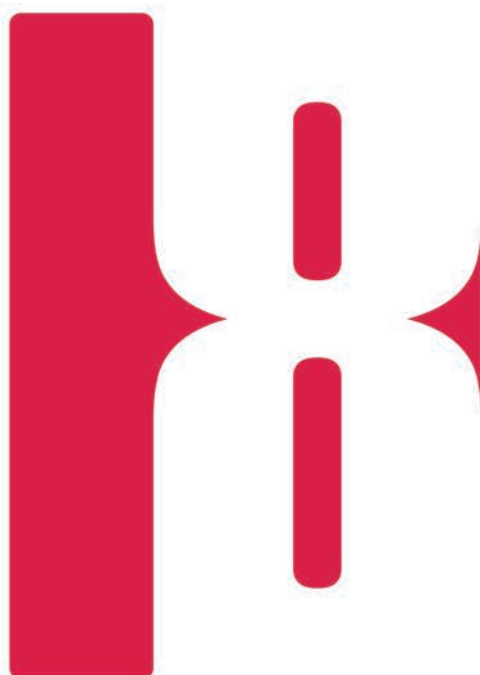


ACTIVITY REPORT 2018



Insured. Right now.



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“Groupe Mutuel’s added value lies in its employees and in their human and technical skills. Every day, they fulfil their role and invest themselves fully. Whether in agencies, on the phone or when providing advice during home visits, they are the faces and voices of Groupe Mutuel.”

Focus on our customers

Our company is changing and our employees are at the heart of these changes. They are the ones who have ongoing contact with our insured members, who provide them with support and handle their requests. Groupe Mutuel’s added value lies in its employees and in their human and technical skills. Every day, they fulfil their role and invest themselves fully. Whether in agencies, on the phone or when providing advice during home visits, they are the faces and voices of Groupe Mutuel. Today, we have chosen to put them in the spotlight, by describing some of our departments throughout this 2018 Activity Report.

Last year, Groupe Mutuel became a holding company. It was important for us to simplify and clarify roles and to increase transparency.

These are not mere words, but also actions. In particular with the creation of Groupe Mutuel Foundation, which oversees the holding company and, through its non-profit activities, provides support to individual insureds and corporate clients,

as well as to associations. This is also the case for the first activity report of Groupe Mutuel Holding SA, which we have chosen to divide into two separate sections: financial information on the one hand and, on the other, a more institutional approach. This in order to ensure that the results are easier to read and, consequently, to understand.

The 2018 financial results are very positive. They serve to increase the company’s financial stability, including by allowing it to reach the level of reserves required for our various insurers in terms of compulsory health insurance. In this area, there has been a significant decline in the number of insured persons, due mainly to the substantial increase in insurance premiums in 2017. However, we can be proud of other business sectors of Groupe Mutuel, such as corporate insurance, where we have registered the entry of over 1,000 new corporate clients.

These solid financial foundations allow us to face the long-term with confidence, because the future is being built today. The role of the insurer will certainly change in the coming years. New players are expected to enter the insurance and health industry, including in Switzerland. It is possible that these developments will have a lasting impact on the entire industry. This is why it is our responsibility to be proactive and to imagine, together with you and our partners, the insurance industry of tomorrow. For this reason, Groupe Mutuel has decided to focus in particular on innovation in order to provide you with the best possible support today and in the future. This in order to make your life easier.

Karin Perraudin
President

Paul Rabaglia
Chief Executive Officer

Key figures

GROUPE MUTUEL HOLDING SA



5.619

Collected premiums / Turnover
(consolidated figures in CHF million)



308

Annual results
(consolidated figures in CHF million)



1,327,594

Number of individual customers
(as at 01.01 of the following year)



23,000

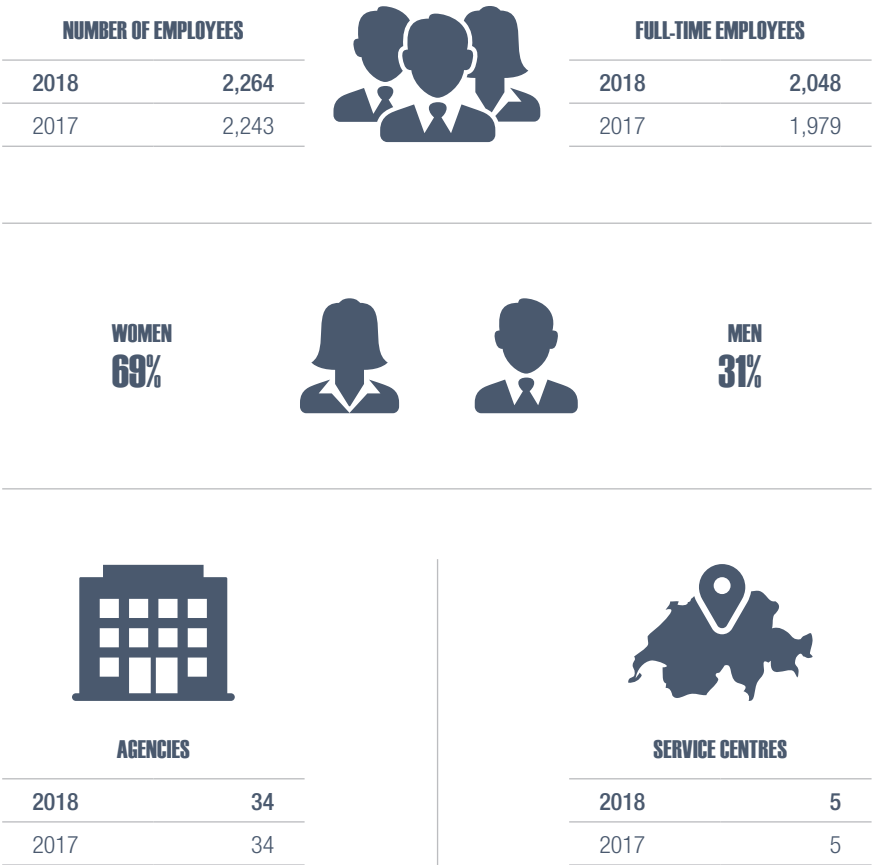
Number of corporate clients
(as at 01.01 of the following year)



3.9%

Administrative expenses

Groupe Mutuel in 2018



Focus on cost control

The average cost per AOS/OKP insured person reached CHF 3,668 in 2018 (3,600 in 2017), namely a slight increase of 1.8%, taking into account the risk adjustment expense (CHF 52) and the release of part of the provision for ongoing claims (CHF 20). Groupe Mutuel continued to monitor the efficiency of its management, in order to contain its operating costs while ensuring the provision of quality services to its customers. Together with the digitisation of an increasing number of customer interactions, improvement measures and various initiatives introduced during the year will allow us to keep administrative costs at a competitive level.

Invoice verification: digitisation to contain costs

In 2018, the total amount of medical invoices received by Groupe Mutuel exceeded CHF 4.7 billion for all types of treatment.

In 2018, the most significant savings resulted for the first time from other outpatient care (CHF 140.9 million) while outpatient hospital care and doctors (CHF 140.7 million) came second. The next largest savings were made in inpatient hospital care and EMS care homes (CHF 116.6 million) and drugs (CHF 28.3 million).

Promptly refunding benefits is added value for our customers

In terms of the average time to process invoices, we are maintaining our objective to refund benefits within 15 days, which involves processing invoices in-house in not more than eight days.

3.9%

In 2018, our administrative costs represented only 3.9% of premiums, which is below the industry average.

10.4%

585,000,000

The verifications and corrections made by using IT and thanks to the experience of our employees allowed us to reduce expenses by 10.4%, that is over CHF 585 million, which represents a relief on the same amount of premiums.

4,6 days

In 2018, this objective was met for most types of healthcare providers, with an average processing time of 4.6 days.

“Employees at the service of our customers.”

Young, dynamic and competent employees. It is these people, who represent the future of Groupe Mutuel, that we have chosen to put forward in the following pages.





“Customers who come to our agency are guaranteed to receive the best possible attention.”

Kristina Juric
Customer advisor at the Basel agency

Agencies

When, at 7.45, the doors of Groupe Mutuel's agencies open, 110 employees are ready to welcome their customers. For Groupe Mutuel, providing a personalised service and comprehensive advice is a top priority. With its 34 agencies located in Switzerland's different linguistic regions, Groupe Mutuel is never far away from its customers.

In recent years, approximately 350,000 insured persons have visited one of our agencies every year. This raises the question of what qualities are required to handle customer requests in the best possible way: “A high level of expertise, listening skills and patience”, says Kristina Juric, customer advisor at the Basel agency. Every week, she and her three colleagues welcome around 350 customers in the Rhine city branch to provide information on their insurance contract or on the range of products available, help them fill out a form, answer questions regarding refunds and collect their medical invoices. And, surprisingly, every day is different.

THE FASCINATION OF HAVING ONE-TO-ONE CONTACT WITH CUSTOMERS

Customer advisers in agencies perceive customers differently when they are physically present. “If you deal with a customer's query by email or by phone, you don't have the person in front of you. Mimics, facial features and posture say a lot about a person. And for us, it is easier to explain the situation”, Kristina notes. Documents or diagrams can help the customer to better understand a complex situation.

