

Helsana

Committed to life.



Helsana Group Annual Report

Key figures

1.9

million
policyholders

6.3

billion CHF
in benefits

6.4

billion CHF
in premium income

3,212

employees

100.2

%
combined
ratio

218

million CHF
profit for
the period

	2017	2016
Income statement		
Premiums earned	6,390,452	6,370,241
Insurance benefits	-6,315,342	-6,101,461
Operating expenses	-679,835	-624,393
Profit/loss for the period	217,882	97,969
In % of premiums earned		
Equity	35,5 %	32,2 %
Insurance cost (loss ratio)	89,5 %	89,3 %
Operating cost (cost ratio)	10,6 %	9,8 %
Combined ratio (sum of loss and expense ratios)	100,2 %	99,1 %

Dear Readers,

Helsana can look back on a very pleasing 2017 financial year. It was a year during which we generated an outstanding investment result and were able to report a balanced underwriting result. It was thus possible to further strengthen our equity base. Thanks to an improved premium position and a low termination rate, the number of policyholders with mandatory basic insurance cover increased by around 30,000 people. The strategic objective of advancing to the industry top 3 in terms of customer perception (according to the Net Promoter Score, NPS) remains a difficult task. However, we made further progress in 2017 and were able to reduce the gap to the leaders. While innovative market services such as the Helsana+ bonus programme have made a positive contribution, it is chiefly thanks to the great commitment of our employees that we can look to the future with confidence.



Thomas D. Szucs
Chairman of the Board of
Directors



Daniel H. Schmutz
CEO

Helsana impresses with 2017 annual result

The Helsana Group reports a profit of CHF 218 million for the 2017 financial year. The high profit is the result of outstanding investment success. Finances remain rock-solid.

Helsana looks back on a very pleasing 2017 financial year. The Group recorded a high corporate profit of CHF 218 million thanks to excellent investment performance, while delivering a balanced underwriting result. It also improved its premium position.

The combined ratios in the basic and supplementary insurance businesses are each in the break-even range. In the basic insurance business, the combined ratio has improved slightly relative to the prior-year level. In contrast, the combined ratio in the supplementary insurance business has worsened.

Increase in benefit costs slightly lower than in the previous year

The benefit costs of the Helsana Group increased further during 2017 and stood at CHF 6.315 billion (2016: CHF 6.101 billion) at the end of the year. Premium income increased to a comparable extent, totalling CHF 6.390 billion (2016: CHF 6.370 billion).

At almost 3 per cent, cost growth in 2017 was below prior-year levels. The KVG business saw a significant rise in costs for outpatient hospital treatment, physiotherapy and home care as well in medication and medical costs. Nevertheless, the costs in these cost categories increased less markedly than in the previous year. The cause of the

cost growth seen in the areas of physiotherapy and home care is the continuing increase in volumes. Medication costs, which in the basic insurance business already account for more than 20 per cent of costs, increased significantly and are continuing to do so. In particular, a sharp rise in medication costs for outpatient hospital treatment is being observed. There is still no prospect of a turnaround in terms of cost developments.

6.3

billion CHF
in benefits

“We are continuing to do our utmost to ensure a liberal and sustainable healthcare system for all.”

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

6.4

billion CHF
in premium income

218

million CHF
in profit

Balanced underwriting result

The underwriting result for 2017 fell slightly short of matching the underwriting profit of CHF 55 million posted in 2016. At 100.2 per cent (2016: 99.1 per cent), the combined ratio is almost balanced, meaning that the Group's underwriting result stands at CHF –10 million.

The 2017 combined ratio for the KVG business was 99.6 per cent (2016: 100.4 per cent) and thus falls within the targeted range.

At 99.0 per cent (2016: 95.8 per cent), the combined ratio for the VVG business worsened further, however: premium income only just covers the benefit costs. The worsening of the situation here can be attributed to the ongoing increase in benefit costs.

Relative to the previous year, the result in the accident insurance business deteriorated significantly: the combined ratio stands at

131.3 per cent (2016: 98.6 per cent). This deterioration can be put down to a one-time effect: the expected reduction in the technical interest rate has already been taken into account.

“Our customers are at the heart of everything we do. We go to great lengths to ensure that our services benefit all our customers.”

Daniel H. Schmutz, CEO

100.2%

combined ratio

Outstanding investment result

Helsana's investments performed extremely positively in 2017 despite several sources of uncertainty. With an overall performance of 6.02 per cent on investments of CHF 6.3 billion, the investment success made a significant contribution to the pleasing earnings result. Helsana's investment specialists have thus once more demonstrated their expertise; their performance in 2017 outstripped that of the benchmark by 1.77 per cent. An investment result of CHF 303.4 million was thus achieved. This persistently good investment performance shows that Helsana invests premiums appropriately in the interest of its customers. The broadly diversified investment portfolio has consistently helped to strengthen Helsana's financial capacity in the past few years. This has benefited policy-holders, as part of this financial success has been used to cushion the increase in premiums.

