

**Helsana**

Committed to life.



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Helsana Group Annual Report

## Key figures

1.9

million  
policyholders

6.1

billion CHF  
in benefits

6.4

billion CHF  
in premium income

3,149

employees

99.1

%  
combined  
ratio

98

million CHF  
profit for  
the period

	2016	2015
<b>Income statement</b>		
Premiums earned	6,370,241	5,981,755
Insurance benefits	-6,085,017	-5,863,039
Operating expenses	-624,393	-601,955
Profit/loss for the period	97,969	15,936
<b>In % of premiums earned</b>		
Equity	32.2%	32.7%
Insurance cost (loss ratio)	89.3%	92.2%
Operating cost (cost ratio)	9.8%	10.1%
Combined ratio (sum of loss and expense ratios)	99.1%	102.3%

Dear Readers,

Helsana can look back on a solid 2016 financial year. The previous year's increase in benefit costs continued. Thanks to an improved underwriting result and a good investment results, earnings were also positive. Our financial foundation remains perfectly solid. In 2016, the focus fell on the consolidation of the new corporate structure, which should make a substantial contribution to ensuring that we advance to the industry top 3 in terms of customer perception (according to the Net Promoter Score, NPS) by 2018. It remains a big challenge to achieve this objective, but the expertise of our employees and the commitment they demonstrate towards our customers every single day give us confidence going forward.



**Thomas D. Szucs**  
Chairman of the  
Board of Directors



**Daniel H. Schmutz**  
CEO

# Helsana posts a good result for 2016

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The Helsana Group reports a profit of CHF 98 million for the 2016 financial year. The Group's financial position remains solid. As planned, the underwriting result improved substantially again.

Helsana can look back on a solid 2016 financial year. Earnings were strongly positive at CHF 98 million. This good result for the insurance business was boosted by an excellent investment result, which outperformed the benchmark.

Following the intentional underwriting loss posted for the basic insurance business in order to return the previous year's excess reserves to the customers, the combined ratio is much improved and in the black again. The supplementary insurance business did equally well in spite of rising benefit costs and a slight premium adjustment for two hospital products in 2016.

#### **Benefit costs continue to rise**

The Helsana Group's benefit costs increased further in 2016 to CHF 6.101 billion at the end of 2016. At CHF 6.370 billion, premium income also exceeded the six billion mark for the first time.

Cost growth for the previous year was in line with the long-term trend of just more than four percent. Costs increased in all categories.

As in the previous year, the KVG business saw a significant rise in medical costs, the costs for physiotherapy and home care, and medication costs. Outpatient hospital costs also rose substantially and at a faster rate than in 2015. The costs for medical treatment by specialists rose more than for general practitioners. What is notable is that medication costs rose by around six percent for the third year running. The hospital sector remains a considerable cost driver in the supplementary insurance business.

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# 6.1

billion CHF  
in benefits

“As a committed health insurer, we are doing our utmost to ensure free and sustainable health care for all.”

Prof. Dr. Thomas D. Szucs,  
Chairman of the Board of Directors

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# 6.4

billion CHF  
in premium income

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# 98

million CHF  
in profit

### Improved underwriting result

The result of CHF 55 million is much better than the considerable underwriting loss for 2015. At 99.1 percent (2015: 102.3 percent), the combined ratio is almost balanced.

The 2016 combined ratio for the KVG business of 100.4 percent is considerably better than the 103.7 percent reported for the previous year. The combined ratio falls within the targeted range and has improved substantially on 2015 as planned. Premium volume was raised enough to compensate for the expected cost increases. It was intentionally raised less in previous years in order to reduce the excess reserves.

At 95.8 percent (2015: 98.9 percent), the combined ratio for the VVG business is also better than in the previous year. Although benefit costs continued to rise in 2016, marginal premium and discount adjustments for supplementary hospital insurance helped to cushion the cost increases.

The result for the accident insurance business was slightly worse compared to the previous year with a combined ratio of 98.6 percent (2015: 97.2 percent).

“In 2016, we implemented important measures that will allow us to focus even more consistently on the needs of our customers.”

Daniel Schmutz, CEO

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99.1 %  
combined ratio

#### **Investment result outperforms benchmark again**

Helsana's investments did well in 2016 in spite of the uncertain climate on the financial markets. In 2016, the performance of our investment specialists beat the benchmark by 0.67 percentage points. Overall performance was 3.25 percent on investments of CHF 6 billion. At CHF 55 million, the investment result made a substantial contribution to the overall result. In general, the broadly diversified investment portfolio consistently supported a pleasing performance and helped to strengthen Helsana's financial capacity in the past few years.

#### **Financial foundation remains solid**

All companies in the Helsana Group continue to meet the legal requirements concerning solvency. As at the end of 2016, the Helsana Group had CHF 2.055 billion in equity capital, which highlights Helsana's continued solid market position and confirms that it is well prepared for the future.

On 1 January 2017, the Helsana Group merged the Avanex and Helsana brands as well as the Sansan and Progrès brands, ensuring more stability when it comes to future premium trends, reacting to new statutory conditions and improving the risk compensation.

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## 2.1

billion CHF  
Equity

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# Top 3

We want to be one of the industry top three in terms of customer perception by 2018.

### **Helsana is fit for the big challenges of the future**

In 2016, the focus fell on the consolidation of the new corporate structure, which should make a substantial contribution to ensuring that Helsana advances to the industry top 3 in terms of customer perception (according to the Net Promoter Score, NPS) by 2018. In order to offer its customers an even better and more comprehensive service, Helsana replaced its old IT system environment with a modern and agile infrastructure.

Achieving the strategic NPS objective remains a big challenge. In the most recent survey in December 2016 Helsana was again ranked number 8, but managed to slightly narrow its margin to the top 3. Ensuring a sustainably profitable corporate business remains an important task in the current environment of consistently rising benefits costs.

### **Implementing important reforms**

Helsana will continue to play a leading role in Swiss healthcare and help provide competitive, top-quality and affordable health services for all. Given the current cost trends, sensible reforms, improved health literacy and more personal responsibility are more important than ever.

# Good management is based on rules

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The Helsana Group operates in accordance with the principles of corporate governance – for value-centric, responsible and transparent management. This creates clarity for our policyholders, employees, shareholders and the public.

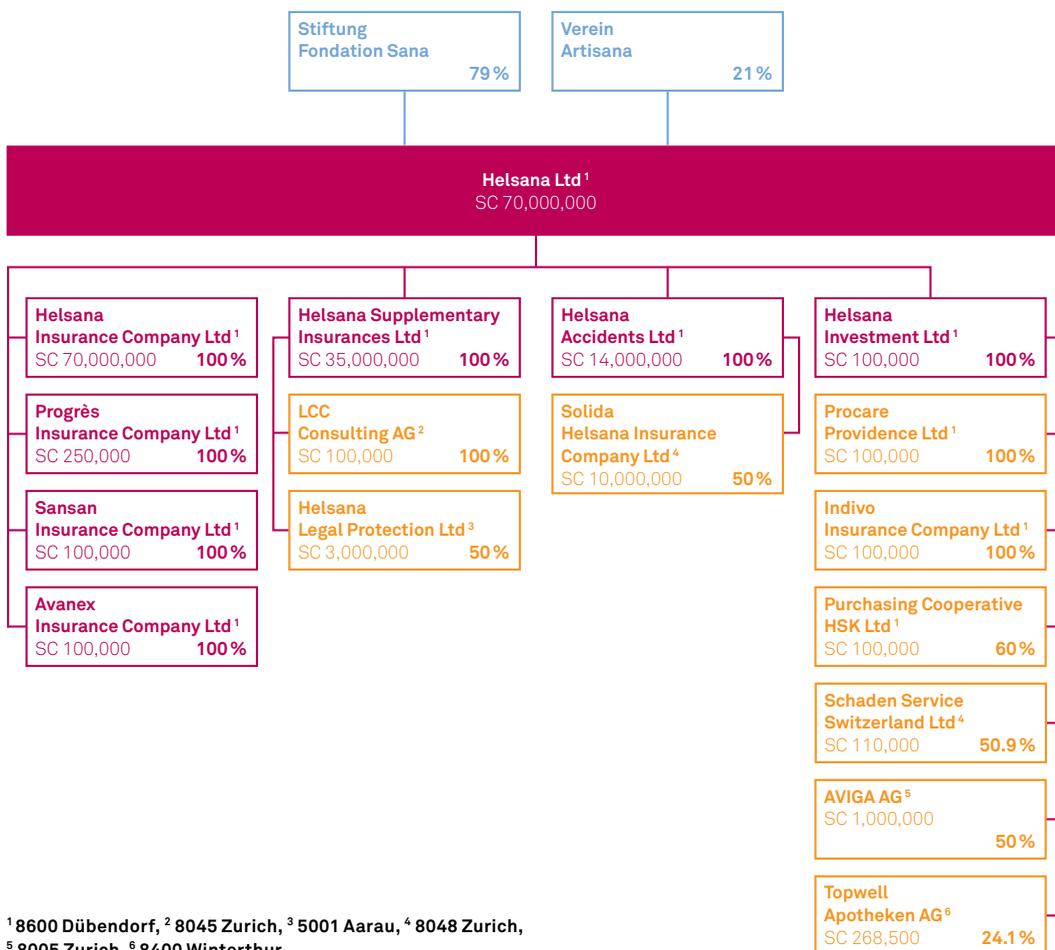
At the Helsana Group, corporate governance encompasses the entire organisation of the company as well as the management and control instruments with which it meets legal requirements. In terms of transparency and responsibilities, it follows the recommendations of the Swiss Code of Best Practice for Corporate Governance.