Providing quality services, processing requests promptly and refunding invoices efficiently are nowadays essential criteria for customer satisfaction and loyalty. As an agency employee, you must therefore have a good sense of organisation, enjoy being in contact with others and have excellent knowledge of insurance. And if you need more specialised information, you can quickly call one of the specialists in one of Groupe Mutuel's different departments. The customer does not expect his problem to be solved by an expert, but rather by the person in front of him. “Overall, face-to-face communication is much more emotional, intense and effective”, concludes Kristina.

Thus, agency employees are committed to providing the client with the best possible service in all circumstances. According to Kristina, when a customer leaves the agency satisfied, this in turn brings satisfaction to the adviser and shows that the service provided was spot-on. Ultimately, it is these customers who, day after day, motivate agency employees to work in direct contact with Groupe Mutuel insured persons.

Call centre

Answering the phone is, first and foremost, all about listening to the other person: “To listen and, above all, to provide information. I answer all kinds of questions related to customer health matters. Such as: what type of insurance do I have? If I go to the doctor, what benefits are covered? Can you explain this statement of benefits?”

To listen also means knowing how to stay calm and focused: to provide the best possible information to the customer so that he receives the answers to his questions. “When people get upset, I have a look at their invoices and check that they are consistent with the terms and conditions of the contract. Then, I may explain how the deductible works or suggest sending the terms and conditions to the insured person by email.”

For Bruno Ferreira and his colleagues in the Groupe Mutuel call centres (158 employees for 140 full-time equivalents, located in Lausanne, Sion, Villars-sur-Glâne, Zurich and Aarau), the most important thing is that the customer is satisfied at the end of the conversation. “I like to make a connection with customers; it’s a way of telling them that we are attentive to their needs. The main thing is to be able to find a solution”.

As mentioned, following up requests is an intense activity. The number of phone calls received for the whole of Switzerland is around 8,000 to 10,000 per day (around 3,000 in Lausanne), with peaks in autumn of over 12,000 per day, for an average call time of close to six minutes.

The number of phone calls received for the whole of Switzerland is around 8,000 to 10,000 per day (around 3,000 in Lausanne), with peaks in autumn of over 12,000 per day, for an average call time of close to six minutes.

At the call centre, there are two top priorities. First of all, the quality of service, which is essential. Second, the quantitative aspect (number of calls and waiting time), which is also decisive.

For Bruno Ferreira, the key is personal involvement: “Most of the time, I try to personalise the contact. For example, I will take more time for an older person. And sometimes, a touch of humour is welcome. I also enjoy the fact that you can use different languages. For example, I respond in French, English and Portuguese. Sometimes, people tell me that I have been helpful and efficient, and thank me. Of course, this is gratifying. When I answer the phone, I always say my name: Groupe Mutuel, Bruno Ferreira.”

“I like to make a connection with the customer.”

Bruno Ferreira

23 years old; has been working in the call centre in Lausanne since 2017. He answers some 60 calls from insured persons every day. Following up customer requests is an intense activity but he loves his job.

Corporate insurance

With more than 1,000 new corporate clients, the corporate insurance sector is flourishing. Close to 23,000 companies have placed their trust in Groupe Mutuel for LAMal/KVG and LCA/VVG daily allowance benefits, LAA/UVG accident insurance, supplemental accident insurance and LPP/BVG occupational pension benefits.

In the service centre of Zurich, around 260 employees work daily to offer first-rate services to their customers. To achieve the highest efficiency, the corporate insurance sector is divided into three sub-sectors. The Underwriting team advises potential clients by offering tailor-made insurance solutions. The Customer Management sector deals with all questions from existing customers in connection with their contract, while the Claims sector provides the contractual insurance services.

When a company contacts Groupe Mutuel, it may receive advice from Sarah Engesser, who is part of Customer Management. "I am in direct contact with company managers or HR officers. As well as with brokers appointed by our customers to collect information," explains Sarah.

She cannot imagine working without being in direct contact with clients, because this contact makes her work easier: "A lot of things are done by email. But communication by phone is more effective because we have a better understanding of the client's needs.

Corporate insurance in numbers

1,000

More than 1,000 new corporate clients in 2018

5,000

More than 5,000 new corporate clients since 2015

23,000

Close to 23,000 companies insured with Groupe Mutuel in 2019

The tone of voice helps me to understand and satisfy a customer's expectations." If there are disagreements, it is very important to get to the heart of the problem and not to ignore them. In this way, customers sense that employees in the corporate insurance sector are taking their concerns seriously.

As far as the business strategy is concerned, Sarah is confident: "With our efforts aimed at providing high-level services, we are pursuing the right strategy". Whether dealing with an employer with over 1,000 employees and paying a high premium or with an individual who wants to insure his household employee for CHF 100 per year: "My goal is to handle each client on an equal footing and to guarantee the best possible service. Every customer is important and quality comes before quantity."

"I cannot imagine working without being in direct contact with customers."

Sarah Engesser

Employee in the Customer Management sector of the Corporate insurance department (Zurich service centre)

**“You need
to be
responsive.”**

Céline Teuscher

Insurance adviser since June 2018 in the service centre of Lausanne, Céline appreciates human contact above all and is one of Groupe Mutuel's 60 advisers, each of whom is responsible for a portfolio of 1,800 insured persons.



Insurance advice

The principle of having a dedicated portfolio managed by a Groupe Mutuel insurance adviser was put into practice in February 2018. “The objective is clear: to strengthen the relationship with the insured member, improve or update one or more aspects of his contract, make sure that it is well adapted to the current needs of the person or family.” In other words: to ensure the quality of service and follow-up of requests, and this in the long term.

Some insured members contact Céline Teuscher spontaneously. “We also call our insured members and schedule appointments. My job starts early in the morning in Cossonay (VD) with administrative tasks and the scheduling of daily appointments. Then I usually go to the customer's home.”

Céline Teuscher prepares individually for each interview. “When I arrive, I already have a good idea of the person I am going to see. I first explain compulsory insurance (LAMal/KVG) and alternative insurance models. And then supplemental insurance, in order to provide an overall picture of health insurance. I also describe, by way of information, our other personal insurance products, including legal protection, personal liability and household contents, life and corporate insurance. Groupe Mutuel is an overall insurer for individuals.”

A meeting usually lasts one hour. “What strikes me when I meet a customer for the first time? First of all, people enjoy meeting someone from Groupe Mutuel, also in rural areas. They feel like we are taking care of them, that they have not been forgotten.”

**By relying on advisers,
we focus on quality
at the service of the
insured member**

Céline Teuscher is very happy in her job. “My role is to foster customer loyalty, to the benefit of both the insured person and the insurer, in order to strengthen mutual ties. It's unique... The human dimension prevails, along with a touch of humour. Sometimes, there are people who at first are very angry... However, at the end of the meeting, they may offer you a cup of coffee in the café across the street, since a relationship of trust has been built. Of course, this is very satisfying. But the job is also very demanding. Sometimes, nothing comes of a meeting... And then, the day after, we may achieve excellent results.”

Of course, you need certain qualities for the job. “Conscientiousness, structure and organisation skills, as well as a strong personality and empathy. Interpersonal skills and confidence. In order to develop an atmosphere of trust.”



“Above all, you must enjoy contact with people”

Emmanuelle Bonvin
28 years old, employed in the Offers Department (Customer Management), in Sion, since September 2017: “We respond to telephone calls from our insured members or from people who are not insured with Groupe Mutuel, who wish to optimize their insurance or make changes to it, or who wish to take out a new insurance policy. They ask us for an offer or for a comparative offer.”

Offers Department

IN 2018, THE DEPARTMENT RECEIVED 122,421 CALLS (WITH A 95 PERCENT RESPONSE RATE), WHILE SOME 50,144 OFFERS WERE SENT DURING THE SAME PERIOD. TANIA CINO, 28 YEARS OLD, EMPLOYED IN THE OFFERS DEPARTMENT (CUSTOMER MANAGEMENT) SINCE AUGUST 2017: “WE ALSO OFFER LOSS OF EARNINGS INSURANCE AND VESTED BENEFITS FOR PEOPLE DEPARTING FROM COMPANIES INSURED BY GROUPE MUTUEL.”

In the Offers Department, no day is the same. Emmanuelle: “In the morning, we start by checking the daily schedule. Sometimes, it’s all about calls and sometimes, all about emails. At other times, we will focus on loss of earnings and vested benefits.” On the phone, customers must rapidly feel at ease. And be aware that Groupe Mutuel’s role is to provide customised advice. Tania: “When we call a customer, we always start by stating our name and the company: Groupe Mutuel, first name, name. Very quickly, people understand that we have nothing to do with telemarketing callers”.

What qualities do you need for the job? Emmanuelle: “You need to enjoy talking. To be patient and enjoy helping people.” Tania: “Above all, you must enjoy being in contact with people”. The advisory component is essential. Tania: “Yes, we explain to people things that are useful for them to know”.

No pressure is exerted on the person making the call. Emmanuelle: “We identify the needs of the insured person, who is then free to decide what he wants. And if someone calls to say that he can no longer pay his premiums, we will make recommendations on how to pay less. We are attentive. With empathy.”

On the phone, patience is valuable. Emmanuelle: “Sometimes, people don’t introduce themselves and get angry straight away. Even though we may know the answer, we will wait until the person calms down. Often, after some time, the relationship is established and trust can be built.”

Emmanuelle and Tania like to feel useful for the insured person. Tania: “A mother who calls us to take out prenatal insurance is wonderful news!”