Rock-solid finances

All companies in the Helsana Group continue to meet the legal requirements concerning solvency. The equity base is strong and stood at CHF 2.271 billion for the Group as a whole at the end of 2017. Helsana's market position thus remains solid and provides a good basis for the future.

On 1 January 2017, the Helsana Group merged the Avanex and Helsana brands as well as the Sansan and Progrès brands. In doing so, Helsana reacted to new statutory conditions, including the refinement of the risk compensation scheme. The resulting increase in size of the policyholder groups will ensure additional stability with regard to premium developments.

2.3

billion CHF
Equity

Improved premium position – well prepared for the future

The adjusted starting position and further changes, such as the switch of calculation logic for discounts relating to alternative insurance models, will lead to a significant improvement in Helsana's market and premium position in the basic insurance business. An additional 95,000 customers have been won; the significant efforts made in the area of customer retention meant that the number of departures was limited compared to the prior year. The customer base in the area of compulsory health insurance was increased by around 30,000 (+2.5 per cent). In the supplementary insurance business, the customer base remained fairly constant despite many premium adjustments

(–0.5 per cent). In the corporate business, focus was increasingly placed on improving profitability instead of growth.

303.4

million CHF
investment result

The strategic objective of advancing to the industry top 3 in terms of customer perception (according to the Net Promoter Score, NPS) is and will remain a challenge. Helsana has made good progress towards achieving this goal and has reduced the gap to the top 3 considerably. A major contribution in this regard has been made by innovative projects, such as the launch of the Helsana+ ("Helsana Plus") bonus programme, which already has 50,000 users.

Commitment to quality and efficiency

In light of the steady increase in premiums, meaningful and sustainable reforms are urgently required. The entire system must be strengthened and greater personal responsibility needs to be taken. The introduction of uniform financing for outpatient and inpatient benefits would represent an important step in the right direction. This would allow for the eradication of misplaced incentives and the increase in costs to be cushioned. We are therefore supporting this plan – in the interests of our policyholders.

Good management is based on rules

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.

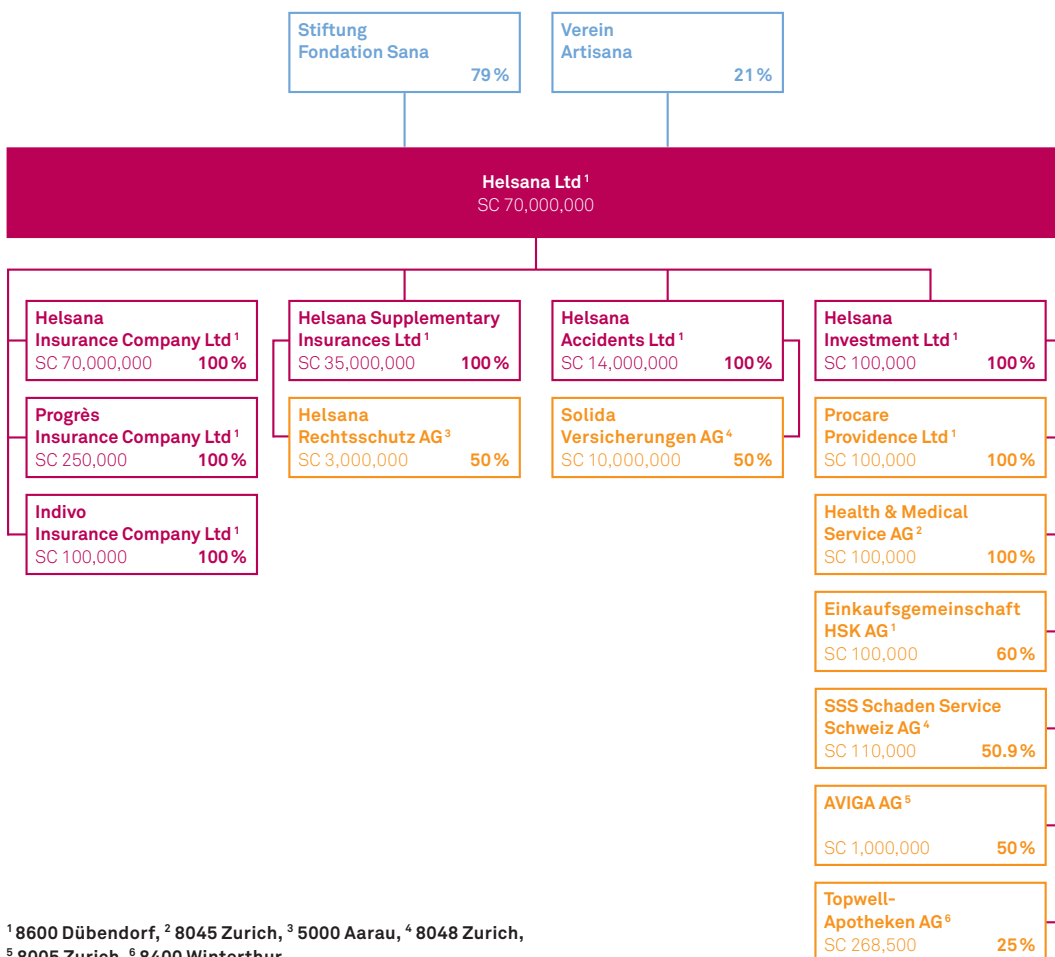
At the Helsana Group, corporate governance encompasses the entire organisation of the company as well as the management and control instruments with which it meets legal requirements. In terms of transparency and responsibilities, it follows the recommendations of the Swiss Code of Best Practice for 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 26 members and a committee of seven members. Verein Artisana is governed by a board of seven 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.



