

Information for financial year 2016
Groupe Mutuel Prévoyance-GMP



Overview of financial year 2016

2016: an unpredictable year?

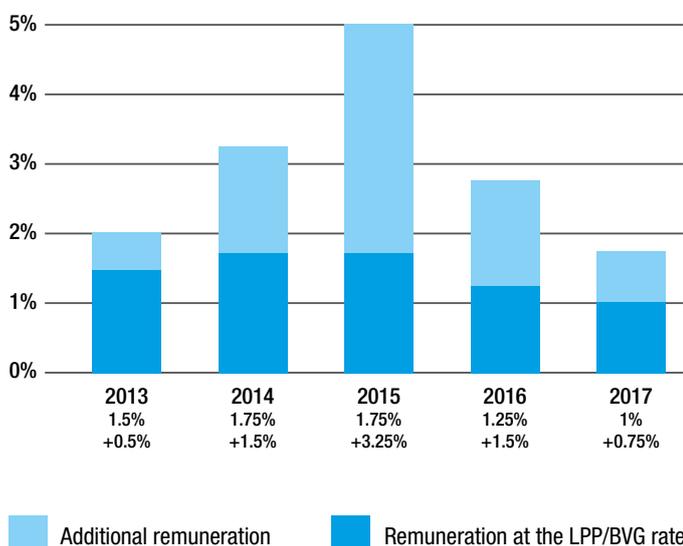
Surprisingly, the geopolitical events in 2016 did not have the anticipated impact on financial markets, which were finally little affected by the British decision to leave the EU and then boosted by Donald Trump's election as head of the United States. Groupe Mutuel Prévoyance took advantage of the opportunities in foreign shares (+11.2%), including in emerging markets, while identifying some opportunities for performance gains in Swiss franc bonds (+0.63%) and limiting the loss in value of Swiss franc shares (-2.2%) that are penalised by high valuation and small earnings growth. Direct property ownership and real estate investment funds achieved a return of 8.52%, including a 3.52% adjustment of the value of real estate. Bank liquidity fees did not weigh heavily on the portfolio, resulting in an extra charge of only 0.01% of the assets. In sum, the management of different types of assets in 2016 provided a return on equity of 3.21% free of costs, while containing portfolio volatility. In comparison, the investment strategy chosen by the Fund generated a return of 2.14%.

Long-term security

In line with its realistic vision of long-term commitments made to insured persons, the Pension Board decided to use the LPP/BVG 2015 actuarial tables that contain the most recent statistics of longevity and to base its longevity calculations on a technical rate of 2%, including the progressive adjustment of the rate used to convert supplemental benefits into retirement pensions.

Extra return on investment for insured members

Once long-term security had been consolidated, it was possible once again to provide insured members with an excellent return on investment, by allocating a supplemental interest of 0.75% in 2017, in addition to the minimum LPP/BVG rate. Therefore, after a 2.75% rate in 2016, a 1.75% interest rate will be added to the total amount of retirement assets in 2017. From 2013 to 2017, insured members received a full interest that will have allowed them to double the minimum LPP/BVG remuneration for the said period.



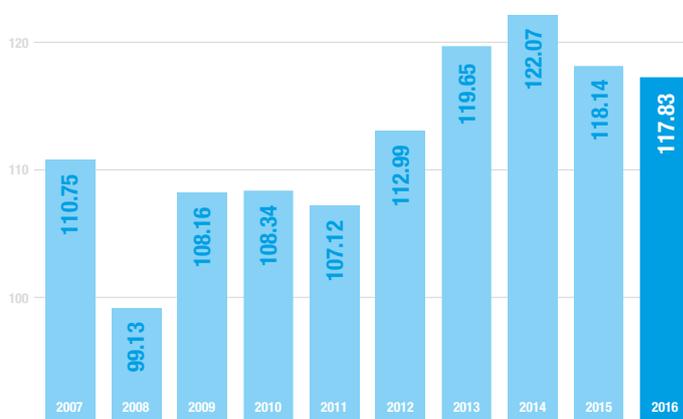
Substantial ability to cover commitments

After having created technical provisions for longevity and allocated this excess in the form of an interest payment, the coverage ratio remained securely positioned at 117.83% as at 1 December 2016.