The Code of Conduct contains the ethical principles of business as stipulated by the Board of Directors, to which all Helsana employees are committed. The Code of Conduct contains the shared fundamental values and principles for daily work that all employees of the Helsana Group must follow to ensure the achievement of our long-term objectives. It also fosters a common understanding of what is honest and ethical business practice.

## **1. Group structure and shareholder base**

The shareholders of Helsana Ltd are Stiftung Fondation Sana owning 79 per cent and Verein Artisana owning 21 per cent of the share capital of CHF 70 million. Stiftung Fondation Sana consists of a Foundation Board with currently 31 members and a committee of seven members. Verein Artisana is governed by a board of nine members.

Helsana does not have any holdings in the listed companies included in its consolidated financial statements. It also does not have any cross-shareholdings where either party owns more than five per cent of the capital or votes.



<sup>1</sup> 8600 Dübendorf, <sup>2</sup> 8045 Zurich, <sup>3</sup> 5001 Aarau, <sup>4</sup> 8048 Zurich, <sup>5</sup> 8005 Zurich, <sup>6</sup> 8400 Winterthur

## 2. Capital structure

The share capital of Helsana Ltd amounts to CHF 70 million, divided into 70,000 fully paid up registered shares with a nominal value of CHF 1,000 each. Each share entitles the holder to one vote at the Annual General Meeting. Registered shares may only be transferred with the approval of the Board of Directors. The share capital did not change in the past three reporting years. There are no rules restricting nominee entries.

There are no preferred or voting shares, and the company does not have any participation certificates outstanding. The company has neither conditional nor authorised capital nor has it issued any

dividend-right certificates. Helsana has not issued any convertible bonds or options nor does it have any outstanding.

### **3. Board of Directors**

The Board of Directors is responsible for the strategic management of the Helsana Group. The Board consists of the Chair and eight members. The Board of Directors comprises only non-executive members (see page 16).

- More information on the members of the Board of Directors can be found at: [helsana.ch/bod](https://www.helsana.ch/bod)

None of the members sat on the Executive Management Board of any Helsana Group company in the past three financial years. The Board members also do not have any business relationships with the Helsana Group and its companies that could influence their decisions and activities as members of the Board of Directors.

The members of the Board of Directors are elected individually for a new term of office by the Annual General Meeting every two years. Board members may be re-elected for a maximum of five terms. If a member leaves the Board during their term of office, their successor will serve the remainder of that term.

#### **3.1 Internal organisation**

The organisational structure of the Board of Directors and Executive Management is governed by the organisational regulations, which set out the responsibilities of the Board of Directors, its committees, the internal auditors and management as well as their reporting tasks.

The Board of Directors is the highest management authority of the Helsana Group. Three standing Board committees support the work of the Board of Directors in coordinating its tasks, issuing policy documents and preparing resolutions. They may be supplemented by additional specialised committees for specific tasks. The Board of Directors meets as often as business requires, but at least five times a year (2016: eight sessions).

## Three standing committees support the work of the Board of Directors

Committees	Executive & Remuneration Committee	Audit & Risk Committee	Investment Committee
Composition	Prof. Dr. Thomas D. Szucs (Chair), Michela Ferrari-Testa and Reto Stump	Dr. Christiane Roth-Godat (Chair), Yves Cuendet and Severin Moser	Prof. Dr. Thomas D. Szucs (Chair), Daniel Loup and Dr. Jürg Dommer
Duties and powers	Coordinating and preparing business matters that have to be submitted to the Board of Directors, preparing proposals on the remuneration of the Board members for the Board of Directors and determining the remuneration to be paid to the Executive Management in accordance with the guidelines of the Board of Directors.	Preliminary evaluation and opinion to the Board on all matters regarding accounting, auditing and reporting to the Board on the mandate, reporting (including the management letter) and determining the fees of the external auditors, election of the Head of Internal Audit, coordinating the audit plans of internal and external auditors, approval of and reporting to the Board on the reports of the internal auditors, the responsible actuary, the external group companies and the situation in risk management and the internal control system (ICS).	Preliminary assessments and preparing position statements for the Board of Directors on the reporting on non-current assets in the quarterly and annual reports, preliminary assessments and position statements for the Board of Directors on the value at risk, the investment strategy and investment transactions that fall within the remit of the Board of Directors, preliminary assessments and position statements for the Board of Directors on the annual review of the investment regulations.
Meetings	The three standing committees meet as often as business requires (number of meetings in 2016: Executive & Remuneration Committee 7, Audit & Risk Committee: 4, Investment Committee: 5)		

### 3.2 Internal audit

Internal audit provides the Board of Directors with an efficient method of obtaining information independently. Internal audit reports directly to the Chair of the Audit & Risk Committee. The objective of a risk-based process of monitoring the management and control processes is to improve the business processes and create corporate added value.

Internal audit submits quarterly reports to the Board of Directors and coordinates and supports the work of the external auditors.

#### **4. Executive Management**

The Executive Management manages the operations of the Helsana Group. It consists of five members. The CEO has executive operating responsibility (see page 17).

- More information on the members of the Executive Management can be found at: [helsana.ch/eb](https://helsana.ch/eb)

#### **5. Remuneration, shareholdings and loans**

The Board of Directors determines the remuneration for its members at the request of the Executive & Remuneration Committee. This committee determines the remuneration for members of the Executive Management in accordance with the guidelines of the Board of Directors. The total remuneration of the Executive Management is composed of a fixed annual salary, a variable component and employer contributions to social security and the pension fund. The variable component is dependent on objective attainment.

##### **Remuneration of serving members of Group bodies**

None of the companies of the Helsana Group is listed on the stock exchange. The Helsana Group reports the highest remuneration paid to an individual member separately for each of the two bodies. In 2016, the following remuneration was paid to acting members of the Board of Directors and the Executive Management: the total remuneration of the Board of Directors amounted to CHF 836,700; this amount includes all remuneration for their work on Board committees. No variable components were paid. The Chair of the Board of Directors received remuneration of CHF 200,800. The total remuneration of the five-member Executive Management consisted of cash payments of CHF 2,110,000, pension contributions of CHF 328,600 and other compensation of CHF 135,400. The Chief Executive Officer received the highest remuneration in the form of a cash payment of CHF 542,500, pension contributions of CHF 85,000 and other compensation of CHF 31,800. The cash payments include the basic salary and all variable components. Total compensation was less in 2016 than in 2015, as the degree of objective achievement used for calculating the variable component was lower than in the previous year.