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 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 the Executive Board 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. Four 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 (2017: nine sessions).

Four standing committees support the work of the Board of Directors

Committees	Executive & Remuneration Committee	Audit & Risk Management Committee	Investment Committee	Digitalisation Committee* * established in July 2017
Composition	Prof. Dr. Thomas D. Szucs (Chair), Michela Ferrari-Testa and Reto Stump	Dr. Christiane Roth-Godat (Chair), Yves Cuendet, Severin Moser and Dr. Benedikt Koch	Prof. Dr. Thomas D. Szucs (Chair), Daniel Loup and Dr. Jürg Dommer	Reto Stump (Chair), Prof. Dr. Thomas D. Szucs, Severin Moser
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 Board 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.	Demanding and promoting "digital maturity" and ensuring the sustainable development of the Helsana Group with respect to digitalisation. The Digitalisation Committee is involved in the formulation and further development of the digitalisation strategy for the Board of Directors.
Meetings	The four standing committees meet as often as business requires (number of meetings in 2017: Executive & Remuneration Committee 8, Audit & Risk Management Committee: 4, Investment Committee: 5, Digitalisation Committee: 3).			

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 Management 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 Board

The Executive Board 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

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 Board in accordance with the guidelines of the Board of Directors. The total remuneration of the Executive Board is composed of a fixed annual salary, a variable component and employer contributions to social insurance and the pension fund. The variable component is dependent on objective attainment.

Remuneration of serving members of Group bodies

The Helsana Group reports the highest remuneration paid to an individual member separately for each of the two bodies. In 2017, the following remuneration was paid to acting members of the Board of Directors and the Executive Board: the total remuneration of the Board of Directors amounted to CHF 1,082,700. This amount includes all remuneration for their work on the Board of Directors and in the four standing Board Committees. The Chair of the Board of Directors received remuneration of CHF 308,270. This includes remuneration received for his work as Chair and the expenses for his other Board Committee chairmanships as well as remuneration for his cooperation within other committees and associations. In 2017, the remuneration of the Board of Directors overall was reviewed and revised taking account of market-relevant data. The Board of Directors consciously continues to receive no variable components. The remuneration amount takes account of the increased level of work associated with the mandate of the Chair of the Board of Directors and of the other members of the Board of Directors as required by law and under the applicable regulations.

The total remuneration of the five-member Executive Board consisted of cash payments of CHF 2,182,800, pension contributions of CHF 314,700 and other compensation of CHF 141,000. The Chief Executive Officer received the highest remuneration in the form of a cash payment of CHF 564,000, pension contributions of CHF 90,100 and other compensation of CHF 32,400. The cash payments include the basic salary and all variable components. Total compensation increased slightly in 2017 compared to 2016, as the degree of objective achievement used for calculating the variable component was somewhat higher than in the previous year.

The members of the Executive Board 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 Board.

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 liquidators 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 Board 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. Rolf Bächler has been the lead auditor since 2017. The audit fees amounted to CHF 601,756 in 2017. Additional fees for consulting totalled CHF 247,177 in 2017.

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 (VAC). 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, 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

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
Client Services & Benefits



Jürg Stupp
Sales & Marketing



Roman Sonderegger
Finance & Insurance
since 1.5.2017



Hans-Peter Keller
Information Technology
since 1.3.2017

Head of Finance & Insurance a.i. until 30.4.2017: Ronny Bächtold
Head of Information Technology & Services until 28.2.2017: Achim Baumstark