There are always (positive) emotions, thankfully. Emmanuelle: “I remember an insured person who was very angry at first. I managed to solve the problem and the person was very happy. He remained insured with us, and that gave me a sense of achievement. Even though we are not seen, we achieve a lot”.

Tania remembers: “Before Christmas, an elderly lady who couldn’t pay her bills called me and we spent nearly an hour on the phone. I promised to call her back. However, I fell ill before Christmas, and she tried to call me a few days later. When I returned to work, I called her. She was very touched. It is this kind of connection and emotion that make the job so special”.

**We are attentive.
With empathy.**

Insurance benefits

REFUNDING MEDICAL BENEFITS IS AT THE HEART OF THE HEALTH INSURER'S ACTIVITY. IN 2018, THE EMPLOYEES OF GROUPE MUTUEL'S CLAIMS DEPARTMENT CHECKED, PROCESSED AND REIMBURSED OR PAID OVER 17 MILLION INVOICES FROM HOSPITALS, DOCTORS, PRACTITIONERS AND LABORATORIES OR RELATED TO MEDICATION.

This department, with over 500 employees, is one of the largest of the company. It comprises several business processes that each look after specific medical benefits, such as "Inpatient hospital care", "Outpatient hospital care", "Doctors", "Pharmacies" or "Other outpatient care". The total amount of paid medical benefits is over CHF 5,000,000,000 (5 billion). Obviously, such a volume cannot be processed without the help of IT.

"The invoices sent by customers are scanned and sorted before they appear on our screens", explains Mathias Brügger who processes more than 100 medical invoices per day. "The various entries of the TARMED medical rate that appear on an invoice will have been checked previously by the software using a number of parameters. Most of the time, I can confirm whether benefits are covered. When inconsistencies are identified, I check the invoices manually."

ENJOYING CUSTOMER CONTACT

These tasks may seem very repetitive, but there are also specific ones, such as processing complex invoices, responding to complaint letters sent to the Management or requesting medical reports; we are constantly learning new things."

To carry out these tasks, it is often necessary to obtain information by telephone or email from insured persons or healthcare providers. "I enjoy these contacts. Around 10% of my time is intended for contacting customers.

When the call centre is unable to answer a question related to the coverage of such or such benefits, the call is transferred to our department. Our contact data appears on all correspondence relating to special cases so that the customer may rapidly obtain the appropriate information."

CUSTOMER SATISFACTION IS CONTAGIOUS

The specificities related to the refund of benefits require a great deal of knowledge. "Many insured individuals are not really aware that the refund of medical invoices is subject to legal provisions. We have no flexibility because the competent supervisory authorities check that our refunds and payments comply with the law. When an insured person shows gratitude after we have explained a complex procedure, it is very rewarding! And the relief he may experience when we confirm that a costly invoice will be reimbursed is also contagious."

The Claims Department in numbers

17,500,000

17.5 million invoices refunded in 2018

500

500 specialised employees in this sector

5

5 billion medical benefits paid in 2018

"What interests me most are the special cases where more verification is needed to get to the bottom of things. Most of the time, my investigations allow us to cover the costs."

Mathias Brügger

Employee in the Claims Department (service centre of Villars-sur-Glâne).

Groupe Mutuel

The new Groupe Mutuel Holding SA is wholly owned by Groupe Mutuel Foundation, a non-profit foundation. The Foundation supports the well-being of Swiss people, as well as health promotion and prevention measures.

Groupe Mutuel Services SA may also offer its services to third parties. This is particularly the case for health insurance and occupational pension benefits.

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graph TD; GMH[Groupe Mutuel Holding SA] -- OWNER --> BI[Basic insurance]; GMH -- OWNER --> PI[Private insurance]; GMH -- OWNER --> GMS[Group Mutuel Services SA]; BI --> A[Avenir Assurance Maladie SA]; BI --> P[Philos Assurance Maladie SA]; BI --> M[Mutuel Assurance Maladie SA]; BI --> ES[EasySana Assurance Maladie SA]; PI --> GM_P1[Groupe Mutuel Assurances GMA SA / ASSICURAZIONI GMA SA]; PI --> GM_P2[Groupe Mutuel Vie GMV SA]; PI --> M_P[Mutuel Assurances SA / VERSICHERUNGEN AG / ASSICURAZIONI SA];
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The organizational chart shows the structure of Groupe Mutuel Holding SA. At the top is the holding company, which owns three main branches: Basic insurance, Private insurance, and Group Mutuel Services SA. The Basic insurance branch includes Avenir, Philos, Mutuel, and EasySana, all Assurance Maladie SA. The Private insurance branch includes Groupe Mutuel Assurances GMA SA, Groupe Mutuel Vie GMV SA, and Mutuel Assurances SA. The Group Mutuel Services SA branch is also shown. The chart also includes logos for SUPRA and AMB Assurances at the bottom.

Groupe Mutuel Holding SA owns six health insurers that offer compulsory health insurance: Mutuel Assurance Maladie SA, Philos Assurance Maladie SA, Avenir Assurance Maladie SA, Easy Sana Assurance Maladie SA, SUPRA-1846 SA and AMB Assurances SA. The private insurers that offer supplemental health insurance and patrimony insurance are Groupe Mutuel Assurances GMA SA and Mutuel Assurances SA. For its part, Groupe Mutuel Vie GMV SA offers life insurance products. Some insurers also offer accident insurance (LAA/UVG) and daily allowance in the event of illness pursuant to LAMal/KVG and LCA/VVG.

	LAMa/KVG basic health insurance	LCA/WVG supplemental insurance	Patrimony insurance (LCA/WVG)	Accident insurance pursuant to LAA/WVG	Daily allowance	Life insurance
						
MUTUEL ASSURANCE MALADIE SA	■				■	
PHILOS ASSURANCE MALADIE SA	■				■	
AVENIR ASSURANCE MALADIE SA	■				■	
EASY SANA ASSURANCE MALADIE SA	■				■	
SUPRA-1846 SA	■				■	
AMB ASSURANCES SA	■				■	
GRUPE MUTUEL ASSURANCES GMA SA		■	■	■	■	
MUTUEL ASSURANCES SA		■	■	■	■	
GRUPE MUTUEL VIE GMV SA						■

The Board of Groupe Mutuel Holding SA and specialised committees

The Board is responsible for the strategic management of Groupe Mutuel Holding SA.

It consists of a maximum of nine members who are elected for two years.

It defines the company's position and strategy, exercises high-level management and supervision and sets the organisational structure and the principles of the internal control system.

It is supported in its work by three specialised committees: the Audit and Risk Committee, the Innovation and Digital Transformation Committee and the Remuneration and Appointments Committee.

The committees regularly inform the Board of their activities.

Specialised committees of the Board

The Audit and Risk Committee

This Committee is chaired by **Jean-Blaise Conne** and comprises two other members of the Board. Its main task is to verify the integrity of the financial information, compliance with legislation, internal regulations and guidelines, supervision of the internal control system and audit processes. It organises and assesses the performance, certification and independence of internal and external auditors.



The Innovation and Digital Transformation Committee

This Committee is chaired by **Thomas Boyer** and comprises three other members of the Board. It defines and submits to the Board the strategy for digital transformation and innovation, taking into account technology, political and market environment changes, as well as the medium and long-term business development strategies of Groupe Mutuel. In addition, it defines and puts forward the strategy for using new information and communication technology for the benefit of the company. Finally, it reviews the partnership or acquisition strategy to be put in place in order to achieve the objectives set, and reviews proposals and recommendations to the Board in relation to strategic partnerships.



The Remuneration and Appointments Committee

This Committee is chaired by **Marc-André Ballestraz** and comprises two other members of the Board. It submits proposals to the Board regarding the remuneration of Board and Executive Board members. It is also responsible for the appointment and replacement of Board and Executive Board members. It sets the individual objectives of the Executive Board and assesses them. It reviews the remuneration system on a regular basis.





Board members

as at 31.12.2018 (2018-2020 mandate)

FROM LEFT TO RIGHT

Jürg E. Tschanz (1969), Member²
MBA in Finance and Strategic Management.
Entrepreneur / Co-founder and President of planitswiss.

Karin Perraudin (1974), President²
Master's degree in Business (HEC) / Certified chartered accountant.
Board Director for various companies.
President of Valais Wallis Promotion.

Thomas Boyer (1971), Member^{1,2}
Master's degree in Business (HEC)
Member of the General Management of Groupe Mobilière Assurances.

Fabio Naselli Feo (1961), Secretary²
Entrepreneur.
Board Director for various companies.

Marc-André Ballestraz (1956), Member³
Master's degree in Commercial and Industrial Sciences.
Certified chartered accountant.
President of the accounting firm Fidag SA.

Roland Eberle (1953), Vice-president³
Agricultural Engineer.
Member of the Council of States.

Jean-Blaise Conne (1952), Member¹
Certified chartered accountant.
Board Director for various companies.

Urs Schwaller (1952), Member^{1,3}
Doctor of Law.
Lawyer.
President of the Board of La Poste.

¹ Member of the Audit and Risk Committee

² Member of the Innovation and Digital Transformation Committee

³ Member of the Remuneration and Appointments Committee

The Executive Board

The operational management of Groupe Mutuel and its member companies is under the responsibility of the Executive Board that was made up of five to seven members in 2018.

It implements the strategies approved by the Board and applies management and risk management principles.

Furthermore, it monitors legal and regulatory developments and ensures compliance with the latter.