The members of the Executive Management must pay to the company all royalties, fees and other remuneration accruing to them from mandates performed on behalf of the Helsana Group. No additional fees or remuneration requiring disclosure were paid to members of the Board of Directors or the Executive Management.

## **6. Shareholders' rights of participation**

Each share entitles the holder to one vote at the Annual General Meeting. There are no preferred or voting shares. Shareholders may be represented at the Annual General Meeting by a written proxy. The proxy does not have to be a shareholder.

There are no statutory rules on the restriction of voting rights and participation in the Annual General Meeting.

Resolutions are passed by the absolute majority of votes represented, unless required otherwise by an imperative provision of the law. There is no statutory quorum.

The Annual General Meeting is held every year within six months of the end of the financial year. It is convened by the Board of Directors, the liquidator or the auditors. The Board of Directors also convenes a General Meeting if this is requested by shareholders representing at least ten per cent of the share capital and indicating the agenda items and motions in writing.

The Annual General Meeting is called at least 20 days before the date of the meeting. The invitation must contain the items on the agenda and the motions of the Board of Directors and, if applicable, of the shareholders.

Helsana keeps a share register of all registered shares in which the names and addresses of all owners and beneficiaries are recorded.

## **7. Change in control and defence measures**

As Helsana is not listed on the stock exchange, the company is not obliged to make any public purchase offers.

There are no change of control clauses in any agreements and plans favouring the members of the Board of Directors and / or the Executive Management or any other managerial employees of Helsana.

## **8. External auditors**

The external auditor is appointed for one year according to the articles of association. The maximum term of office of the lead auditor is seven years. The mandate covers the vast majority of companies directly or indirectly held by Helsana within the scope of consolidation.

Ernst & Young AG, Zurich, has been the external auditor of the Helsana Group since 2006. The mandate was extended at the Annual General Meeting on 8 April 2016. Stefan Marc Schmid has been the lead auditor since 2010. The audit fees amounted to CHF 623,893 in 2016. Additional fees for consulting totalled CHF 727,474 in 2016.

## **9. Strong risk and control management**

Helsana attaches great importance to risk management and has established a company-wide internal control system (ICS) and risk management in accordance with the provisions of the Swiss Code of Obligations and the Insurance Supervision Law (VAG). Risk and control management are key management tools and help in achieving corporate goals and maintaining the existence and success of the Helsana Group over the long term.

The Board of Directors regularly receives reports on material risks and their development, as well as on the measures taken to control and limit these risks. The internal control system records risks in operating business.

## 10. Information policy

The Helsana Group pursues a policy of providing its shareholders, employees and customers with open and comprehensive information on a regular basis.

Under “Helsana Group” on the website [www.helsana.ch](http://www.helsana.ch), the company publishes information on topics such as its corporate strategy, legal structure, corporate governance, media releases, annual reports and other information addressed to specific target groups.

The Group's business results are published once a year. The press releases and presentations can be accessed on the company's website. The annual report is available in German, French, Italian and English. It can be downloaded from the website from the date of publication of the annual results.

A Chairman's Conference is held for the shareholders of Helsana Ltd in October every year. The Annual General Meeting is held every year within six months of the end of the financial year. Extraordinary General Meetings are convened as necessary.

– Media Office: [media.relations@helsana.ch](mailto:media.relations@helsana.ch)

## Members of the Board of Directors



**Prof. Dr. Thomas D. Szucs**  
Chair, since 2010



**Michela Ferrari-Testa**  
Vice Chair, since 2007



**Reto Stump**  
Vice Chair, since 2012



**Yves Cuendet**  
Member, since 2014



**Dr. Jürg Dommer**  
Member, since 2013



**Dr. Benedikt Koch**  
Member, since 2016



**Daniel Loup**  
Member, since 2011



**Severin Moser**  
Member, since 2008



**Dr. Christiane Roth-Godat**  
Member, since 2008

## Members of the Executive Management



**Daniel H. Schmutz**  
CEO



**Rudolf Bruder**  
Finance & Insurance



**Jürg Stupp**  
Sales & Marketing



**Michael Willer**  
Client Services & Benefits



**Achim Baumstark**  
IT & Services

# Consolidated financial statements of the Helsana Group

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## Consolidated income statement

Figures in CHF thousand	Notes	2016	2015
<b>Net premiums earned</b>	4	<b>6,370,241</b>	<b>5,981,755</b>
<b>Net cost of claims and benefits</b>	4	<b>-6,101,461</b>	<b>-5,875,765</b>
Allocated interest		10,020	9,804
Risk adjustment between insurers		434,630	375,042
Policyholder participation		-34,258	-26,091
Net operating expenses	4	-624,393	-601,955
<b>Underwriting result</b>		<b>54,778</b>	<b>-137,210</b>
Investment income		655,103	706,193
Investment expenses		-447,653	-567,444
Change in provision for investment risk		-152,000	15,000
<b>Earnings from investments</b>	5	<b>55,450</b>	<b>153,749</b>
Allocated interest expenses		-10,020	-9,804
Other operating income	4	14,348	10,594
Other operating expenses	4	-5,837	-5,696
<b>Operating earnings</b>		<b>108,720</b>	<b>11,633</b>
Non-operating earnings	4	2,657	15,993
Extraordinary earnings	4	-28	-47
<b>Consolidated earnings before taxes</b>		<b>111,349</b>	<b>27,579</b>
Deferred income taxes		57,412	69,482
Income taxes		-70,027	-80,146
Non-controlling interest		-765	-979
<b>Consolidated earnings</b>		<b>97,969</b>	<b>15,936</b>

## Consolidated balance sheet

Figures in CHF thousand	Notes	31.12.2016	31.12.2015
<b>Assets</b>			
Investments	6, 7	6,035,180	5,802,947
Intangible assets	8	68,096	45,255
Property, plant and equipment	8	10,053	13,880
Deferred charges	9	414,518	432,670
Deferred income tax assets <sup>1</sup>		96,564	39,103
Receivables	10	343,352	271,169
Cash and cash equivalents		91,244	300,888
<b>Total assets</b>		<b>7,059,008</b>	<b>6,905,912</b>
<b>Liabilities and equity</b>			
Organisation capital		70,000	70,000
Capital reserves		405,601	405,601
Retained earnings		1,479,071	1,464,535
Consolidated earnings		97,969	15,936
Non-controlling interest		2,072	2,282
<b>Equity</b>		<b>2,054,714</b>	<b>1,958,354</b>
Technical provisions, net	11	3,416,519	3,400,076
Non-technical provisions	12	118,277	141,687
Provision for investment risk	13	791,632	639,632
Deferred credits	9	96,093	123,217
Deferred income tax liabilities <sup>1</sup>		50	2
Liabilities	10	581,722	642,944
<b>Liabilities</b>		<b>5,004,294</b>	<b>4,947,558</b>
<b>Total liabilities and equity</b>		<b>7,059,008</b>	<b>6,905,912</b>

<sup>1</sup> The deferred income tax rate of 21.5 % (or 0.31 % for companies that can claim a participation deduction) equals the tax rate which is expected to apply to the pre-tax profit.