Consolidated financial statements of the Helsana Group

Consolidated income statement

Figures in CHF thousand	Notes	2017	2016
Net premiums earned	4	6,390,452	6,370,241
Net cost of claims and benefits	4	-6,315,342	-6,101,461
Allocated interest		10,132	10,020
Risk adjustment between insurers		624,599	434,630
Policyholder participation		-39,837	-34,258
Net operating expenses	4	-679,835	-624,393
Underwriting result		-9,831	54,778
Investment income		757,624	655,103
Investment expenses		-403,244	-447,653
Change in provision for investment risk		-51,000	-152,000
Earnings from investments	5	303,380	55,450
Allocated interest expenses		-10,132	-10,020
Other operating income	4	9,384	14,348
Other operating expenses	4	-67,820	-5,837
Operating earnings		224,981	108,720
Non-operating earnings	4	5,317	2,657
Extraordinary earnings	4	-12	-28
Consolidated earnings before taxes		230,286	111,349
Deferred income taxes		1,748	57,412
Income taxes		-13,424	-70,027
Non-controlling interest		-728	-765
Consolidated earnings		217,882	97,969

Consolidated balance sheet

Figures in CHF thousand	Notes	31.12.2017	31.12.2016
Assets			
Investments	6, 7	6,272,074	6,035,180
Intangible assets	8	29,506	68,096
Property, plant and equipment	8	13,410	10,053
Deferred charges	9	612,058	414,518
Deferred income tax assets ¹		98,300	96,564
Receivables	10	378,903	343,352
Cash and cash equivalents		188,502	91,244
Total assets		7,592,753	7,059,008
Liabilities and equity			
Organisation capital		70,000	70,000
Capital reserves		405,601	405,601
Retained earnings		1,574,940	1,479,071
Consolidated earnings		217,882	97,969
Non-controlling interest		2,309	2,072
Equity		2,270,732	2,054,714
Technical provisions, net	11	3,638,098	3,416,519
Non-technical provisions	12	124,867	118,277
Provision for investment risk	13	842,632	791,632
Deferred credits	9	56,612	96,093
Deferred income tax liabilities ¹		38	50
Liabilities	10	659,774	581,722
Liabilities		5,322,021	5,004,294
Total liabilities and equity		7,592,753	7,059,008

¹ 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	2017	2016
Consolidated earnings		217,882	97,969
Write-downs / write-ups on investments	6	-127,509	-32,149
<i>Of which write-downs / write-ups on equity-accounted participations</i>	6	-25,975	9,001
Write-downs / write-ups on intangible assets	8	38,589	41,657
Write-downs / write-ups on property, plant and equipment	8	9,621	8,547
Write-downs / write-ups on receivables		28,335	20,127
Change in net technical provisions	11	221,579	16,444
Change in non-technical provisions	12	6,590	-23,411
Change in provision for investment risk	13	51,000	152,000
Loss / gain on disposal of property, plant and equipment	8	188	-59
Change in deferred charges	9	-197,540	18,151
Change in deferred income taxes		-1,748	-57,412
Change in receivables	10	-63,886	-92,310
Change in deferred credits	9	-39,481	-27,123
Change in liabilities	10	-31,948	-61,222
Cash flow from operating activities		111,672	61,210
Investment / divestment of investments	6	-109,386	-200,085
Investment / divestment of intangible assets	8	0	-64,498
Investment / divestment of property, plant and equipment	8	-13,165	-4,662
Cash flow from investment activities		-122,551	-269,244
Assumption of current financial liabilities	10	110,000	0
Dividends to shareholders		-2,100	-1,400
Dividends to non-controlling interests		-491	-975
Change in non-controlling interest / third parties		728	766
Cash flow from financing activities		108,137	-1,610
Total cash flow = change in cash and cash equivalents		97,258	-209,644
Cash and cash equivalents opening amount at 1.1		91,244	300,888
Cash and cash equivalents closing amount at 31.12		188,502	91,244
Change in cash and cash equivalents¹		97,258	-209,644

¹ **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
Equity as at 1.1.2016	70,000	405,601	1,464,535	15,936	2,282	1,958,354
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
Equity as at 31.12.2016	70,000	405,601	1,479,071	97,969	2,072	2,054,714

Figures in CHF thousand	Organisation capital	Capital reserves	Retained earnings	Consolidated earnings	Non-controlling interest	Total
Equity as at 31.12.2016	70,000	405,601	1,479,071	97,969	2,072	2,054,714
Appropriation of net income			97,969	-97,969		0
Dividend payment			-2,100			-2,100
Profit/loss for the period				217,882	237	218,119
Equity as at 31.12.2017	70,000	405,601	1,574,940	217,882	2,309	2,270,732