Coverage ratio according to

| Article 44 OPP2/BVW2 | 31.12.2016 | 31.12.2015 |
|---|--------------------|--------------------|
| Total assets | 859,987,971 | 812,867,153 |
| Liabilities | -9,573,187 | -14,215,827 |
| Termination benefits and pensions | -28,230,718 | -58,222,556 |
| Assets as at 31 December | 822,184,066 | 740,428,769 |
| Retirement assets and technical provisions | 697,771,709 | 626,758,046 |
| Coverage ratio | 117.83% | 118.14% |

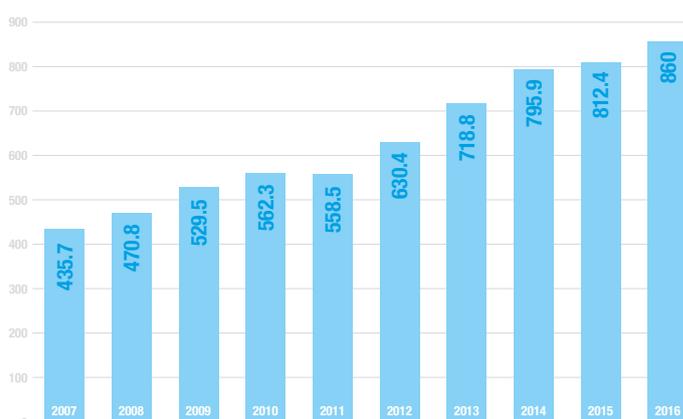
Coverage ratio trend



Updating the pension fund regulations

As from 1 January 2017, the distribution of occupational benefits between former spouses is governed by new requirements related to divorce law. The sharing of assets, which until now had applied only to employees, is extended to the beneficiaries of disability allowances and retirement pensions. In determining the amounts to be shared out between former spouses, the decisive date is now the beginning of the divorce proceedings and no longer the end. The pension fund regulations were updated to include these new rules and a number of provisions have been adjusted or enhanced.

Balance sheet trend



Annual accounts 2016 - Summary

Balance sheet as at 31 December 2016

| Assets in CHF | 31.12.2016 | 31.12.2015 |
|--|--------------------|--------------------|
| Investments | 831,830,440 | 774,793,870 |
| Operating liquidity | 14,641,816 | 22,446,202 |
| Deliverables | 10,715,676 | 11,491,478 |
| Accruals for assets | 2,800,039 | 3,680,650 |
| Total assets | 859,987,971 | 812,412,200 |
| Liabilities in CHF | 31.12.2016 | 31.12.2015 |
| Commitments | 28,363,970 | 58,299,369 |
| Accruals for liabilities | 5,139,728 | 9,354,239 |
| Employer contribution reserves | 4,300,207 | 4,329,822 |
| Retirement assets and technical provisions | 697,771,709 | 626,758,046 |
| Value fluctuation reserves | 73,900,000 | 69,100,000 |
| Uncommitted funds | 50,512,357 | 44,570,723 |
| Total liabilities | 859,987,971 | 812,412,200 |

Operating account for financial year 2016

| in CHF | 2016 | 2015 |
|--|-------------------|--------------------|
| Ordinary contributions and other inflow of assets | 84,720,473 | 86,286,825 |
| Entry benefits | 80,787,744 | 59,095,219 |
| Statutory benefits | -19,196,619 | -11,364,692 |
| Departure benefits | -83,303,831 | -169,535,690 |
| Expenses relating to benefits and advance payments | -70,984,047 | 24,894,461 |
| Adjustment / creation of retirement assets, technical provisions and contribution reserves | | |
| Revenue from insurance benefits | 7,620,023 | 7,180,518 |
| Insurance expenses | -7,857,418 | -7,719,582 |
| Net insurance result | -8,213,674 | -11,162,940 |
| Net return on investments | 24,780,627 | -721,642 |
| Other revenue | 38,953 | 65,444 |
| Administrative costs | -5,864,272 | -5,847,479 |
| Revenue / expenses surplus before creating the value fluctuation reserves | 10,741,634 | -17,666,618 |
| Creation of the value fluctuation reserves | -4,800,000 | -2,800,000 |
| Expenses / revenue surplus | 5,941,634 | -20,466,618 |

Groupe Mutuel Prévoyance is semi-autonomous joint pension foundation with a contribution-based plan. It is reinsured with life insurance companies for disability and death risks, and partly for longevity, in accordance with the provisions of the Federal Law on Occupational benefits (LPP/BVG).