## Consolidated cash flow statement

Figures in CHF thousand	Notes	2016	2015
<b>Consolidated earnings</b>		<b>97,969</b>	<b>15,936</b>
Write-downs / write-ups on investments	5	-32,149	94,281
<i>Of which write-downs / write-ups on equity-accounted participations</i>	5	9,001	7,672
Write-downs / write-ups on intangible assets	8	41,657	21,193
Write-downs / write-ups on property, plant and equipment	8	8,547	8,683
Write-downs / write-ups on receivables		20,127	16,672
Change in net technical provisions	11	16,444	12,727
Change in non-technical provisions	12	-23,411	-6,445
Change in provision for investment risk	13	152,000	-15,000
Loss / gain on disposal of property, plant and equipment		-59	402
Change in deferred charges	9	18,151	46,221
Change in deferred income taxes		-57,412	-69,482
Change in receivables	10	-92,310	-59,737
Change in deferred credits	9	-27,123	-18,064
Change in liabilities	10	-61,222	222,877
<b>Cash flow from operating activities</b>		<b>61,210</b>	<b>270,264</b>
Investment / divestment of investments	6	-200,085	-106,292
Investment / divestment of intangible assets	8	-64,498	-53,691
Investment / divestment of property, plant and equipment	8	-4,662	-9,430
<b>Cash flow from investment activities</b>		<b>-269,244</b>	<b>-169,413</b>
Dividends to shareholders		-1,400	-2,100
Dividends to non-controlling interests		-975	-919
Change in non-controlling interest / third parties		766	1,018
<b>Cash flow from financing activities</b>		<b>-1,610</b>	<b>-2,001</b>
<b>Total cash flow = change in cash and cash equivalents</b>		<b>-209,644</b>	<b>98,850</b>
Cash and cash equivalents opening amount at 1.1		300,888	202,038
Cash and cash equivalents closing amount at 31.12		91,244	300,888
<b>Change in cash and cash equivalents<sup>1</sup></b>		<b>-209,644</b>	<b>98,850</b>

<sup>1</sup> **Cash and cash equivalents** operating liquidity, liquidity with custodian bank, time deposits

## Consolidated statement of changes in equity

Figures in CHF thousand	Organisation capital	Capital reserves	Retained earnings	Consolidated earnings	Non-controlling interest	Total
<b>Equity as at 1.1.2015</b>	<b>70,000</b>	<b>405,601</b>	<b>1,466,635</b>	<b>0</b>	<b>2,183</b>	<b>1,944,419</b>
Dividend payment			-2,100			-2,100
Profit/loss for the period				15,936	99	16,035
<b>Equity as at 31.12.2015</b>	<b>70,000</b>	<b>405,601</b>	<b>1,464,535</b>	<b>15,936</b>	<b>2,282</b>	<b>1,958,354</b>

Figures in CHF thousand	Organisation capital	Capital reserves	Retained earnings	Consolidated earnings	Non-controlling interest	Total
<b>Equity as at 31.12.2015</b>	<b>70,000</b>	<b>405,601</b>	<b>1,464,535</b>	<b>15,936</b>	<b>2,282</b>	<b>1,958,354</b>
Appropriation of net income			15,936	-15,936		0
Dividend payment			-1,400			-1,400
Profit/loss for the period				97,969	-210	97,759
<b>Equity as at 31.12.2016</b>	<b>70,000</b>	<b>405,601</b>	<b>1,479,071</b>	<b>97,969</b>	<b>2,072</b>	<b>2,054,714</b>

Equity is composed of the following positions:

### Organisation capital

This is the nominal amount of share capital. The share capital is divided into 70,000 ordinary registered shares with a par value of CHF 1,000 each.

### Capital reserves

Capital reserves are payments in excess of the nominal amount (surplus).

### Retained earnings

Retained earnings refers to accumulated equity capital in the form of earnings that are kept and not distributed from previous years. The income obtained from the first application of Swiss GAAP FER is recognised as retained earnings.

# Notes to the consolidated financial statements of the Helsana Group

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# 1. Income statement – Supplementary information on the business areas (divisions)

	Insurance under KVG <sup>1</sup>		Insurance under VVG <sup>2</sup>	
	2016	2015	2016	2015
<b>Net premiums earned</b>	<b>4,521,402</b>	<b>4,326,652</b>	<b>1,701,603</b>	<b>1,549,818</b>
<b>Net cost of claims and benefits</b>	<b>-4,692,037</b>	<b>-4,604,727</b>	<b>-1,280,701</b>	<b>-1,143,561</b>
Allocated interest	0	0	0	0
Risk adjustment between insurers	434,630	375,042	0	0
Policyholder participation	-8,515	-6,689	-23,239	-18,331
Net operating expenses	-273,635	-251,001	-326,857	-370,599
<b>Underwriting result</b>	<b>-18,155</b>	<b>-160,723</b>	<b>70,806</b>	<b>17,327</b>
Investment income	221,732	249,453	283,092	308,316
Investment expenses	-153,435	-191,754	-200,213	-269,117
Change in provision for investment risk	-10,000	20,000	-97,000	15,000
<b>Earnings from investments</b>	<b>58,297</b>	<b>77,699</b>	<b>-14,121</b>	<b>54,199</b>
Allocated interest expenses		0		0
Other operating income	7,211	5,977	6,401	4,146
Other operating expenses	-2,657	-2,848	-2,100	-2,676
<b>Operating earnings</b>	<b>44,696</b>	<b>-79,895</b>	<b>60,986</b>	<b>72,996</b>
Non-operating earnings	-190	10,827	790	4,407
Exceptional earnings	-24	-7,057	-5	0
<b>Consolidated earnings before taxes</b>	<b>44,482</b>	<b>-76,125</b>	<b>61,771</b>	<b>77,403</b>
Deferred income taxes	0	0	59,008	39,555
Income taxes	0	0	-64,797	-57,971
Non-controlling interest	0	0	0	0
<b>Consolidated earnings</b>	<b>44,482</b>	<b>-76,125</b>	<b>55,982</b>	<b>58,987</b>

<sup>1</sup> **Insurance under KVG** This segment comprises the companies that offer mandatory health care insurance and voluntary daily benefits insurance under the KVG.

<sup>2</sup> **Insurance under VVG** This segment comprises the companies that offer insurance products under the VVG.

<sup>3</sup> **Insurance under UVG** This segment comprises the companies that offer insurance products under the UVG.

<sup>4</sup> **Other** This segment comprises all other companies.

Insurance under UVG <sup>3</sup>		Other <sup>4</sup>		Elimination		Total	
2016	2015	2016	2015	2016	2015	2016	2015
147,393	145,445	0	0	-157	-40,160	6,370,241	5,981,755
-128,880	-128,551	0	0	157	1,074	-6,101,461	-5,875,765
10,020	9,804	0	0	0	0	10,020	9,804
0	0	0	0	0	0	434,630	375,042
-2,505	-1,071	0	0	0	0	-34,258	-26,091
-23,901	-21,577	0	-806	0	42,028	-624,393	-601,955
2,127	4,050	0	-806	0	2,942	54,778	-137,210
95,104	110,297	85,175	149,034	-30,000	-110,906	655,103	706,193
-52,894	-75,592	-41,111	-42,056	0	11,074	-447,653	-567,444
5,000	0	-50,000	-20,000	0	0	-152,000	15,000
47,210	34,705	-5,936	86,978	-30,000	-99,832	55,450	153,749
-10,020	-9,804	0	0	0	0	-10,020	-9,804
750	886	1,068	811	-1,082	-1,226	14,348	10,594
-920	-573	-1,241	-656	1,082	1,057	-5,837	-5,696
39,148	29,264	-6,110	86,327	-30,000	-97,059	108,720	11,633
-41	-1	2,098	10,701	0	-9,941	2,657	15,993
0	0	0	10	0	7,000	-28	-47
39,107	29,263	-4,012	97,038	-30,000	-100,000	111,349	27,579
-1,711	29,756	116	171	0	0	57,412	69,482
-4,512	-20,948	-718	-1,227	0	0	-70,027	-80,146
0	0	-765	-979	0	0	-765	-979
32,884	38,071	-5,379	95,003	-30,000	-100,000	97,969	15,936

## 2. Consolidation and accounting principles

### General

For the first time, the consolidated financial statements 2015 are being presented in accordance with the Swiss GAAP accounting and reporting recommendations (Swiss GAAP FER) and they provide a true and fair view of the Group's assets, finances and earnings. Swiss GAAP FER represents a complete body of rules. All recommendations must be applied.

Swiss GAAP FER 41 entered into force for the individual financial statements of KVG health insurers on 1 January 2012. The Helsana Group applied Swiss GAAP FER 30 (Consolidation) in conjunction with Swiss GAAP FER 41 from financial year 2015. The application of Swiss GAAP FER is voluntary.