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

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

	Insurance under KVG ¹		Insurance under VVG ²	
	2017	2016	2017	2016
Net premiums earned	4,497,206	4,521,402	1,751,153	1,701,603
Net cost of claims and benefits	-4,791,719	-4,692,037	-1,352,970	-1,280,701
Allocated interest	0	0	0	0
Risk adjustment between insurers	624,599	434,630	0	0
Policyholder participation	-7,494	-8,515	-30,010	-23,239
Net operating expenses	-306,253	-273,635	-349,849	-326,857
Underwriting result	16,339	-18,155	18,324	70,806
Investment income	292,530	221,732	302,906	283,092
Investment expenses	-170,705	-153,435	-127,204	-200,213
Change in provision for investment risk	26,000	-10,000	-85,000	-97,000
Earnings from investments	147,825	58,297	90,702	-14,121
Allocated interest expenses	0	0	0	0
Other operating income	8,017	7,211	1,032	6,401
Other operating expenses	-2,471	-2,657	-65,852	-2,100
Operating earnings	169,710	44,696	44,206	60,986
Non-operating earnings	216	-190	-117	790
Exceptional earnings	-12	-24	0	-5
Consolidated earnings before taxes	169,914	44,482	44,089	61,771
Deferred income taxes	0	0	4,379	59,008
Income taxes	0	0	-12,238	-64,797
Non-controlling interest	0	0	0	0
Consolidated earnings	169,914	44,482	36,230	55,982

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

² **Insurance under VVG** This segment comprises the companies that offer insurance products under the VVG.

³ **Insurance under UVG** This segment comprises the companies that offer insurance products under the UVG.

⁴ **Other** This segment comprises all other companies.

Insurance under UVG ³		Other ⁴		Elimination		Total	
2017	2016	2017	2016	2017	2016	2017	2016
142,247	147,393	0	0	-154	-157	6,390,452	6,370,241
-170,807	-128,880	0	0	154	157	-6,315,342	-6,101,461
10,132	10,020	0	0	0	0	10,132	10,020
0	0	0	0	0	0	624,599	434,630
-2,333	-2,505	0	0	0	0	-39,837	-34,258
-23,733	-23,901	0	0	0	0	-679,835	-624,393
-44,494	2,127	0	0	0	0	-9,831	54,778
89,156	95,104	99,232	85,175	-26,200	-30,000	757,624	655,103
-68,157	-52,894	-38,378	-41,111	1,200	0	-403,244	-447,653
-2,000	5,000	10,000	-50,000	0	0	-51,000	-152,000
18,999	47,210	70,854	-5,936	-25,000	-30,000	303,380	55,450
-10,132	-10,020	0	0	0	0	-10,132	-10,020
448	750	959	1,068	-1,072	-1,082	9,384	14,348
-177	-920	-392	-1,241	1,072	1,082	-67,820	-5,837
-35,356	39,148	71,421	-6,110	-25,000	-30,000	224,981	108,720
-26	-41	5,244	2,098	0	0	5,317	2,657
0	0	0	0	0	0	-12	-28
-35,382	39,107	76,665	-4,012	-25,000	-30,000	230,286	111,349
-2,603	-1,711	-28	116	0	0	1,748	57,412
-82	-4,512	-1,104	-718	0	0	-13,424	-70,027
0	0	-728	-765	0	0	-728	-765
-38,067	32,884	74,805	-5,379	-25,000	-30,000	217,882	97,969

2. Consolidation and accounting principles

General

The consolidated financial statements 2017 are presented in accordance with the Swiss GAAP accounting and reporting recommendations (Swiss GAAP FER) and 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 has applied Swiss GAAP FER 30 (Consolidation) in conjunction with Swiss GAAP FER 41 since 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

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.

On 1 January 2017, LLC Consulting AG of Helsana Supplementary Insurances Ltd was sold to Helsana Investment Ltd and was renamed Health & Medical Service AG on 25 April 2017.

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 2018, Progrès Insurance Ltd absorbed Indivo 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 (6 February 2018).

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:

	31.12.2017	31.12.2016
Unit/currency	Price	Price
1 EUR	1.16963	1.07198
1 GBP	1.31744	1.25589
1 USD	0.97634	1.01636
100 JPY	0.86662	0.87140
1 CAD	0.77792	0.75786
1 AUD	0.76221	0.73594

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 and bond funds

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. Investments in similar securities without a fixed term (e.g. bond funds) or without a defined redemption price are reported at their market value.

Equities

Equities include equity securities such as stocks and similar securities.

Such assets are marketable and are valued at market price. Periodic changes in the carrying amount are recognised in the income statement. Any impairments are booked accordingly.

Collective investment schemes

Collective investment schemes (equity funds, alternative investments, real estate funds, etc.) are reported as a separate item. They are measured at current value. Periodic changes in the carrying amount are recognised in the income statement.

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.

Property, plant and equipment

Property, plant and equipment 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 of up to 180 days with a rate of 0.25 per cent. 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.