Strategic objectives and evolution of the Executive Board

The insurance industry is facing major challenges in terms of digitisation, changes in the health system and quality of service. In 2018, Groupe Mutuel set itself new strategic objectives aimed at making the company the reference insurer of the future. To achieve this objective, Groupe Mutuel decided to change its organisation. These changes led to the departure of two members of the Executive Board at the beginning of September 2018.

Olivier Follonier, in charge of Client Management and Contracts, Benefits, IT, Real Estate & Logistics, decided, in agreement with the Board, to hand over his responsibilities. Olivier Follonier supported the company's development for 14 years by leading large-scale projects, such as the development of the Nova IT solution. The Board thanks him for his commitment and wishes him every success in his future activities.

In addition, by mutual agreement with the Board, Marc Olivier Delévaux, who took over the Corporate & Occupational Benefits Insurance sector in April 2017, left the company. The Board wishes him every success in the future.

Code of Conduct

The Board and Executive Board adopted a Code of Conduct that applies to all of the activities of Groupe Mutuel Holding SA. The Code of Conduct clearly sets out the ethical and professional values held by Groupe Mutuel, as well as behaviour guidelines for its staff. The executive bodies and employees of Groupe Mutuel Holding SA or its member companies must all comply with the Code of Conduct, without exception.



Internal control system

The Board adopted guidelines and principles for risk management and control. It requested that the Executive Board implement the latter. The risk management process and internal control system help to identify and assess potential risks and to take appropriate action.

The implementation of risk management and the internal control system follows the principle of the three lines of defence. The first line of defence is provided by operational managers and business units. The second line of defence includes monitoring functions, such as compliance, internal control, risk management and the actuarial department. Internal audit is the third line of defence.

Monitoring functions and internal audit have unrestricted access to information and carry out their activities independently.

Executive Board members

in 2018/2019

FROM LEFT TO RIGHT

Florian Raemy (1971)

Finance

Master's degree in telecommunications.
MBA in International Management.

Sophie Revaz (1983)

Individual Benefits

Master's degree in Law / Lawyer.
CAS Banking, Finance and Insurance Law.
CAS Compliance Officer.

Paul Rabaglia (1967)

Chief Executive Officer

Master's degree in Business (HEC).

Philippe Buthey (1969)

as from 01.01.2019: Technology

Computer Scientist Diploma ES.

Vincent Claivaz (1969)

**Corporate & Occupational Benefits
and Customers & Markets (ad int.)**

Diploma of Senior Technician in Catering and Tourism.
Master's degree in Hospital Management.

Thomas J. Grichting (1964)

Services

Doctor of Law / Lawyer.

Marc Olivier Delévaux (1962)

until 03.09.2018: Corporate & Occupational Benefits

Diploma of Associate in Risk Management.
Federal Diploma in Insurance.
CAS General Management.

Olivier Follonier (1960)

until 03.09.2018: Organisation & Client Management

Economist.



Compliance function

The compliance function is responsible for ensuring compliance with legislation and with the internal and external regulations of Groupe Mutuel, as well as those of the companies having transferred the compliance function to the latter.

Risk management function

The risk management function is responsible for integrated risk and control management, including the independent assessment of risks and control and the coordination of the internal control system.

Internal audit

The internal audit supports the Board in its oversight function. It regularly informs the Board of its findings and suggests improvements.

Remuneration of the members of the Board and Executive Board

The remuneration of the Board of Groupe Mutuel Holding SA is governed by regulations adopted by the bodies of all companies of the holding.

It consists of a fixed fee and the reimbursement of representation or travel expenses. No variable bonus is granted. For all member companies of the holding, the regulations limit the annual remuneration to CHF 25,000 for the President and to CHF 24,000 for other Board Members. The total annual remuneration of the members of the Board is also capped, regardless of the number of Boards on which those members serve within the companies of Groupe Mutuel Holding SA. The ceiling is CHF 200,000 for the President and CHF 80,000 for the other board members. To these amounts are added CHF 10,000 for participation in a committee, but at most CHF 20,000.

Upon proposal of the Remuneration and Appointments Committee, the Board sets the remuneration of the members of the Executive Board. This remuneration includes a salary (a basic salary and a variable bonus which cannot exceed 20% of the basic salary), occupational benefits and other allowances. The variable bonus is calculated taking into account predefined criteria which are based on individual and corporate results.

Total remuneration of the Executive Board: CHF 2,757,966, divided into CHF 2,314,000 for gross salaries, CHF 256,320 for pension benefits payable by the employer and CHF 187,464 for other allowances. The highest total remuneration was CHF 461,547, i.e. a salary of CHF 390,000, CHF 43,200 for pension benefits and CHF 28,347 for other allowances.

Organisational chart of Groupe Mutuel as at 31.12.2018

The Board

PRESIDENT		VICE-PRESIDENT		SECRETARY	
Karin Perraudin		Roland Eberle		Fabio Naselli Feo	
MEMBER		MEMBER		MEMBER	
Marc-André Ballestraz		Thomas Boyer		Jean-Blaise Conne	
				Urs Schwaller	
				Jürg E. Tschanz	

The Executive Board

Paul Rabaglia Chief Executive Officer					
INDIVIDUAL BENEFITS	FINANCE	CORPORATE & OCCUPATIONAL BENEFITS	TECHNOLOGY	SERVICES	CUSTOMERS & MARKETS
Sophie Revaz Director	Florian Raemy Director	Vincent Claivaz Director	Philippe Buthey Director	Thomas J. Grichting Director	Vincent Claivaz ad int. Director

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Groupe Mutuel

Health® Life® Patrimony® Corporate®

Groupe Mutuel

Rue des Cèdres 5 - P.O. Box - CH-1919 Martigny



Avenir Assurance Maladie SA – Easy Sana Assurance Maladie SA – Mutuel Assurance Maladie SA – Philos Assurance Maladie SA – SUPRA-1846 SA – AMB Assurances SA
Groupe Mutuel Assurances GMA SA – Mutuel Assurances SA – Groupe Mutuel Vie GMV SA
Pension funds managed by Groupe Mutuel: Groupe Mutuel Prévoyance-GMP – Mutuelle Valaisanne de Prévoyance

FINANCIAL REPORT 2018



Insured. Right now.



Groupe Mutuel Holding SA

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Groupe Mutuel Holding SA

Excellent financial health for a first year

AS FROM 1 JANUARY 2018, GROUPE MUTUEL IS A GROUP OF COMPANIES ORGANISED IN THE FORM OF A HOLDING COMPANY ACTIVE IN SEVERAL AREAS OF INSURANCE. UNTIL 31 DECEMBER 2017, GROUPE MUTUEL WAS ORGANISED IN THE LEGAL FORM OF AN ASSOCIATION WITH INSURANCE COMPANIES AS MEMBERS OF THE ASSOCIATION.

The new Groupe Mutuel Holding SA is wholly owned by Groupe Mutuel Foundation, a non-profit foundation. The Foundation supports the well-being of Swiss people, as well as health promotion and prevention measures.

The subsidiary company Groupe Mutuel Services SA aims in particular to provide all kinds of services in the insurance industry, health in general and related fields. Its administrative infrastructure and employees are available to the other companies of the group. The pooling of resources allows for the development of synergies that benefit all of our companies and, in the end, our customers. Services are clearly differentiated between the various insurance business segments, in particular between compulsory health insurance (LAMal/KVG) and supplemental insurance (LCA/VVG), as well as between the different companies. Services are invoiced to member companies according to allocation keys in line with the industry's good practices and audited by an independent third party, so that each company's contribution is in line with the actual use of resources. Groupe Mutuel Services SA may also offer its services to third parties. This is particularly the case for health insurance and occupational pension benefits.

In 2017, Groupe Mutuel was an association of insurers and, consequently, did not prepare consolidated financial statements. Therefore, the consolidated figures of Groupe Mutuel Holding SA 2018 are not comparable to those of the previous year and are not presented in this report.

1,327,594

Number of individual customers

308

Consolidated income in CHF million

23,000

Insured companies

In 2018, economic growth in Switzerland reached 2.5% according to the State Secretariat for Economic Affairs' (seco) first provisional figures. Gross domestic product (GDP) grew significantly above average in the first half of the year, while the economy slowed considerably in the second half of the year, as well as on an international level. Over the year, the manufacturing industry was the main driving force behind this growth, with positive developments in all sectors except for trade.

In this positive economic context, Groupe Mutuel, in its new holding company structure, was able to increase its financial strength and end the year in excellent financial health. The consolidated income of Groupe Mutuel Holding SA reached CHF 308 million with a turnover of CHF 5.6 billion. This excellent result made it possible to strengthen equity, which amounted therefore to more than CHF 2.1 billion at the end of 2018, representing 36.8% of the balance sheet total of CHF 5.7 billion.

Significant increase in the Corporate sector

The Health sector contributed significantly to increasing financial strength, in particular following the premium adjustments that were made in 2018 in order to meet legal requirements in terms of compulsory health insurance. The Corporate sector recorded the strongest increase in turnover, up by 15.5% to reach CHF 461.6 million. The Life and Patrimony sectors were consolidated, while the Health sector experienced a contraction in the amount of premiums, which still accounted however for the largest portion of turnover, with more than three-quarters. Areas other than Health continued to make progress within Groupe Mutuel, which goes to show that the diversification strategy initiated several years ago is successful.