### Consolidated companies

The consolidated financial statements include all companies that are directly or indirectly controlled by Helsana. Control means the decisive influence on the operational and financial activities in order to derive the corresponding benefit therefrom. This is usually the case if Helsana directly or indirectly holds more than 50 per cent of the voting rights in a company. Companies acquired during the financial year are included from the date on which control over the business activities was transferred to Helsana, and all companies disposed of during the year are excluded from the Group statements from the date of sale.

### Change in consolidated companies

Purchasing Cooperative HSK Ltd was founded in Dübendorf on 22 December 2015 and included in the scope of consolidation. The first annual financial statement for Purchasing Cooperative HSK Ltd will be prepared as at 31 December 2016 (long financial year) and included in the capital consolidation as at 31 December 2016.

### Rounding differences

All amounts in the annual financial statements are rounded to thousand Swiss francs. This means that the sum of several rounded amounts added together can differ from the rounded total that is reported.

## 2.1 Consolidation method

### Full consolidation

Companies are included in the Group statements based on the full consolidation method. Capital consolidation is carried out using the Anglo-Saxon method (purchase method). Assets and borrowed capital of companies acquired are revalued at the time of control changes in accordance with the Helsana Group's principles; unrealised gains and losses are carried under the relevant balance sheet items and the remaining difference between the purchase price and goodwill calculated according to the accounting policies of the Group is fully amortised over five years or in the year of consolidation. Any third-party participations in fully consolidated companies are shown separately as non-controlling interests in equity and income.

### Equity method

Companies in which Helsana holds between a 20 and 50 per cent stake are stated in the balance sheet at the value corresponding to the pro rata equity capital in line with the equity method.

### Consolidation reporting date

The reporting date for all companies included is 31 December.

### Events after the reporting date

On 1 January 2017, Helsana Insurance Company Ltd absorbed Avanex Insurance Ltd and Progrès Insurance Ltd absorbed Sansan Insurance Ltd by way of a merger in accordance with Art. 3 para. 1 A of the Swiss Merger Act (FusG). The assets and liabilities of these companies were assumed through universal succession.

Moreover, there were no significant events after the reporting date until the date of signature by the responsible body (7 February 2017).

### Intragroup transactions

All intragroup transactions, relationships and earnings are eliminated as part of the consolidation process.

## 2.2 Valuation principles

Valuation is carried out in line with standardised criteria. In general, the principle of the individual valuation of assets and liabilities applies.

### Foreign currencies

Foreign currency positions are converted at current exchange rates at year-end.

The following exchange rates were used:

	31.12.2016	31.12.2015
Unit/currency	Price	Price
1 EUR	1.07198	1.08737
1 GBP	1.25589	1.47536
1 USD	1.01636	1.00100
100 JPY	0.87140	0.83210
1 CAD	0.75786	0.72062
1 AUD	0.73594	0.72831

### Investments

#### Real estate

Real estate includes both investment properties and owner-occupied properties, and is recognised in the balance sheet at current market value. Market values are estimated at least once every three years by an independent consulting firm. The values are determined using the discounted cash flow method or another recognised method during the intervening years.

#### Bonds

Fixed-income securities are recognised in the balance sheet using the amortised cost method if the debtor is able to pay the interest and amortisation payments. Periodic changes in the carrying amount are recognised in the income statement. If there are justified doubts about the debtor's ability to pay interest and amortisation payments, fixed-income securities are recognised in the balance sheet at their current value.

### Equities

Equities include equity securities such as stocks and similar securities.

Such assets are marketable and are valued at market price. Any impairments are booked accordingly.

### Real estate funds

Real estate funds are maintained as a separate item. They are measured at current value.

### Currency futures

Derivatives include foreign exchange and option contracts, certificates on equity indices and futures. Forward exchange transactions are used to hedge exchange rate and market price fluctuations and are measured at market value.

### Investments in other companies

These include investments in companies that are held for strategic purposes. These investments are measured using the last known pro rata equity (equity method) or are valued at cost.

### Loans and mortgages

Loans and mortgages are stated in the balance sheet at nominal value less any necessary write-downs.

### Assets from employer reserves

Assets from employer reserves are, provided they are not subject to a waiver of usage, recognised in the balance sheet at their nominal value and deducted from staff costs accordingly if they are used. The value is reviewed annually and, if necessary, the item is written down.

### Collateral for own liabilities as well as assets under reservation of ownership

All investments and cash holdings except for the KVG, VVG and UVG segments are reported as tied assets.

### Intangible assets

With intangible assets, a distinction is drawn between purchased software and projects. The latter are amortised on a straight-line basis over the course of their useful life. With purchased software, amounts below CHF 5,000 are expensed.

Projects are generally amortised over a period of five years from launch, up to a maximum of ten years in justified cases. They must provide a benefit over several years. At maximum, they are measured at cost of acquisition or production. These costs must be measurable and allocable to the project. Projects may only be capitalised if they are strategic in nature and involve an investment in excess of CHF 3 million.

### Fixed assets

Fixed assets are depreciated on a straight-line basis over the course of their useful life. For fixtures and fittings, acquisitions and collective acquisitions for amounts of more than CHF 5,000 are capitalised. Amounts below this limit are expensed.

Useful life for each asset category:

- Five years for fixtures and fittings
- Three years for IT hardware
- Three years for vehicles

The value is reviewed annually and the item is written down accordingly.

### Prepaid expenses and accrued income

This item includes expenses during the reporting year that are deducted as an expense in the following financial year, and income that only leads to revenue in the following financial year.

### Receivables

Receivables due from third parties, such as policyholders, insurance organisations, agents and brokers, cantons and other parties, are measured at nominal value. The security is determined on the basis of the maturity structure and recognisable credit risks. In addition to individual write-downs for specific known receivable risks, impairments are formed using statistical information about the risk of default. The calculation of the necessary value adjustments also includes the type of receivable (private customer, corporate customer, co-payment) in addition to the maturity structure. The assumptions are based on historical figures from previous years. Assuming the losses on accounts remain constant as in previous years, an allowance for doubtful receivables is made for the unpaid receivables up to 180 days with a rate of 0.25 %. For older receivables, the effects of Art. 64a KVG (depending on the canton) are included in the calculation of the allowance for doubtful receivables of the KVG companies. The totals of the receivables are included in the ratio of the debt collection proceedings initiated to the resulting certificates of debt.

The receivables due from affiliates are measured at nominal value, taking account of operationally necessary impairments.

### Cash and cash equivalents

Cash and cash equivalents include cash on hand as well as postal and bank account balances. Cash and cash equivalents are measured at nominal value. Any impairments are booked accordingly.

### Net technical provisions

The item for net technical provisions includes provisions for claims and benefits, actuarial reserves, provisions for profit sharing, technical equalisation reserves and provisions for guarantees as well as other technical provisions.

Provisions for claims and benefits are calculated according to actuarial methods recognised by the supervisory authorities (e.g. chain ladder). In doing so, the following parameters are taken into account for the year of occurrence and the year of processing:

- First year of treatment versus payment year for care benefits
- First year of event versus payment year for daily benefits

The reserves for annuities are calculated according to the accounting principles pursuant to Art.108 UVV. The calculation is based on the annuity without cost of living bonuses. For ceded co-insurance, we assume our portion of the individual actuarial reserve as reported by the company that carries it.

For group sickness benefits, provisions for profit sharing are formed for contracts that include agreements on profit sharing. They are calculated as the expected value of the profit share paid out after the reporting date for contracts for profit sharing that are in effect through the reporting date. The estimate of provisions for profit sharing takes account of the active portfolio and the empirical claims experience as at the reporting date.

The equalisation reserves and provisions for guarantees protect the capital base against the effects of unusual fluctuations in the technical result. They are endowed up to a maximum limit of 15 per cent of the insurance benefits in line with the technical result. The lower limit is zero.

The other technical provisions include additional actuarial provisions that are measured according to the applicable and approved business plan.

### **Non-technical provisions**

If an outflow of funds is probable, a corresponding provision is raised for legal and actual obligations on an event in the past. The amount is determined by analysing the relevant past result and the economic risk. If time has a significant impact, the provision requirement must be discounted. The provisions are revalued annually.