Provisions for investment risk

The provisions for investment risk map the long-term volatilities of the capital market. The provisions are based on the total portfolio and are reviewed annually. The target provisions for investment risk are calculated on the basis of

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

If the investments during the reporting period experience above-average losses in value, the provisions for investment risk can also be liquidated in the income statement, either in full or in part. If the values of the investments increase by more than the average during the reporting period, the provisions 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. Consolidated companies 2017

Name	Sector	Consolidation	Share- holding in %	Capital in CHF m
Helsana Ltd, Dübendorf	Holding	Fully consolidated	100	70.0
– Helsana Insurance Company Ltd, Dübendorf	Health insurance	Fully consolidated	100	70.0
– Helsana Supplementary Insurances Ltd, Dübendorf	Health insurance	Fully consolidated	100	35.0
– Helsana Legal Protection Ltd, Aarau	Legal expenses insurance	Equity method	50	3.0
– Progrès Insurance Ltd, Dübendorf	Health insurance	Fully consolidated	100	0.3
– Indivo 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
– SSS Schaden Service Switzerland Ltd, Zurich	Recourse settlement	Fully consolidated	50.9	0.1
– Health & Medical Service AG, Zurich	Healthcare sector	Fully consolidated	100	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	25	0.3

4. Notes to the consolidated income statement

Figures in CHF thousand	2017	2016
Premium income	6,391,250	6,371,065
Reinsurers' share	-798	-824
Total net premiums earned	6,390,452	6,370,241
Cost of claims and benefits	-6,663,482	-6,675,433
Co-payments	633,539	646,188
Reinsurers' share	0	2,195
Change in technical provisions	-221,578	-16,444
Loss mitigation costs	-63,821	-57,967
Total net cost of claims and benefits	-6,315,342	-6,101,461
Personnel expenses	-378,849	-365,381
Administrative offices and operating equipment	-25,696	-27,413
IT costs	-97,016	-94,048
Marketing, advertising and commission	-70,438	-92,495
Other administrative expenses	-93,894	-31,322
Write-downs	-13,942	-13,734
Total operating expenses, net	-679,835	-624,393
Liquid funds (interest)	2,763	8,521
Receivables (interest risk adjustment, default interest, etc.)	5,244	4,143
Other income	1,377	1,684
Total other operating income	9,384	14,348
Liquid funds (interest)	-2,707	-4,777
Liabilities (interest risk adjustment, etc.)	-77	-95
Other expenses	-65,036	-965
Total other operating expenses	-67,820	-5,837
Non-operating income, third party	18,774	17,103
Non-operating expenses, third party	-13,457	-14,446
Total non-operating income	5,317	2,657
Extraordinary expenses	-12	-28
Total extraordinary income	-12	-28

5. Notes to the consolidated income statement – investments

Figures in CHF thousand	Ordinary earnings	Realised gains	Unrealised gains	Total 2016
Investment income				
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 ¹	147	0	0	147
Total investment income	125,461	348,419	181,223	655,103
Investment expenses				
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
Total investment expenses	-13,237	-285,343	-149,073	-447,653
Change in provision for investment risk	0	0	-152,000	-152,000
Total investment income 2016	112,224	63,076	-119,850	55,450

¹ Other investment income comprises retrocession repayments by the custodian financial institution.

Figures in CHF thousand	Ordinary earnings	Realised gains	Unrealised gains	Total 2017
Investment income				
Real estate	19,123	608	10,321	30,052
Bonds	70,119	168,807	15,708	254,634
Bond funds	0	0	2,009	2,009
Equities	25,037	157,227	145,170	327,434
Alternative investments	0	0	14,235	14,235
Real estate funds	0	19,896	62,168	82,064
Currency futures	0	29,029	8,802	37,831
Investments in other companies	350	3,300	907	4,557
Employer contribution reserve	0	0	220	220
Other investment income ¹	4,588	0	0	4,588
Total investment income	119,217	378,867	259,540	757,624

Figures in CHF thousand	Administrative costs	Realised losses	Non-realised losses	Total 2017
Investment expenses				
Real estate	0	-2,218	-5,185	-7,403
Bonds	0	-136,390	-18,403	-154,793
Bond funds	0	0	-171	-171
Equities	0	-48,029	-63,043	-111,072
Alternative investments	0	-30	-8,250	-8,280
Real estate funds	0	-3,326	-3,125	-6,451
Currency futures	0	-64,863	-5,972	-70,835
Investments in other companies	0	0	-26,882	-26,882
Employer contribution reserve	0	0	-1,001	-1,001
Other investment expenses	-3,859	0	0	-3,859
Asset management costs	-12,497	0	0	-12,497
Total investment expenses	-16,356	-254,856	-132,032	-403,244
Change in provision for investment risk	0	0	-51,000	-51,000
Total investment income 2017	102,861	124,011	76,508	303,380

¹ 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 1.1.2016	Additions/ disposals	Change in valuation adjustment	As at 31.12.2016
Real estate	317,303	6,404	3,143	326,850
Bonds ¹	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
Investments	5,802,947	200,085	32,149	6,035,180