Allocation of the Fund's investments 31.12.2016

| | | |
|--|--------------------|---------------|
| Assets available for investment / money market investments | 64,068,724 | 7.7% |
| Swiss bonds in Swiss francs | 140,238,220 | 16.9% |
| Swiss bonds in foreign currency | 642,404 | 0.1% |
| Foreign bonds in Swiss francs | 123,616,873 | 14.9% |
| Foreign bonds in foreign currency | 63,793,977 | 7.7% |
| Swiss shares | 111,389,724 | 13.4% |
| Foreign shares | 155,956,505 | 18.7% |
| Real estate | 114,768,240 | 13.8% |
| Absolute returns | 57,355,775 | 6.9% |
| Total | 831,830,440 | 100.0% |

Return per asset type

| | 2016 | |
|--|-------------------------------|------------------------|
| | Return Reference index | Achieved return |
| Swiss shares (SMI Expanded with dividends) | -2.20% | -2.84% |
| Foreign shares (Composite) | 6.45% | 11.20% |
| Swiss franc bonds | 1.32% | 0.63% |
| (SBI AAA-BBB Total return) | 2.10% | 0.42% |
| Foreign currency bonds (Composite) | 1.25% | 2.81% |
| Absolute return (minimum LPP/BVG rate) | 4.00% | 8.52% |
| Real estate (4%) | -0.75% | -0.93% |
| Liquidity (current bank account) | 2.14% | 3.21% |
| Total | | |

Retirement assets and technical provisions

| | 31.12.2016 | 31.12.2015 |
|---|--------------------|--------------------|
| Retirement assets of insured employees | 639,321,151 | 584,468,745 |
| Retirement assets of pensioners | 38,414,133 | 20,872,904 |
| Funds linked to companies | 2,048,424 | 2,291,596 |
| Provisions for gap in conversion rates | 11,061,000 | 8,383,801 |
| Provisions for increase in life expectancy | 192,000 | 626,000 |
| Other technical provisions | 1,935,000 | 1,315,000 |
| Provisions for additional interests | 4,800,000 | 8,800,000 |
| Retirement assets and technical provisions | 697,771,709 | 626,758,046 |

Technical provisions are defined together with an occupational benefits expert who also sets the appropriate level based on the Fund's workforce structure and on the statistical observations of insured events that occurred in past years.

In 2017, insured employees will receive a portion of the results in the form of an additional interest of 0.75%, for a total amount of CHF 4,800,000. This result will be allocated only to companies affiliated to the Fund as at 31 December 2016.

Value fluctuation reserves

Value fluctuation reserves are created to cover specific risks in the market in order to fund pension payments in the long-term. Creating such reserves aims to reach a security level of around 99% taking into account the expected return and volatility of every investment category and considering the advantages of diversification.

The method for calculating the value fluctuation reserves is defined by the Risk Adjusted Capital. This method takes into account:

- the remuneration of the Fund's retirement assets at the minimum LPP/BVG rate
- the volatility of the investment strategy decided by the Fund
- the expected return of the investment strategy decided by the Fund
- the degree of likelihood of occurrence

| Purpose and calculation of the value fluctuation reserves | 2016 | 2015 |
|--|-------------------|-------------------|
| Value fluctuation reserves as at 1 January | 69,100,000 | 66,300,000 |
| Creation / adjustment | 4,800,000 | 2,800,000 |
| Value fluctuation reserves as at 31 December | 73,900,000 | 69,100,000 |
| Purpose of the value fluctuation reserves | 73,900,000 | 69,100,000 |
| Deficit in the value fluctuation reserves | 0 | 0 |
| Retirement assets and technical provisions | 697,771,709 | 626,758,046 |
| Value fluctuation reserves accounted for as a percentage of commitments | 10.59% | 11.02% |
| Purpose of the value fluctuation reserves as a percentage of commitments | 10.59% | 11.02% |

Membership of the Pension Board

Employer representatives

Karin Perraudin, President
Dominique Amaudruz
Thierry Rosset

Employee representatives

Patrick Varone, Vice-President
Stéphane Roduit
Antonio Rosafio

Founder's representatives

Fabio Naselli Feo, Secretary (not a member of the Board)
Urs Schwaller

Administrator

Groupe Mutuel, Martigny

Auditors

Ernst & Young SA, Lausanne

Expert

allea SA, Christophe Steiger, Lausanne

Figures

| Member employers | 31.12.2016 | 31.12.2015 |
|---|-------------------|-------------------|
| | 1,757 | 1,703 |
| Insured employees | 31.12.2016 | 31.12.2015 |
| Men | 5,355 | 5,188 |
| Women | 4,277 | 4,300 |
| Total | 9,632 | 9,488 |
| Number of employees having contributed during the financial year | 11,884 | 11,978 |
| Pensioners | 31.12.2016 | 31.12.2015 |
| Old-age pensions | 294 | 260 |
| Spouse's / partner's pensions | 19 | 17 |
| Disability pensions | 104 | 89 |
| Pensions for children (of pensioners or disabled members) | 55 | 55 |
| Orphans' pensions | 28 | 29 |
| Total | 500 | 450 |

The financial statements 2016 can be downloaded from the website at the address: www.groupemutuel.ch/rapportLPP (in French, German and Italian only). It is also possible to order them by email: lpp@groupemutuel.ch

Administrator:

Groupe Mutuel Prévoyance-GMP

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