### **Provision for investment risk**

The provision for investment risk maps the long-term volatilities of the capital market. The provision is based on the total portfolio and is reviewed annually. The target provision for investment risk is calculated on the basis of

- ten per cent of Swiss bonds
- three per cent of properties and buildings as well as
- 20 per cent of other investments.

If the investments during the reporting period experience above-average losses in value, the provision for investment risk can also be liquidated in the income statement in full or in part. If the value of the investments increase by more than the average during the reporting period, the provision for investment risk can also be increased in full or in part to the target value in the income statement.

### **Accrued expenses and deferred income**

This item includes deferred income during the reporting year that is credited as income in the following financial year, and expenses for the reporting year that are only paid the following financial year.

### **Liabilities**

This item mainly includes obligations to policyholders or service providers as well as premiums billed in advance. Loans due are also recognised in this item. The liabilities are recognised in the balance sheet at their nominal amount.

### 3. 2016 consolidated companies

Name	Sector	Consolidation	Share- holding in %	Capital in CHF m
<b>Helsana Ltd, Dübendorf</b>	<b>Holding</b>	<b>Fully consolidated</b>	<b>100</b>	<b>70.0</b>
- Helsana Insurance Company Ltd, Dübendorf	Health insurance	Fully consolidated	100	70.0
- Helsana Supplementary Insurances Ltd, Dübendorf	Health insurance	Fully consolidated	100	35.0
- LCC Consulting AG, Zurich	Software engineering	Fully consolidated	100	0.1
- Helsana Legal Protection Ltd, Aarau	Legal expenses insurance	Equity method	50	3.0
- Progrès Insurance Ltd, Dübendorf	Health insurance	Fully consolidated	100	0.3
- Sansan Insurance Ltd, Dübendorf	Health insurance	Fully consolidated	100	0.1
- Avanex Insurance Ltd, Dübendorf	Health insurance	Fully consolidated	100	0.1
- Helsana Accidents Ltd, Dübendorf	Accident insurance	Fully consolidated	100	14.0
- Solida Insurance Ltd, Zurich	Accident insurance	Equity method	50	10.0
- Helsana Investment Ltd, Dübendorf	Holding	Fully consolidated	100	0.1
- indivo Insurance Ltd, Dübendorf	Health insurance	Fully consolidated	100	0.1
- SSS Schaden Service Switzerland Ltd, Zurich	Recourse settlement	Fully consolidated	50.9	0.1
- Procure Vorsorge AG, Dübendorf	Services	Fully consolidated	100	0.1
- Purchasing Cooperative HSK Ltd., Dübendorf	Services	Fully consolidated	60	0.1
- Aviga AG, Zurich	Case management	Equity method	50	1.0
- Topwell-Apotheken AG, Winterthur	Healthcare sector	Equity method	24.1	0.3

## 4. Notes to the consolidated income statement

Figures in CHF thousand	2,016	2015
Premium income	6,371,065	5,982,627
Reinsurers' share	-824	-872
<b>Total net premiums earned</b>	<b>6,370,241</b>	<b>5,981,755</b>
Cost of claims and benefits	-6,675,433	-6,449,511
Co-payments	646,188	638,539
Reinsurers' share	2,195	2,349
Change in technical provisions	-16,444	-12,726
Loss mitigation costs	-57,967	-54,416
<b>Total net cost of claims and benefits</b>	<b>-6,101,461</b>	<b>-5,875,765</b>
Personnel expenses	-365,381	-365,217
Administrative offices and operating equipment	-27,413	-26,781
IT costs	-94,048	-66,545
Marketing, advertising and commission	-92,495	-115,058
Other administrative expenses	-31,322	-17,654
Write-downs	-13,734	-10,700
<b>Total operating expenses, net</b>	<b>-624,393</b>	<b>-601,955</b>
Liquid funds (interest)	8,521	6,751
Receivables (interest risk adjustment, default interest, etc.)	4,143	3,831
Other income	1,684	12
<b>Total other operating income</b>	<b>14,348</b>	<b>10,594</b>
Liquid funds (interest)	-4,777	-5,189
Liabilities (interest risk adjustment, etc.)	-95	-43
Other expenses	-965	-464
<b>Total other operating expenses</b>	<b>-5,837</b>	<b>-5,696</b>
Non-operating income, third party	17,103	23,966
Non-operating expenses, third party	-14,446	-7,973
<b>Total non-operating income</b>	<b>2,657</b>	<b>15,993</b>
Extraordinary income	0	10
Extraordinary expenses	-28	-57
<b>Total extraordinary income</b>	<b>-28</b>	<b>-47</b>

## 5. Notes to the consolidated income statement – investments

Figures in CHF thousand	Ordinary earnings	Realised gains	Unrealised gains	Total 2015
<b>Investment income</b>				
Real estate	18,737	0	0	18,737
Bonds	88,804	225,789	19,835	334,428
Equities	26,369	81,783	61,041	169,193
Alternative investments	0	0	3,052	3,052
Real estate funds	0	46,226	29,058	75,284
Currency futures	0	91,753	0	91,753
Investments in other companies	191	1,562	9,997	11,750
Employer contribution reserve	0	209	0	209
Other investment income <sup>1</sup>	1,787	0	0	1,787
<b>Total investment income</b>	<b>135,888</b>	<b>447,322</b>	<b>122,983</b>	<b>706,193</b>
<b>Investment expenses</b>				
Real estate	0	0	-1,827	-1,827
Bonds	0	-202,591	-58,795	-261,386
Equities	0	-59,033	-83,827	-142,860
Alternative investments	0	-8,379	-30,423	-38,802
Real estate funds	0	-3,674	-29,177	-32,851
Currency futures	0	-63,376	-10,890	-74,266
Investments in other companies	0	0	-2,325	-2,325
Employer contribution reserve	0	-1,896	0	-1,896
Asset management costs	-11,231	0	0	-11,231
<b>Total investment expenses</b>	<b>-11,231</b>	<b>-338,949</b>	<b>-217,264</b>	<b>-567,444</b>
Change in provision for investment risk	0	0	15,000	15,000
<b>Total investment income 2015</b>	<b>124,657</b>	<b>108,373</b>	<b>-79,281</b>	<b>153,749</b>

Figures in CHF thousand	Ordinary earnings	Realised gains	Unrealised gains	Total 2016
<b>Investment income</b>				
Real estate	18,925	126	8,553	27,604
Bonds	82,298	172,272	3,896	258,466
Equities	23,857	64,023	100,097	187,977
Alternative investments	0	0	20,289	20,289
Real estate funds	0	79,941	23,951	103,892
Currency futures	0	30,491	15,243	45,734
Investments in other companies	234	1,566	9,027	10,827
Employer contribution reserve	0	0	167	167
Other investment income <sup>1</sup>	147	0	0	147
<b>Total investment income</b>	<b>125,461</b>	<b>348,419</b>	<b>181,223</b>	<b>655,103</b>

Figures in CHF thousand	Administrative costs	Realised losses	Non-realised losses	Total 2016
<b>Investment expenses</b>				
Real estate	0	-6	-5,410	-5,416
Bonds	0	-144,938	-8,299	-153,237
Equities	0	-73,981	-73,365	-147,346
Alternative investments	0	-35	-3,621	-3,656
Real estate funds	0	-14,830	-55,064	-69,894
Currency futures	0	-51,553	-1,910	-53,463
Investments in other companies	0	0	-26	-26
Employer contribution reserve	0	0	-1,378	-1,378
Asset management costs	-13,237	0	0	-13,237
<b>Total investment expenses</b>	<b>-13,237</b>	<b>-285,343</b>	<b>-149,073</b>	<b>-447,653</b>
Change in provision for investment risk			-152,000	-152,000
<b>Total investment income 2016</b>	<b>112,224</b>	<b>63,076</b>	<b>-119,850</b>	<b>55,450</b>

<sup>1</sup> Other investment income comprises retrocession repayments by the custodian financial institution.