The difficult situation on the financial markets and the constant low level of interest rates had an impact on the performance of capital investments, generating a net negative result of CHF 123.4 million, a loss which is mostly due to private insurance. Nevertheless, this complex situation allowed Groupe Mutuel Holding SA to achieve an excellent consolidated result of CHF 308 million.

Quality of service: solid foundations for the future

Groupe Mutuel's focus on the quality of advice and services as well as the measures taken throughout 2018 have not yet had a positive impact on the number of individual customers, since the competitive pressure due to the 2018 and 2019 premiums for compulsory health insurance was such that a number of customers chose to leave Groupe Mutuel. However, the number of individual customers, all sectors of activity combined, remained stable at 1,327,594 insured persons, which represented a reduction of -4.8% compared to 31.12.2017. The trend is much more encouraging for corporate clients, since Groupe Mutuel has been able to win the trust of more than 1,000 additional companies of all sizes, thus reaching a total of 23,000 insured companies.

Health

Financial report

CONSOLIDATING THE SECTOR AND CONTAINING COSTS

The turnover in the Health sector increased to CHF 5.5 billion. This result is a significant contribution to the excellent performance of Groupe Mutuel Holding SA and serves to increase its reserves.

SLOWDOWN OF THE INCREASE IN HEALTH COSTS IN 2018

In 2018, health costs in Switzerland generally increased less than in recent years. The final figures are not yet known; however, the current indicators provided by santésuisse show an increase of less than 1% in 2018, whereas this was between 4 and 5% per year since the introduction of the compulsory health insurance in 1996.

The reduction in the TARMEED rate, which came into effect at the beginning of 2018, certainly played a role in slowing down the increase in health costs, particularly with regard to doctors and outpatient treatments in hospitals. The trend to shift inpatient treatments to outpatient care is now confirmed and the issue of single funding for outpatient and inpatient care (EFAS) therefore remains on the political agenda. This in order to ensure that funding is shared equally between premium payers and cantons. Currently, outpatient treatment costs are fully borne by premium payers, whereas 45% of inpatient treatment costs are covered by health insurers and 55% by cantons.

LEVELLING OF TURNOVER UNDER LAMAL/KVG

The gross premium volume for compulsory health insurance (LAMal/KVG) levelled at CHF 4.5 billion, down slightly by 4.1%. On the other hand, insurance benefits amounted to CHF 3.9 billion and the insurance underwriting result reached CHF 349.9 million. After deduction of the result of capital investments, the positive surplus for LAMal/KVG insurance amounted to CHF 331.5 million, an amount that was credited to the reserves.

NUMBER OF PERSONS INSURED UNDER BASIC HEALTH INSURANCE (AOS/OKP)

Increasing reserves to meet legal requirements resulted in having to adjust premiums, which led to a number of AOS/OKP insureds choosing to leave Groupe Mutuel. Therefore, the number of persons insured with basic insurance was 981,160 as at 1 January 2019.

PRIVATE SUPPLEMENTAL INSURANCE (LCA/VVG)

Private supplemental insurance offered by two private insurance companies, Groupe Mutuel Assurances GMA SA and Mutuel Assurances SA, ended 2018 with a negative result of CHF 18.4 million that was largely due to capital investment performance.

Overall result for
the Health activity
sector:
CHF +313 million

Strengthened equity

Low administration
costs amounting to
3.9% of premiums

Invoice verification
reduced expenses
by 10.4%

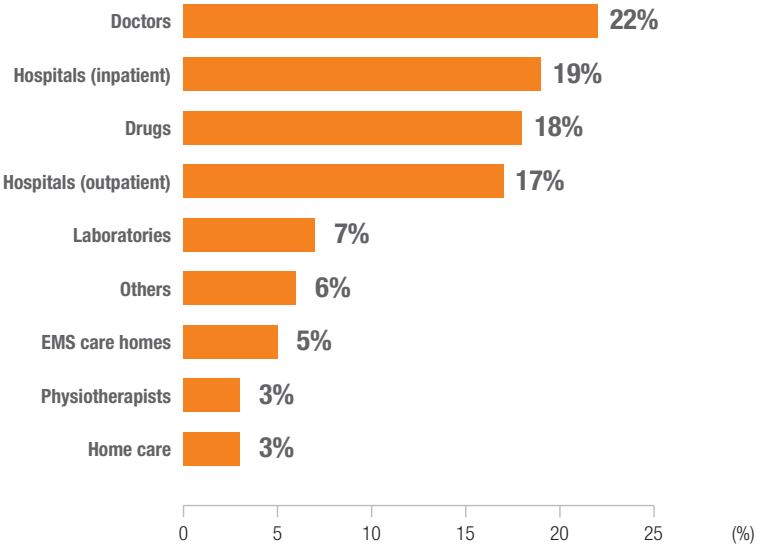
MEDICAL BENEFITS FOR INSURED PERSONS: THE FOCUS OF OUR INSURANCE

In 2018, Groupe Mutuel health insurers processed CHF 4.5 billion in medical invoices for persons insured under the basic health insurance (AOS/OKP). The below table shows that 76.6% of costs are divided between doctors, hospitals (inpatient and outpatient care) and drugs. This distribution key has changed only slightly over the past decades.

	Amounts in CHF million	Distribution in %	Per insured person in CHF
1 Doctors	983.8	22.1%	930
2 Hospitals (inpatient)	862.4	19.4%	815
3 Drugs	802.4	18.0%	759
4 Hospitals (outpatient)	761.8	17.1%	720
5 Laboratories	287.5	6.5%	272
6 Other	262.6	5.9%	248
7 EMS care homes	204.8	4.6%	194
8 Physiotherapists	149.8	3.3%	142
9 Home care	137.7	3.1%	130

Gross AOS/OKP benefits per healthcare provider paid by Groupe Mutuel health insurers in 2018

GROSS BENEFITS PER HEALTHCARE PROVIDER PAID BY GROUPE MUTUEL HEALTH INSURERS IN 2018



Life

Financial report

BUSINESS OPPORTUNITIES AND LONG-TERM DEVELOPMENT

In 2018, Groupe Mutuel Vie GMV SA consolidated its portfolio and pursued its strategy of acquiring new business. A strong emphasis was placed on quality, which made it possible to consolidate the portfolio, although still in a difficult context of low interest rates that continue to have a negative impact on the sector as a whole.

For the 2018 financial year, gross premiums for Groupe Mutuel Vie GMV SA amounted to CHF 85 million (86 million in 2017), while the national average was up by +0.4%. As a result, the increase was slow throughout the year under review, since 2,263 new clients took out insurance (against 3,073 in 2017) and the total number of policies under management amounted to 40,094 (against 40,194 in 2017), or -0.2%.

The main drivers for growth within Groupe Mutuel Vie GMV SA remained single-premium business, as well as quality advice that is attentive to the needs of insured persons and business partners.

INNOVATION: SAFECAPITAL IS A MAJOR SUCCESS

As part of its innovation processes, Groupe Mutuel Vie GMV SA is reviewing its products and developing innovative products, such as SafeCapital, launched in spring 2018 and to which 1,723 insured persons had already signed up at the end of 2018. SafeCapital is a new and exclusive life insurance solution in Switzerland that offers insurance in the event of death by accident or following a sudden illness, for a very competitive premium. In the event of such a setback, this coverage is designed to ensure that a lump-sum amount is paid to the family or to persons designated by the insured person.

**Gross premiums consolidated
at CHF 85 million**

Focus on the quality of advice

**Over 40,000 contracts under
management**

**Success of the new insurance
product SafeCapital**

Patrimony

Financial report

CONSOLIDATION OF GROWTH

In 2018, Patrimony insurance activities consolidated their growth, with a premium volume of CHF 19.8 million (19.5 in 2017) for legal protection coverage, private liability insurance and household contents insurance under LCA/VVG.

FINMA AUTHORISATION FOR “LEGIS” LEGAL PROTECTION COVERAGE

The “Legis” range of legal protection insurance is a testimony to the success of Groupe Mutuel in the area of patrimony insurance. In order to foster future growth, Groupe Mutuel Assurances GMA SA has been authorised by the Swiss Financial Market Supervisory Authority (FINMA) to insure these risks itself.

AN EXPERIENCED PARTNER FOR THE MANAGEMENT OF CLAIMS UNDER “LEGIS”

In addition, we entered into a service contract with Dextra Protection juridique SA for the management of claims under “Legis” insurance. This company, founded in 2012, has developed modern and innovative management processes that allow its employees and experienced lawyers and legal experts to provide our “Legis” insurance policyholders with seamless assistance in the event of a dispute, in all three national languages.

**Consolidated growth
with a premium volume
of CHF 19.8 million**

**FINMA authorisation
for “Legis” legal
protection coverage**

**A renowned partner
for claims management**



Corporate

Financial report

**Continued growth
in 2018 (+15.5%)**

**More than CHF 460 million
for the overall turnover**

**The trust of 23,000 companies
(+1,000 new companies)**

**Support to ensure efficiency
and health in the workplace
(CorporateCare)**

**Corporate extranet (xNet) to
manage day-to-day tasks
and focus on the basics**

ACCIDENT INSURANCE AND LOSS OF EARNINGS IN THE EVENT OF ILLNESS

In 2018, corporate insurance continued to grow steadily, with the number of corporate clients increasing by over 1,000 new customers to reach a total of 23,000 companies insured by Groupe Mutuel. The overall turnover for daily allowance insurance in the event of illness (daily allowance benefits) and accident insurance rose to more than CHF 461.6 million (+15.5%), compared with CHF 400 million in 2017.