Figures in CHF thousand	As at 31.12.2016	Additions/ disposals	Change in valuation adjustment	As at 31.12.2017
Real estate	326,850	2,963	5,136	334,949
Bonds ¹	3,710,558	31,827	-2,695	3,739,690
Bond funds	0	22,573	1,839	24,412
Equities	1,169,581	-15,431	82,128	1,236,278
Alternative investments	217,139	31,943	5,985	255,067
Real estate funds	519,437	35,610	59,043	614,090
Currency futures	2,442	0	2,830	5,272
Investments in other companies	83,683	-95	-25,975	57,613
Loans and mortgages	13	-4	0	9
Employer contribution reserve	5,476	0	-782	4,694
Investments	6,035,179	109,386	127,509	6,272,074

¹ The market value of the bonds (excluding accrued interest) is CHF 3,926,178,000 (CHF 3,843,759,000 as at 31 December 2016).

7. Currency futures

Figures in CHF thousand		Currency	Market value as at 31.12.2017		Market value as at 31.12.2016	
			Positive	Negative	Positive	Negative
Futures	Hedges	CHF	4,486	0	3,378	0
Futures	Hedges	USD	0	-325	0	-511
Futures	Hedges	EUR	0	-500	24	0
Total in bonds¹			4,486	-825	3,402	-511
Futures	Hedges	USD	7,671	0	0	-917
Futures	Hedges	EUR	0	-2,612	1,264	0
Futures	Hedges	GBP	214	0	2,095	0
Total currency futures			7,885	-2,612	3,359	-917

¹ 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
Net carrying amount as at 1.1.2016	6,185	7,563	132	13,880	31,727	13,528	45,255
Historical cost							
Carrying amount as at 1.1.2016	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
Carrying amount as at 31.12.2016	147,222	51,653	686	199,561	108,927	26,742	135,669
Accumulated valuation adjustments							
Value adjustments as at 1.1.2016	-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
Value adjustments as at 31.12.2016	-141,422	-47,467	-619	-189,508	-56,774	-10,799	-67,573
Net carrying amount as at 31.12.2016	5,800	4,186	67	10,053	52,153	15,943	68,096

Figures in CHF thousand	Office fixtures, fittings and equipment	IT hardware	Vehicles	Total property, plant and equipment	Projects	Software	Total intangible assets
Net carrying amount as at 31.12.2016	5,800	4,186	67	10,053	52,153	15,943	68,096
Historical cost							
Carrying amount as at 31.12.2016	147,222	51,653	685	199,560	108,927	26,742	135,669
Asset additions	3,078	9,883	204	13,165	0	0	0
Asset disposals	-16	-10,538	-34	-10,588	0	0	0
Carrying amount as at 31.12.2017	150,284	50,997	856	202,137	108,928	26,742	135,670
Accumulated valuation adjustments							
Value adjustments as at 31.12.2016	-141,422	-47,466	-619	-189,507	-56,775	-10,799	-67,574
Depreciation and amortisation	-2,962	-6,531	-128	-9,621	-33,241	-5,348	-38,590
Asset disposals	3	10,363	34	10,400	0	0	0
Value adjustments as at 31.12.2017	-144,381	-43,633	-713	-188,727	-90,016	-16,148	-106,164
Net carrying amount as at 31.12.2017	5,903	7,364	143	13,410	18,912	10,595	29,506

9. Deferred charges and credits

Figures in CHF thousand	31.12.2017	31.12.2016
Accrued interest on investments	34,079	36,270
Risk compensation	434,289	293,551
Other accrued income and prepaid expenses	143,690	84,697
Total deferred charges	612,058	414,518
Risk compensation	13,185	68,287
Other deferred income and accrued expenses	43,427	27,806
Total deferred credits	56,612	96,093

10. Receivables and liabilities

Figures in CHF thousand	31.12.2017	31.12.2016
Policyholders	315,503	284,573
Insurance organisations	5,199	6,614
Related parties	561	1,338
Government offices	20,306	4,982
Other receivables	37,334	45,845
Total receivables	378,903	343,352
Policyholders	281,069	357,625
Insurance organisations	821	1,067
Service providers	80,224	95,309
Agents and brokers	1,712	1,790
Related parties	2,232	2,220
Government offices	18,411	709
Current financial liabilities	110,000	0
Other liabilities	165,305	123,002
Total liabilities	659,774	581,722

11. Technical provisions

Figures in CHF thousand	Provision for claims and benefits ¹	Actuarial reserve ²	Provision for policyholder participation	Claims equalisation reserve	Other technical provisions ³	Total
As at 1.1.2016	1,596,669	420,141	58,630	745,653	578,983	3,400,076
Creation	1,227,168	29,564	794,638	41,061	412,250	2,504,681
Release	-1,219,656	-22,366	-789,856	-54,900	-401,459	-2,488,238
Restatement	0	0	0	2,055	-2,055	0
As at 31.12.2016	1,604,181	427,339	63,412	733,869	587,719	3,416,519