## 6. Notes to the consolidated balance sheet – investments

Figures in CHF thousand	As at 1.1.2015	Additions/ disposals	Change in valuation adjustment	As at 31.12.2015
Real estate	318,265	865	-1,827	317,303
Bonds <sup>1</sup>	3,671,904	35,362	-38,959	3,668,307
Equities	1,099,502	53,187	-22,785	1,129,904
Alternative investments	109,366	51,535	-27,371	133,530
Real estate funds	530,448	-47,460	-120	482,868
Currency futures	-14,005	14,005	-10,891	-10,891
Investments in other companies	67,072	488	7,672	75,232
Loans and mortgages	10	-3	0	7
Employer contribution reserve	8,374	-1,687	0	6,687
<b>Investments</b>	<b>5,790,936</b>	<b>106,292</b>	<b>-94,281</b>	<b>5,802,947</b>

Figures in CHF thousand	As at 31.12.2015	Additions/ disposals	Change in valuation adjustment	As at 31.12.2016
Real estate	317,303	6,404	3,143	326,850
Bonds <sup>1</sup>	3,668,307	46,655	-4,404	3,710,558
Equities	1,129,904	12,945	26,732	1,169,581
Alternative investments	133,530	66,943	16,668	217,139
Real estate funds	482,868	67,683	-31,113	519,437
Currency futures	-10,891	0	13,333	2,442
Investments in other companies	75,232	-550	9,001	83,683
Loans and mortgages	7	6	0	13
Employer contribution reserve	6,687	0	-1,211	5,476
<b>Investments</b>	<b>5,802,947</b>	<b>200,085</b>	<b>32,149</b>	<b>6,035,180</b>

<sup>1</sup> The market value of the bonds (excluding accrued interest) is CHF 3,843,759,000 (CHF 3,857,716,000 as at 31 December 2015).

## 7. Currency futures

Figures in CHF thousand	Currency	Market value as at 31.12.2016		Market value as at 31.12.2015		
		Positive	Negative	Positive	Negative	
Futures	Hedges	CHF	3,378	0	2,355	-1,181
Futures	Hedges	USD	0	-511	1	-3,183
Futures	Hedges	EUR	24	0	0	-42
Futures	Hedges	JPY	0	0	9,328	0
<b>Total in bonds<sup>1</sup></b>			<b>3,402</b>	<b>-511</b>	<b>11,684</b>	<b>-4,406</b>
Futures	Hedges	USD	0	-917	0	-9,389
Futures	Hedges	EUR	1,264	0	0	-2,494
Futures	Hedges	GBP	2,095	0	992	0
<b>Total currency futures</b>			<b>3,359</b>	<b>-917</b>	<b>992</b>	<b>-11,883</b>

<sup>1</sup> The bond hedges are included in the bond asset class.

## 8. Statement of asset additions and disposals

### Fixed and intangible assets

Figures in CHF thousand	Office fixtures, fittings and equipment	IT hardware	Vehicles	Total property, plant and equipment	Projects	Software	Total intangible assets
<b>Net carrying amount as at 1.1.2015</b>	6,199	7,245	93	13,537	6,136	6,620	12,757
<b>Historical cost</b>							
Carrying amount as at 1.1.2015	143,234	50,516	567	194,317	9,204	8,276	17,480
Asset additions	1,990	7,283	199	9,472	42,988	10,703	53,691
Asset disposals	0	-6,283	-98	-6,381	0	0	0
<b>Carrying amount as at 31.12.2015</b>	<b>145,224</b>	<b>51,516</b>	<b>668</b>	<b>197,408</b>	<b>52,192</b>	<b>18,979</b>	<b>71,171</b>
<b>Accumulated valuation adjustments</b>							
Value adjustments as at 1.1.2015	-137,035	-43,272	-473	-180,780	-3,068	-1,655	-4,723
Depreciation and amortisation	-2,004	-6,558	-121	-8,683	-17,397	-3,796	-21,193
Asset disposals	0	5,877	58	5,935	0	0	0
<b>Value adjustments as at 31.12.2015</b>	<b>-139,039</b>	<b>-43,953</b>	<b>-536</b>	<b>-183,528</b>	<b>-20,465</b>	<b>-5,451</b>	<b>-25,916</b>
<b>Net carrying amount 31.12.2015</b>	<b>6,185</b>	<b>7,563</b>	<b>132</b>	<b>13,880</b>	<b>31,727</b>	<b>13,528</b>	<b>45,255</b>

Figures in CHF thousand	Office fixtures, fittings and equipment	IT hardware	Vehicles	Total property, plant and equipment	Projects	Software	Total intangible assets
<b>Net carrying amount as at 31.12.2015</b>	<b>6,185</b>	<b>7,563</b>	<b>132</b>	<b>13,880</b>	<b>31,727</b>	<b>13,528</b>	<b>45,255</b>
<b>Historical cost</b>							
Carrying amount as at 31.12.2015	145,224	51,516	668	197,408	52,192	18,979	71,171
Asset additions	1,998	2,644	20	4,662	56,735	7,763	64,498
Asset disposals	0	-2,507	-2	-2,509	0	0	0
<b>Carrying amount as at 31.12.2016</b>	<b>147,222</b>	<b>51,653</b>	<b>686</b>	<b>199,561</b>	<b>108,927</b>	<b>26,742</b>	<b>135,669</b>
<b>Accumulated valuation adjustments</b>							
Value adjustments as at 31.12.2015	-139,039	-43,953	-536	-183,528	-20,465	-5,451	-25,916
Depreciation and amortisation	-2,383	-6,020	-85	-8,488	-36,309	-5,348	-41,657
Asset disposals	0	2,506	2	2,508	0	0	0
<b>Value adjustments as at 31.12.2016</b>	<b>-141,422</b>	<b>-47,467</b>	<b>-619</b>	<b>-189,508</b>	<b>-56,774</b>	<b>-10,799</b>	<b>-67,573</b>
<b>Net carrying amount as at 31.12.2016</b>	<b>5,800</b>	<b>4,186</b>	<b>67</b>	<b>10,053</b>	<b>52,153</b>	<b>15,943</b>	<b>68,096</b>

## 9. Deferred charges and credits

Figures in CHF thousand	31.12.2016	31.12.2015
Accrued interest on investments	36,270	41,328
Risk compensation	293,551	280,370
Other accrued income and prepaid expenses	84,697	110,972
<b>Total deferred charges</b>	<b>414,518</b>	<b>432,670</b>
Risk compensation	68,287	89,458
Other deferred income and accrued expenses	27,806	33,759
<b>Total deferred credits</b>	<b>96,093</b>	<b>123,217</b>

## 10. Receivables and liabilities

Figures in CHF thousand	31.12.2016	31.12.2015
Policyholders	284,573	205,550
Insurance organisations	6,614	11,234
Related parties	1,338	4,350
Government offices	4,982	35,402
Other receivables	45,845	14,633
<b>Total receivables</b>	<b>343,352</b>	<b>271,169</b>
Policyholders	357,625	402,462
Insurance organisations	1,067	2,226
Service providers	95,309	212,098
Agents and brokers	1,790	1,885
Related parties	2,220	3,679
Government offices	709	3,045
Other liabilities	123,002	17,549
<b>Total liabilities</b>	<b>581,722</b>	<b>642,944</b>

## 11. Technical provisions

Figures in CHF thousand	Provision for claims and benefits <sup>1</sup>	Actuarial reserve <sup>2</sup>	Provision for policyholder participation	Claims equalisation reserve	Other technical provisions <sup>3</sup>	Total
<b>As at 1.1.2015</b>	<b>1,536,603</b>	<b>408,852</b>	<b>72,320</b>	<b>800,653</b>	<b>568,922</b>	<b>3,387,350</b>
Creation	1,215,485	13,144	12,401	0	12,734	1,253,764
Release	-1,155,419	-1,855	-26,091	-55,000	-2,673	-1,241,038
<b>As at 31.12.2015</b>	<b>1,596,669</b>	<b>420,141</b>	<b>58,630</b>	<b>745,653</b>	<b>578,983</b>	<b>3,400,076</b>

Figures in CHF thousand	Provision for claims and benefits <sup>1</sup>	Actuarial reserve <sup>2</sup>	Provision for policyholder participation	Claims equalisation reserve	Other technical provisions <sup>3</sup>	Total
<b>As at 31.12.2015</b>	<b>1,596,669</b>	<b>420,141</b>	<b>58,630</b>	<b>745,653</b>	<b>578,983</b>	<b>3,400,076</b>
Creation	1,256,732	0	794,638	41,061	412,250	2,504,681
Release	-1,242,022	0	-789,856	-54,900	-401,459	-2,488,238
Restatement				2,055	-2,055	0
<b>As at 31.12.2016</b>	<b>1,611,379</b>	<b>420,141</b>	<b>63,412</b>	<b>733,869</b>	<b>587,719</b>	<b>3,416,519</b>

<sup>1</sup> The amount of reinsurance in the provisions for claims and benefits was CHF 0 as at 31 December 2015 (CHF -1,492,000 as at 31.12.2015).