Loss of earnings insurance in the event of illness progressed once again satisfactorily by 19.1% and reached a turnover of CHF 355.7 million (298.6 million in 2017). The volume of accident insurance premiums (LAA/UVG) increased to CHF 105.9 million (101.1 million in 2017).

A HUMAN DIMENSION TO MAKE SERVICES MORE ACCESSIBLE

At Groupe Mutuel, companies can find the full range of insurance for their employees under one roof. Our corporate culture allows us to respond quickly and pragmatically. In addition, the human dimension makes services more accessible and our managers and dedicated partners are perfectly attentive to a company's needs. The strong growth in the number of corporate clients over the past years reflects the trust placed in the quality of our services, which is one of our main objectives.

WIN-WIN SITUATIONS IN TERMS OF CORPORATE HEALTH

As a significant added-value, our various specialists for the management of cases of incapacity for work, absences and corporate health, who make up more than 150 employees, are at the disposal of companies to ensure that all parties involved (employee, employer, insurer) can benefit from win-win situations. Our CorporateCare concept provides the framework and toolbox to ensure that all situations related to corporate health are managed in the best possible way. This is the context in which we intend to innovate by strengthening and developing our services in the coming years as the partner of our corporate clients.

Consolidated income statement

In CHF thousands

	Notes	2018
Insurance income	1	5,618,543
Net cost of claims and benefits	2	-4,732,594
Policyholder participation		-14,115
Risk adjustment between insurers		-55,616
Net operating expenses	3	-353,760
Other insurance expenses		-21,523
Insurance expenses		-5,177,608
Underwriting result		440,935
Investment income	4	94,826
Investment expenses	5	-207,752
Change in provision for investment risk		-1,721
Earnings from unit-linked life insurance investments	6	-8,778
Earnings from investments		-123,425
Other operating income	7	11,387
Other operating expenses	7	-11,937
Other financial income		277
Other financial expenses		-948
Consolidated operating earnings before taxes		316,290
Deferred income taxes		3,520
Current income taxes		-11,414
Consolidated earnings		308,395

Consolidated balance sheet

In CHF thousands

	Notes	2018
Assets		
Investments	8	3,925,337
Unit-linked life insurance investments	8	139,404
Intangible assets	9	3,286
Property, plant and equipment	10	7,414
Financial assets	11	825
Deferred policy acquisition costs not yet amortised		60,684
Deferred charges	12	189,077
Receivables	13	572,471
Cash and cash equivalents		771,870
Total assets		5,670,368
Liabilities and equity		
Organisation capital		100
Retained earnings		1,835,690
Consolidated earnings		308,395
Equity		2,144,186
Net technical provisions	14	2,432,304
Unit-linked life insurance technical provisions	14	182,341
Non-technical provisions	15	11,291
Provision for investment risk	16	331,301
Deferred credits	17	73,058
Deferred income tax liabilities		9,740
Liabilities	18	486,148
Liabilities		3,526,183
Total liabilities and equity		5,670,368

Consolidated statement of changes in equity

In CHF thousands

	Organisation capital	Legal reserves resulting from capital	Retained earnings	Consolidated earnings	Total
Equity base as at 31.12.2018 C0	100	-	1,769,083	313,190	2,082,373
Valuation adjustment related to the first application of the Swiss GAAP FER*	-	-	66,607	-4,795	61,813
Equity base as at 31.12.2018 Swiss GAAP FER	100	-	1,835,690	308,395	2,144,186

* Valuation adjustments apply to:
- Bonds valued at amortised cost in the statutory accounts of the LCA/VVG and Life entities and at market value in the consolidated statements;
- The adjustment of the provision for investment risk in accordance with the consolidated accounting principles;
- Buildings valued at their acquisition value less accumulated depreciation and impairment losses in the statutory accounts and at market value in the consolidated statements.

Organisation capital

The share capital of Groupe Mutuel Holding SA is represented by 100 shares with a nominal value of CHF 1,000 each, with a restriction on the transfer of shares according to the statutes.

Retained earnings

The LAMa/KVG share of reserves from consolidated earnings as at 31.12.2018 amounted to CHF 462,241.



Notes to the consolidated financial statements

In CHF thousands

In CHF thousands

CONSOLIDATED INCOME STATEMENTS PER BUSINESS SEGMENT

	LAMal/KVG insurance	LCA/VVG and LAA/UVG insurance
	2018	2018
Insurance income	4,532,712	1,004,956
Net cost of claims and benefits	-3,922,589	-746,310
Policyholder participation	-2,527	-11,911
Risk adjustment between insurers	-55,616	-
Net operating expenses	-186,373	-163,032
Other insurance expenses	-15,732	-10,132
Insurance expenses	-4,182,837	-931,385
Underwriting result	349,875	73,571
Investment income	32,105	47,830
Investment expenses	-56,581	-107,784
Change in provision for investment risk	6,450	-21,211
Earnings from unit-linked life insurance investments	-	-
Earnings from investments	-18,027	-81,164
Other operating income	-	-
Other operating expenses	-	-
Other financial income	0	5,646
Other financial expenses	-398	-5,255
Consolidated operating earnings before taxes	331,450	-7,202
Deferred income taxes	-	-
Current income taxes	-	-11,205
Consolidated earnings	331,450	-18,407

Life insurance	Other activities	Eliminations	Total
2018	2018	2018	2018
85,154	-	-4,279	5,618,543
-63,372	-	-323	-4,732,594
-	-	323	-14,115
-	-	-	-55,616
-13,060	-	8,705	-353,760
-	-	4,340	-21,523
-76,432	-	13,046	-5,177,608
8,722	-	8,767	440,935
11,002	46,226	-42,336	94,826
-13,133	-5,662	-24,592	-207,752
2,850	-	10,190	-1,721
-8,778	-	-	-8,778
-8,059	40,563	-56,739	-123,425
-	11,387	-	11,387
-	-11,937	-	-11,937
970	20	-6,359	277
-1,270	-63	6,038	-948
364	39,971	-48,293	316,290
-	-	3,520	3,520
-299	-711	800	-11,414
65	39,261	-43,973	308,395

Notes to the consolidated financial statements

Accounting principles

ACCOUNTING STANDARDS

The consolidated financial statements are presented in accordance with the Swiss GAAP FER accounting and reporting recommendations and comply with all of these standards. The consolidated financial statements provide a true and fair view of Groupe Mutuel's assets, finances and earnings.

Swiss GAAP FER 41 entered into force on 1 January 2012 for the statutory annual accounts of health insurers. Groupe Mutuel has applied this standard in relation to Swiss GAAP FER 30 for the preparation of its consolidated financial statements since financial year 2018. The application of Swiss GAAP FER is on a voluntary basis.

FIRST APPLICATION OF THE SWISS GAAP FER STANDARDS

Due to the creation of Groupe Mutuel Holding SA in the course of the financial year, Groupe Mutuel prepared consolidated financial statements in accordance with Swiss GAAP FER for the first time on the basis of the figures as at 31.12.2018. Consequently, no comparative figures and cash flow statement are presented. Revaluations related to prior years have been allocated to the equity base.

ROUNDING DIFFERENCES

The amounts in the consolidated 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.

Consolidation principles

CONSOLIDATED COMPANIES

All companies that are directly or indirectly controlled by Groupe Mutuel Holding SA are included in the consolidated financial statements of Groupe Mutuel. Control means that it is possible to exert decisive influence on the commercial, financial and operational activities in order to derive the corresponding benefit therefrom. This is usually the case if Groupe Mutuel directly or indirectly holds at least 50% of the voting rights in a company. Companies acquired are included in the group financial statements from the date on which the control of Groupe Mutuel's business activities was transferred. All companies disposed of are excluded from the statements from the date of sale. The consolidated companies are presented in the notes to the financial statements.

CONSOLIDATION METHOD

Full consolidation, used as soon as the group exercises control over the investment, is based on the principle of taking into account assets, liabilities, expenses and income as a whole. Capital is consolidated using the acquisition method. The net assets of acquired companies are revalued at their current value at the time of acquisition in accordance with Groupe Mutuel principles. The difference between the acquisition price and the revalued net assets is offset by the consolidated equity base.

REPORTING DATE

The reporting date for all companies included is 31 December.

INTRAGROUP RELATIONSHIPS

Relationships and transactions between the companies of the group are cancelled through offsetting or elimination.

Valuation principles

VALUATION PRINCIPLES

The valuation of assets and liabilities is carried out in a uniform manner in each of the balance sheet items. The principle of individual valuation applies.

CURRENCY CONVERSION

The consolidated financial statements are prepared in Swiss Francs. Foreign currency positions are converted using the closing rate method. Transactions in foreign currencies are converted at the exchange rate prevailing on the transaction date.

INVESTMENTS

Land and buildings are valued individually at market value. The analysis is carried out annually using a weighted average between the performance value taken twice and the historical value. Buildings are also subject to periodic expert appraisals by a specialist (3 to 5 year cycle), which serve as maximum values.

Buildings under construction are also presented in the investments and valued at their acquisition cost during the construction period.

Bonds and other fixed-income securities are valued at market value. Changes in value are recorded as unrealised gains/losses in the income statement. Accrued interest is presented in the deferred charges.