Figures in CHF thousand	Provision for claims and benefits ¹	Actuarial reserve ²	Provision for policyholder participation	Claims equalisation reserve	Other technical provisions ³	Total
As at 31.12.2016	1,604,181	427,339	63,412	733,869	587,719	3,416,519
Creation	1,195,210	21,126	827,164	287,804	56,617	2,387,921
Release	-1,243,922	-30,122	-800,802	-57,659	-33,837	-2,166,342
As at 31.12.2017	1,555,469	418,343	89,774	964,014	610,499	3,638,098

¹ The amount of reinsurance in the provisions for claims and benefits was CHF 0 as at 31 December 2017 (CHF 0 as at 31.12.2016).

² 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, 2016 and 2017 (Average term: 15.3 years).

³ 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 ¹	Personnel/ brokers ²	Taxes	IT investments	Process risks ³	Other ⁴	Total
As at 1.1.2016	5,267	23,330	53,780	358	0	58,952	141,687
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
As at 31.12.2016	1,655	23,377	67,869	0	0	25,375	118,277

Figures in CHF thousand	Restructuring ¹	Personnel/ brokers ²	Taxes	IT investments	Process risks ³	Other ^{4/5}	Total
As at 31.12.2016	1,655	23,377	67,869	0	0	25,375	118,277
Creation	0	41,073	7,025	0	2,190	66,793	117,081
Use	-1,252	-25,067	-73,915	0	0	-10,257	-110,491
As at 31.12.2017	403	39,383	979	0	2,190	81,911	124,867

¹ The restructuring provisions include the costs of the organisational changes that were made as part of the cost reduction programme.

² The provisions for holiday and overtime claims as well as staff bonuses and broker fees are included under "Personnel/brokers".

³ The process risks include subsequent licensing requirements. Any payments were deferred accordingly.

⁴ 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 took place between 2015 and 2017.

⁵ The Swiss Financial Market Supervisory Authority (FINMA) has ordered a restriction for the awarding of discounts. The potential compensation payment to individual policyholders was set aside conservatively in 2017 at CHF 65 million.

13. Provisions for investment risk

Figures in CHF thousand	Provision for investment risk	Total
As at 1.1.2016	639,632	639,632
Creation	157,000	157,000
Release	-5,000	-5,000
As at 31.12.2016	791,632	791,632

Figures in CHF thousand	Provision for investment risk	Total
As at 31.12.2016	791,632	791,632
Creation	102,000	102,000
Release	-51,000	-51,000
As at 31.12.2017	842,632	842,632

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	
	31.12.2016	2016	31.12.2016	2016	31.12.2016	2016	Prior year
Pension schemes	5,476	0	5,476	-1,378	6,687	-167	209
Total	5,476	0	5,476	-1,378	6,687	-167	209

Economic benefit/ obligation and pension cost	Funding surplus/ deficiency ¹	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
Total	150,191	0	0	0	30,096	30,096	29,443

Employer contribution reserve in TCHF	Par value	Waiver of usage	Balance sheet	Release	Balance sheet	Earnings from employer contribution reserve	
	31.12.2017	2017	31.12.2017	2017	31.12.2017	2017	Prior year
Pension schemes	4,695	0	4,695	-1,001	3,913	219	-167
Total	4,695	0	4,695	-1,001	3,913	219	-167

Economic benefit/ obligation and pension cost	Funding surplus/ deficiency ¹	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	
	31.12.2017	31.12.2017	31.12.2016			2017	Prior year
Pension plans with funding surplus	158,698	0	0	0	31,709	31,709	30,096
Total	158,698	0	0	0	31,709	31,709	30,096

¹ The information is based on the audited 2015 and 2016 annual financial statements of the staff pension fund foundation of Helsana Insurance Company Ltd.

15. Other information

Collateral for own liabilities, reservation of ownership

The total amount of the assets used as collateral stood at CHF thousand 166,055 as at the reporting date (bonds incl. accrued interest).

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) ¹		Investments ²		Technical provisions ²	
	2017	2016	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Name						
Solida Insurance Ltd, 8048 Zurich	11,957	11,637	612,996	594,515	540,751	531,275
Helsana Legal Protection Ltd, 5000 Aarau	17,238	16,886	44,724	40,086	38,963	35,958

¹ 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.

² The figures have been taken from the 2016 Annual Report.

Report of the statutory auditor



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To the General Meeting of Helsana Ltd, Dübendorf

Zurich, 6 February 2018

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Helsana Ltd, which comprise the income statement, balance sheet, cash flow statement, statement of changes in equity and notes, for the year ended 31 December 2017.

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 2017 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 Ltd

Rolf Bächler
Licensed audit expert
(Auditor in charge)

Monika Löber
Licensed audit expert



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