<sup>2</sup> The actuarial reserves were discounted with a technical interest rate of 2.75 per cent for the accident years up to 2013 and 2.0 per cent for 2014, 2015 and 2016 (Average term: 14.9 years).

<sup>3</sup> The other technical provisions comprise provisions for other compulsory health insurance products (OKP) (models such as HAV/HMO).

Ageing reserves were discounted with a technical interest rate of 1.0 per cent (Average term: 39.2 years).

## 12. Non-technical provisions

Figures in CHF thousand	Restructuring	Personnel/ brokers	Taxes	IT investments	Process risks	Other <sup>2</sup>	Total
<b>As at 1.1.2015</b>	<b>12,225</b>	<b>38,970</b>	<b>19,958</b>	<b>0</b>	<b>213</b>	<b>76,766</b>	<b>148,132</b>
Creation	3,000	27,840	58,382	380	0	9,551	99,153
Use	-9,958	-43,480	-24,560	-22	-213	-27,365	-105,598
<b>As at 31.12.2015</b>	<b>5,267</b>	<b>23,330</b>	<b>53,780</b>	<b>358</b>	<b>0</b>	<b>58,952</b>	<b>141,687</b>

Figures in CHF thousand	Restructuring	Personnel/ brokers	Taxes	IT investments	Process risks	Other <sup>2</sup>	Total
<b>As at 31.12.2015</b>	<b>5,267</b>	<b>23,330</b>	<b>53,780</b>	<b>358</b>	<b>0</b>	<b>58,952</b>	<b>141,687</b>
Creation	628	27,345	104,875	368	0	-1,281	131,935
Use	-4,240	-27,298	-90,786	-726	0	-32,296	-155,346
<b>As at 31.12.2016</b>	<b>1,655</b>	<b>23,377</b>	<b>67,869</b>	<b>0</b>	<b>0</b>	<b>25,375</b>	<b>118,277</b>

<sup>1</sup>The restructuring provisions include the costs of the organisational changes that were made as part of the cost reduction programme. The provisions for holiday and overtime claims as well as staff bonuses and broker fees are included under "Personnel/brokers".

<sup>2</sup>The other non-technical provisions include past provisions for subsequent premium corrections. In 2014, the Swiss Parliament decided to correct the imbalances in basic health insurance premiums accumulated from 1996 to 2013 in accordance with Art. 106 of the Federal Health Insurance Act (KVG). The financial correction process will take place between 2015 and 2017.

## 13. Provision for investment risk

Figures in CHF thousand	Provision for investment risk	Total
<b>As at 1.1.2015</b>	<b>654,632</b>	<b>654,632</b>
Creation	20,000	20,000
Release	-35,000	-35,000
<b>As at 31.12.2015</b>	<b>639,632</b>	<b>639,632</b>

Figures in CHF thousand	Provision for investment risk	Total
<b>As at 31.12.2015</b>	<b>639,632</b>	<b>639,632</b>
Creation	157,000	157,000
Release	-5,000	-5,000
<b>As at 31.12.2016</b>	<b>791,632</b>	<b>791,632</b>

## 14. Liabilities to pension funds

Employer contribution reserve in TCHF	Par value	Waiver of usage	Balance sheet	Release	Balance sheet	Earnings from employer contribution reserve	
	31.12.2015	2015	31.12.2015	2015	1.1.2015	2015	Prior year
Pension schemes	6,687	0	6,687	-1,896	8,374	209	68
<b>Total</b>	<b>6,687</b>	<b>0</b>	<b>6,687</b>	<b>-1,896</b>	<b>8,374</b>	<b>209</b>	<b>68</b>

Economic benefit/obligation and pension cost	Funding surplus/deficiency <sup>1</sup>	Economic interest of organisation		Change from prior year/recognised in income statement in reporting year	Contributions recognised in reporting period	Pension cost in personnel costs	
	31.12.2015	31.12.2015	1.1.2015			2015	Prior year
Pension plans with funding surplus	181,465	0	0	0	26,216	29,443	28,856
<b>Total</b>	<b>181,465</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>26,216</b>	<b>29,443</b>	<b>28,856</b>

Employer contribution reserve in TCHF	Par value	Waiver of usage	Balance sheet	Release	Balance sheet	Earnings from employer contribution reserve	
	31.12.2016	2016	31.12.2016	2016	31.12.2016	2016	Prior year
Pension schemes	5,476	0	5,476	-1,378	6,687	-167	209
<b>Total</b>	<b>5,476</b>	<b>0</b>	<b>5,476</b>	<b>-1,378</b>	<b>6,687</b>	<b>-167</b>	<b>209</b>

Economic benefit/obligation and pension cost	Funding surplus/deficiency <sup>1</sup>	Economic interest of organisation		Change from prior year/recognised in income statement in reporting year	Contributions recognised in reporting period	Pension cost in personnel costs	
	31.12.2016	31.12.2016	31.12.2015			2016	Prior year
Pension plans with funding surplus	150,191	0	0	0	30,096	30,096	29,443
<b>Total</b>	<b>150,191</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>30,096</b>	<b>30,096</b>	<b>29,443</b>

<sup>1</sup> The information is based on the audited 2015 and 2014 annual financial statements of the staff pension fund foundation of Helsana Insurance Company Ltd.

## 15. Supplementary information

### Contingent receivables/liabilities

Within the scope of Group VAT taxation, the Helsana Group is jointly and severally liable to the Swiss Federal Tax Administration. Verein Artisana is also included in the VAT group together with the fully consolidated companies.

### Significant related companies

Figures in CHF thousand	Transactions with the Helsana Group (net) <sup>1</sup>		Investments <sup>2</sup>		Technical provisions <sup>2</sup>	
	2016	2015	31.12.2015	31.12.2014	31.12.2015	31.12.2014
Name						
Solida Insurance Ltd, 8048 Zurich	11,637	10,848	594,515	557,868	531,275	488,344
Helsana Legal Protection Ltd, 5000 Aarau	16,886	16,229	40,086	37,620	35,958	32,468

<sup>1</sup> The transactions with associated companies include the sum of the statements of these companies, which include the transferred net premiums less any profit sharing and compensation for administration.

<sup>2</sup> The figures have been taken from the 2015 Annual Report.

# Report of the statutory auditor Helsana Group



**Ernst & Young AG**  
Maagplatz 1  
Postfach  
CH-8010 Zurich  
Telephone +41 58 286 31 11  
Fax +41 58 286 30 04  
www.ey.com/ch

To the General Meeting of Helsana AG, Dübendorf

Zurich, 7 February 2017

## Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Helsana AG, which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes, for the year ended 31 December 2016.

### Board of Directors' responsibility

The Board of Directors is responsible for the preparation of these consolidated financial statements in accordance with Swiss GAAP FER and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation

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

### Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2016 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

### Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

Ernst & Young AG

Stefan Marc Schmid  
Licensed audit expert  
(Auditor in charge)

Pascal Nikles  
Licensed audit expert  
(Auditor in charge)



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