Shares are valued at their market value, in other words at the values quoted on the stock exchange at the reporting date. Changes in value are recorded as unrealised gains/losses in the income statement.

Cash and cash equivalents allocated to investments are presented in the balance sheet in accordance with balance notices or account statements in financial investments, insofar as they are not required for operating purposes.

Collective investment schemes, structured products and fixed-term deposits are measured according to the values quoted on the stock exchange at the reporting date. Changes in value are recorded as unrealised gains/losses in the income statement.

Alternative investments are measured according to the latest available net asset values. Changes in value are recorded as unrealised gains/losses in the income statement.

Currency futures are measured at market value. These are used to cover the currency risk of bonds and other fixed-income securities.

Investments in other companies are measured according to the cost of investments, excluding any acquisition costs, less value adjustments charged to the income statement.

Loans, mortgages and policy loans are valued at nominal value less any value adjustments. Policy loans are limited to their cash value.

Employer contribution reserves are recognised in the balance sheet at their nominal value. The value is reviewed annually and, if necessary, the item is corrected.

INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets and property, plant and equipment are measured at their acquisition value, less accumulated depreciation and impairment losses. Depreciation is calculated on a straight-line basis and during the expected lifetime:

- five years for fixtures;
- three to five years for fittings;
- three years for IT hardware and software;
- three years for vehicles.

The value of intangible assets and property, plant and equipment is reviewed whenever there is an indication that their recoverable amount may be less than their accounting value.

FINANCIAL FIXED ASSETS

The balance sheet value of financial fixed assets consists of the costs of investments, excluding any acquisition costs, less value adjustments charged to the income statement.

DEFERRED POLICY ACQUISITION COSTS NOT YET AMORTISED

The possibility of activating acquisition costs within the meaning of Article 65(2) of the Ordinance on the Supervision of Private Insurance Undertakings is applicable only to life insurance.

The maximum rate for the activation of acquisition costs must not exceed the corresponding rate for the deduction when calculating the surrender value.

DEFERRED CHARGES

Deferred charges include prepaid expenses charged to the new financial year as well as income relating to the current financial year, which will only be received later.

RECEIVABLES

Receivables are valued at nominal value, less any value adjustments. Provisions for receivables are calculated individually on different types of debtors in order to cover risks of cash receipt losses.

CASH AND CASH EQUIVALENTS

This item includes operating cash and cash equivalents, which are valued at nominal value.

NET TECHNICAL PROVISIONS

The item for net technical provisions includes provisions for claims and benefits, premium deferrals, actuarial reserves, provisions for future policyholder participation to profits, equalisation reserves as well as other technical provisions. They are included as defined in the balance sheets of the various companies of the group and are prepared in accordance with the actuarial methods recommended by the supervisory authorities.

Provision for claims and benefits are calculated according to actuarial methods recognised by the supervisory authorities, e.g. the chain ladder method.

Premium deferrals are calculated individually for each guarantee constituting a contract according to the pro rata temporis method.

The reserves for annuities are calculated according to the account principles pursuant to Art. 108 OLAA/UUV.

The mathematical reserves for life insurance are built up according to the technical operating plan and the initial tariff bases. No increase for possible deficiencies of the initial tariff bases is made.

Provisions for future policyholder participation in profit-sharing are built up to provide companies with the necessary funds to repay their share of the profit margin on their own contract at the end of the period for which the result is calculated.

The claims equalisation reserves cover the volatility of actuarial risks such as unexpected increases in claim rates, losses on the liquidation of claims or changes in the parameters used to calculate ageing reserves.

Ageing reserves are calculated in accordance to the prospective principle “the present value of future benefits less the present value of future premiums”, according to the operating plan.

Other technical provisions include additional actuarial provisions that are measured according to the applicable and approved business plans.

NON-TECHNICAL PROVISIONS

Where, as a result of past events, a loss of economic advantages can be expected for future financial years, provisions charged to the profit and loss account are immediately made for the amount which will probably be necessary.

PROVISIONS FOR INVESTMENT RISK

Provisions for investment risk are recorded for specific market risks related to capital investments, in order to take into account fluctuations in current values. The method used to measure provisions is the “Risk Adjusted Capital”. The provisioning rate is determined according to the expected return by integrating various risk factors (volatility of the strategy, expected performance of the strategy, degree of probability).

OTHER LONG-TERM LIABILITIES

Guarantees on accounts receivable are valued at nominal value and are credited with interest set annually according to market values.

DEFERRED CREDITS

Deferred credits include income received in advance and relating to the new financial year as well as expenses charged to the current financial year, which will only be paid later.

LIABILITIES

Liabilities to third parties and related parties are valued at nominal value.

TAXES

Current taxes are recorded in the same period as the income and expenses to which they relate. Deferred taxes are determined according to the rates specific to each entity and are calculated based on of timing differences between the tax values and accounting values of the assets and liabilities.

Notes to the consolidated financial statements

Consolidated companies

CONSOLIDATED INVESTMENTS USING THE FULL CONSOLIDATION METHOD

Company name and headquarters	Activity	Share capital (in CHF)	Share in the capital (in %)	Voting share (in %)	Direct ownership (in %)	Indirect ownership (in %)
Groupe Mutuel Holding SA, Martigny	Holding	100,000	100%	100%	100%	0%
Groupe Mutuel Services SA, Martigny	Services company	100,000	100%	100%	100%	0%
ASMA CONSEIL SA, Martigny	Services company	100,000	100%	100%	0%	100%*
Groupe Mutuel Assurances GMA SA, Martigny	LCA/VVG and LAA/UVG insurance	8,000,000	100%	100%	100%	0%
Mutuel Assurances SA, Martigny	LCA/VVG and LAA/UVG insurance	8,000,000	100%	100%	100%	0%
Groupe Mutuel Vie GMV SA, Martigny	Life insurance	25,000,000	100%	100%	100%	0%
Avenir Assurance Maladie SA, Martigny	LAMal/KVG insurance	100,000	100%	100%	100%	0%
Easy Sana Assurance Maladie SA, Martigny	LAMal/KVG insurance	100,000	100%	100%	100%	0%
Mutuel Assurance Maladie SA, Martigny	LAMal/KVG insurance	100,000	100%	100%	100%	0%
Philos Assurance Maladie SA, Martigny	LAMal/KVG insurance	100,000	100%	100%	100%	0%
AMB Assurances SA, Bagnes	LAMal/KVG insurance	100,000	100%	100%	100%	0%
SUPRA-1846 SA, Lausanne	LAMal/KVG insurance	100,000	100%	100%	100%	0%
Mutuelle Neuchâteloise Assurance Maladie, Neuchâtel	LAMal/KVG insurance	N/A**	N/A	60%	N/A	N/A

* ASMA CONSEIL SA is 100% owned by Groupe Mutuel Services SA.
** Mutuelle Neuchâteloise Assurance Maladie is a foundation within the meaning of Articles 80 et seq. of the Swiss Civil Code.

NON-CONSOLIDATED INVESTMENTS

Company name and headquarters	Activity	Share capital (in CHF)	Share in the capital (in %)	Voting share (in %)	Direct ownership (in %)	Indirect ownership (in %)
La Générale de Participations (LGP) SA in liquidation, Martigny	Finance company	100,000	100%	100%	0%	100%

The above entity has not been consolidated due to its minor significance and non-strategic activity for the group.

Notes to the income statements

In CHF thousands

1. INSURANCE INCOME

2018

Premium income	5,615,808
Premiums ceded to reinsurers	-5,851
Variation of premium deferrals	96
Premiums acquired for own account	5,610,053
Other insurance revenue	8,491
Total	5,618,543

2. NET COST OF CLAIMS AND BENEFITS

2018

Costs of claims and benefits	-5,302,248
Co-payment	628,593
Reinsurers' share to in provision of claims	764
Variation of technical provisions	-57,208
Variation of technical provisions - Reinsurers' share	-695
Variation of unit-linked life insurance technical provisions	-1,757
Variation of unit-linked life insurance technical provisions - Reinsurers' share	-42
Total	-4,732,594

3. NET OPERATING EXPENSES

2018

Staff expenses	-236,747
Administrative offices and operating equipment	-5,554
IT costs	-25,537
Litigation expenses invoiced	49,794
Other administrative expenses	-44,246
Marketing, advertising and commissions	-81,858
Amortisation	-9,985
Participation in reinsurance surpluses	373
Total	-353,760

In CHF thousands

4. INVESTMENT INCOME

2018

	Ordinary earnings	Realised gains	Unrealised gains	Total
Land and buildings	5,931	-	426	6,356
Bonds and other fixed-income securities	26,210	193	2,004	28,408
Shares	21,539	4,573	11,617	37,729
Cash and cash equivalents allocated to investments	108	6,684	57	6,849
Other investments	8,994	2,747	3,743	15,484
Total	62,782	14,198	17,846	94,826

5. INVESTMENT EXPENSES

2018

	Investment expenses	Realised losses	Unrealised losses	Total
Land and buildings	-2,819	-	-7,585	-10,405
Bonds and other fixed-income securities	-164	-1,157	-35,818	-37,139
Shares	-1,243	-2,997	-88,683	-92,923
Cash and cash equivalents allocated to investments	-2,985	-1,453	-158	-4,596
Other investments	-476	-6,986	-55,228	-62,690
Total	-7,687	-12,593	-187,472	-207,752

6. EARNINGS FROM UNIT-LINKED LIFE INSURANCE INVESTMENTS

2018

	Ordinary earnings	Realised gains	Unrealised gains	Total
Equity funds	103	-	-	103
Bond funds	-	-	-	-
Other earnings from unit-linked life insurance investments	698	-	-	698
Total	801	-	-	801

	Investment expenses	Realised losses	Unrealised losses	Total
Equity funds	-	-7,813	-	-7,813
Bond funds	-7	-1,688	-24	-1,719
Other earnings from unit-linked life insurance investments	-47	-	-	-47
Total	-53	-9,501	-24	-9,579

Earnings from unit-linked life insurance investments	-8,778
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7. OTHER INCOME AND OTHER OPERATING EXPENSES

Other operating results mainly come from own expenses and income from administrative work invoiced to partner companies such as Mutuelle Valaisanne de Prévoyance, Groupe Mutuel Prévoyance-GMP and Caisse-maladie de la vallée d'Entremont société coopérative.

