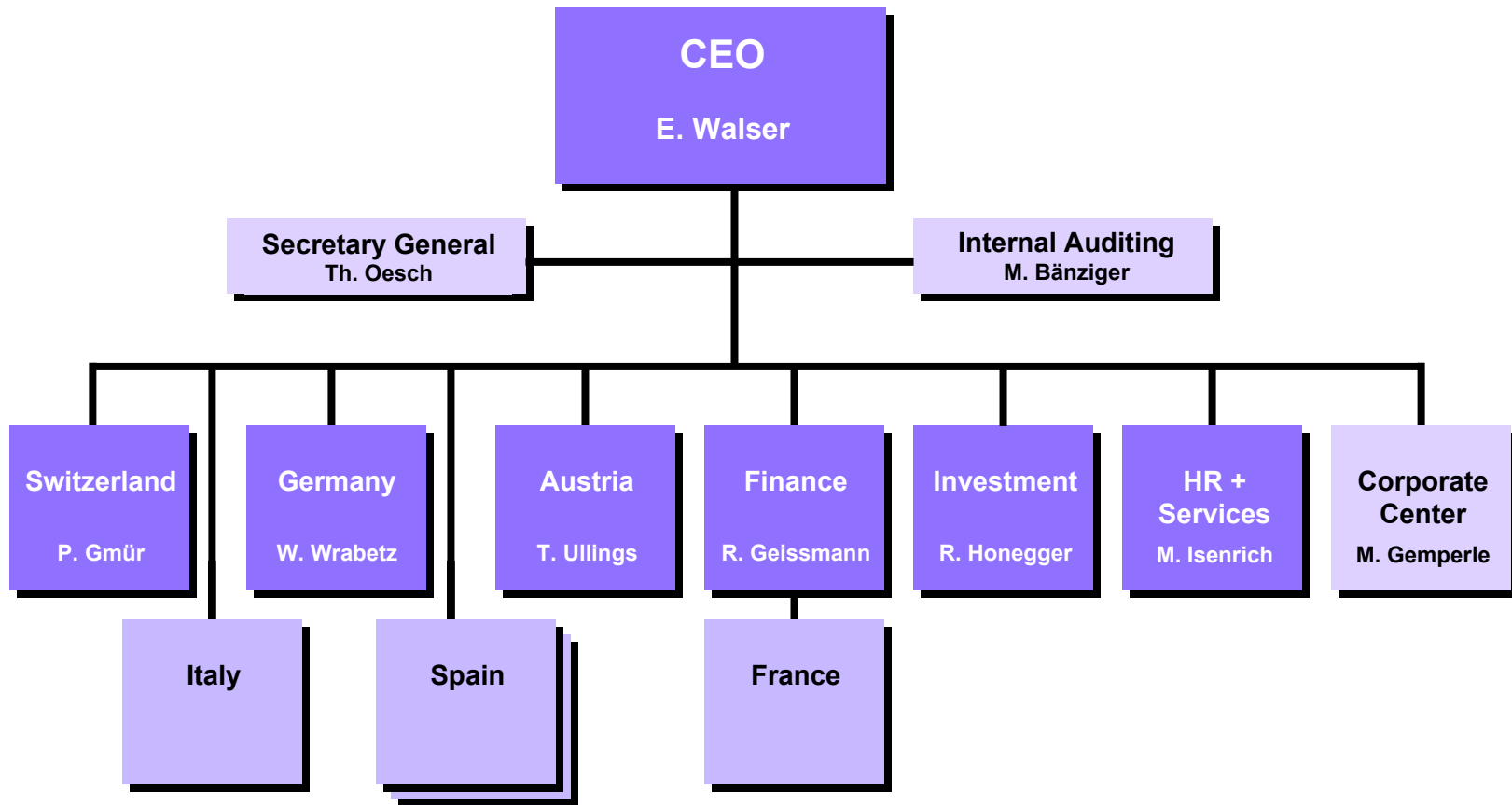
- Strengthening of risk capacity and concentration on profitable business






**Just
Ask
us.**

Appendix

The Management of the Helvetia Patria Group



-  Members of the Group Executive Board
-  Growth or niche market
-  Group support functions

Extensive Experience and Expertise

- 1858 Founding of Allgemeine Versicherungs-Gesellschaft Helvetia
- 1861 Founding of Helvetia Schweiz. Feuerversicherungsgesellschaft
- 1862 Establishment of branch offices in Germany
- 1878 Founding of the Mutual „Patria, Schweizerische Lebensversicherungsgesellschaft“, in Basel, as „Basler Sterbe- und Alterskasse“
- 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 portfolio in France
- 2003 Merger of subsidiaries Previsión Española and Helvetia CVN in Spain

How to contact us:

Address:

**Helvetia Patria Group
Head Office
Dufourstrasse 40
CH-9001 St.Gallen
Switzerland**

Investor Relations Office:

**Daniel Schläpfer,
Head Corporate Communications**

Telephone: +41 71 493 54 48

Telefax: +41 71 493 55 89

Email: daniel.schlaepfer@helvetiapatria.ch

Internet: www.helvetiapatria.com