Notes to the balance sheet

In CHF thousands

8.1 INVESTMENTS

31.12.2018

Land and buildings	341,068
Bonds and other fixed-income securities	1,875,815
Shares	598,459
Cash and cash equivalents allocated to investments	260,290
Collective investment schemes	649,103
Structured products	97,958
Alternative investments	18,942
Currency futures	1,253
Loans	29,000
Term deposits	48,325
Mortgages	3,043
Policy loans	1,245
Employer contribution reserves	837
Other investments	849,706
Total	3,925,337

Alternative investments: the companies of the group have committed to subscribe USD 13.2 million to private equity funds and CHF 8 million to private debt funds. As at 31.12.2018, commitments were still open for USD 10.8 million and CHF 4.4 million.

DERIVATIVES OPEN AS AT 31.12.2018

	Currencies	Assets	Liabilities and equity	Total
Forward transactions - hedging	EUR	119	-	119
Forward transactions - hedging	USD	1,134	-	1,134
Total		1,253	-	1,253

In CHF thousands

8.2 UNIT-LINKED LIFE INSURANCE INVESTMENTS

31.12.2018

Equity funds	48,836
Bond funds	89,983
Other investments from unit-linked life insurance	586
Total	139,404

9. INTANGIBLE ASSETS

	IT software	Total
Net accounting value as at 01.01.2018	4,914	4,914
Historical cost		
Carrying amount as at 01.01.2018	27,043	27,043
Additions	3,308	3,308
Disposals	-7,788	-7,788
Status as at 31.12.2018	22,562	22,562
Accumulated valuation adjustments		
Carrying amount as at 01.01.2018	-22,129	-22,129
Amortisation	-4,936	-4,936
Disposals	7,788	7,788
Status as at 31.12.2018	-19,276	-19,276
Net accounting value as at 31.12.2018	3,286	3,286

In CHF thousands

10. PROPERTY, PLANT AND EQUIPMENT

	Office furniture, machinery and equipment	IT equipment	Vehicles	Total
Net accounting value as at 01.01.2018	1,865	2,661	545	5,071
Historical cost				
Carrying amount as at 01.01.2018	6,926	38,891	3,564	49,382
Additions	5,328	1,744	621	7,693
Disposals	-3,413	-17,483	-1,545	-22,441
Status as at 31.12.2018	8,841	23,153	2,640	34,634
Accumulated valuation adjustments				
Carrying amount as at 01.01.2018	-5,061	-36,231	-3,019	-44,311
Amortisation	-2,124	-2,715	-510	-5,350
Disposals	3,413	17,483	1,545	22,441
Status as at 31.12.2018	-3,773	-21,463	-1,984	-27,220
Net accounting value as at 31.12.2018	5,069	1,690	656	7,414

11. FINANCIAL FIXED ASSETS

31.12.2018

Security deposits	551
Non-consolidated participations	116
Other financial fixed assets	158
Total	825

12. DEFERRED CHARGES

31.12.2018

Accrued interest	11,714
Risk compensation to be received	134,414
Premiums to be invoiced	6,982
Prepaid commissions	21,020
Other accrued income	14,947
Total	189,077

In CHF thousands

13. RECEIVABLES

31.12.2018

Policyholders	479,706
Insurance companies	2,900
Partners or related parties	1,275
Government offices	66,772
Withholding taxes	5,891
Other receivables	15,927
Total	572,471

14.1 NET TECHNICAL PROVISIONS

31.12.2018

	Gross technical provisions	Reinsurer's shares	Net technical provisions
Provision for claims and benefits	1,359,998	-6,555	1,353,443
Deferral of premiums	7,530	-	7,530
Mathematical reserves	442,550	-3,503	439,046
Provision for future policyholder participation	56,847	-	56,847
Claims equalisation reserve	273,804	-	273,804
Ageing reserves	98,958	-	98,958
Other technical provisions	202,675	-	202,675
Total	2,442,363	-10,058	2,432,304

14.2 UNIT-LINKED LIFE INSURANCE TECHNICAL PROVISIONS

31.12.2018

	Gross technical provisions	Reinsurer's shares	Net technical provisions
Provision for claims and benefits	759	-26	733
Deferral of premiums	549	-	549
Mathematical reserves	137,728	-	137,728
Provision for future policyholder participation	157	-	157
Other technical provisions	43,174	-	43,174
Total	182,367	-26	182,341

In CHF thousands

15. NON-TECHNICAL PROVISIONS

	Staff	Tax	Other	Total
Status as at 01.01.2018	7,156	9,184	2,410	18,750
Creation	1,604	1,042	-	1,042
Use	-800	-9,123	-91	-9,214
Releases	-	-72	-19	-91
Status as at 31.12.2018	7,960	1,031	2,300	11,291

Staff: this provision takes into account overtime and holidays as at 31 December, as well as any other commitments to employees.
Other: provisions for ongoing disputes as well as provisions for losses on agents are presented in this category.

16. PROVISIONS FOR INVESTMENT RISK

	Total
Status as at 01.01.2018	329,580
Creation	1,721
Releases	-
Status as at 31.12.2018	331,301

17. DEFERRED CREDITS

	31.12.2018
Risk compensation to be paid	22,258
Other deferred credits and accrued expenses	50,800
Total	73,058

18. LIABILITIES

	31.12.2018
Policyholders	449,115
Insurance companies	7,205
Healthcare providers	3,808
Agents and brokers	17,410
Partners or related parties	157
Government offices	5,190
Other liabilities	3,264
Total	486,148

Other information

In CHF thousands

LIABILITIES TO PENSION FUNDS

Employer contribution reserve	Value as at 01.01.2018	Usage	Value as at 31.12.2018
Pension funds with funding surplus	837	-	837
Total	837	-	837

Economic usefulness as at 31.12.2018	Surplus (+) / deficiency (-) of funding	Economic interest of the employer	Pension expenses as part of the staff expenses
Pension funds with funding surplus	-*	-	14,019
Total	-	-	14,019

The information is based on the annual financial statements as at 31.12.2018, in accordance with the Swiss GAAP FER 26 for the different pension funds.
* Groupe Mutuel's employees are affiliated to two jointly-owned foundations with coverage levels as of 117.62% and 112.35% as at 31.12.2018.

ASSETS PLEDGED OR ASSIGNED TO GUARANTEE OWN LIABILITIES AND ASSETS SUBJECT TO OWNERSHIP

	31.12.2018
In connection with rental guarantee accounts	594
In connection with bank guarantees	3,000
Total	3,594

Pledging agreements with banks cover forward currency transactions.

DEFERRED INCOME TAX RATE ON EARNINGS

	2018
Groupe Mutuel Holding SA	0.02%
Groupe Mutuel Assurances GMA SA	18.59%
Mutuel Assurances SA	0.49%
Groupe Mutuel Vie GMV SA	0.49%
Groupe Mutuel Services SA	20.68%
ASMA CONSEILS SA	13.04%

In CHF thousands

FEES OF THE EXTERNAL AUDITORS

2018

Audit services	819
Other provision of services	159
Total	978

SIGNIFICANT RELATED COMPANIES

2018

Groupe Mutuel Foundation

Rental of premises by Groupe Mutuel Services SA	-826
Administrative management invoiced by Groupe Mutuel Services SA	27
Interest on loans granted to Groupe Mutuel Vie GMV SA	-96

CONTINGENT LIABILITIES

In the context of VAT group taxation, Groupe Mutuel Holding SA is jointly and severally liable for the debts of the group companies to the Federal Tax Administration.

EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No extraordinary events likely to have a material impact on the statement of assets, financial position and results of the past year have occurred since the balance sheet date.



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To the General Meeting of

Groupe Mutuel Holding SA, Martigny

Basle, 29 April 2019

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the financial statements of Groupe Mutuel Holding SA, which comprise the balance sheet, income statement and notes (pages 12 to 32), for the year ended 31 December 2018.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with the requirements of Swiss law and the consolidation and valuation principles as set out in the notes. 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 2018 comply with Swiss law and the consolidation and valuation principles as set out in the notes.

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



Blaise Wägli
(Qualified
Signature)

Licensed audit expert
(Auditor in charge)



Cyril Motte
(Qualified
Signature)

Licensed audit expert

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Groupe Mutuel Assurances GMA SA – Mutuel Assurances SA – Groupe Mutuel Vie GMV SA
Pension funds managed by Groupe Mutuel: Groupe Mutuel Prévoyance-GMP – Mutuelle Valaisanne de Prévoyance