

Extract from the 2014 annual report
Vaudoise Insurance Group



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Statement concerning information relating to the future

This extract from annual report contains information relating to the future which entails uncertainties and risks. Readers need to be aware of this and should bear in mind that this information merely represents projections which may differ from actual future events. All information is based on data available at the time when the annual report was prepared.

The full annual report is also available in French and German.
The authoritative text is the French version.

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Commentary on the 2014 fiscal year

Message from the Chairman and the CEO



Paul-André Sanglard,
Chairman of the Board of Directors

Philippe Hebeisen,
Chief Executive Officer

Dear members, shareholders, customers, colleagues and partners,

Since 2011, the business strategy pursued by the Board of Directors and the Management Board has followed two main lines of action: a return to our mutualist roots and the Group's concentration of its activity on the Swiss market. This long-term vision has enabled Vaudoise to achieve growth well ahead of the market while at the same time having its various stakeholders benefit from its success in the form of a redistribution of its profits.

Our consolidated profit for 2014 was CHF 153.6 million as against CHF 126.4 million a year earlier. This excellent new result is explained by strong growth in non-life and life business and by keeping the cost of claims and general overheads under control.

Our mutualist spirit means that the Board of Directors and the Management Board endeavour to ensure a healthy balance in the distribution of the Group's profits among members, customers, shareholders and equity resources. Starting from 2014, we decided to redistribute our profits on a two-yearly schedule, alternating between allocating a share of our profits to motor insurance customers one year and to third-party liability/property insurance customers the next. To this end, the profit-sharing fund was endowed with CHF 30 million. The Group's positive results also prompted the Board to propose increasing the dividend paid on the shares of Vaudoise Insurance Holding Ltd. At the same time, they enable us to deliver an excellent return on investment for our members. In addition, we are continuing with our policy of strengthening our equity,

which was almost CHF 1.5 billion in 2014 (up 13.2% on 2013). In the Swiss financial sector, a solid equity base is a competitive criterion recognized for insurance companies and banks alike, all the more so in an environment of persistently low interest rates and an international context which remains unstable. From a corporate governance standpoint, the Board of Directors is submitting to the 2015 general meeting of Vaudoise Insurance Holding Ltd revised articles of incorporation implementing the provisions specified by the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares. The Board has profited from this substantial revision to adapt the articles of incorporation more generally to current legislation. Transparency is ensured for all our companies by the publication of the report on remuneration at the end of this report.

This long-term strategy is also reflected in a more concerted corporate social responsibility (CSR) policy. In collaboration with the Philias Foundation, a committee has drawn up a charter that has been distributed to all employees. Based on three pillars – employees, the business dealings of Vaudoise Insurance and the community – this charter sets out the main theme of our commitment to society: social and professional reintegration. The first days of corporate volunteering were organized in a pilot phase for head office staff. The enthusiasm aroused by these events convinced the Management Board to repeat these days at Swiss level in the autumn of 2015. In parallel with this commitment to society, Vaudoise Insurance has, since 2010 endeavoured to raise the profile of the art collection initiated in 1956 by Jean Tschumi, architect of the head office. This year, the Vaudoise Insurance artistic committee – presented to you throughout this annual report – organized a conference on digital media and commissioned the Irish architect Nigel Peake to revisit the building of the head office through three monumental drawings entitled Through, Along, Above. These works were accompanied by a book covering the sequence of these drawings.

From an operational perspective, the positive trend of our results confirms the wisdom of our strategy of focusing on the Swiss market. The sale of our Liechtenstein subsidiary Valorld, validated by the FMA supervisory authority in November, is a sign of this refocusing. On the other hand, our aim to achieve growth in German-speaking Switzerland remains a priority. The policy we have been pursuing in this area for the past three years is a long-term process which is starting to bear fruit. Our business in German-speaking Switzerland is growing steadily, thanks to the combined efforts of our agency network and the broker-based sales channel. For the moment, growth is still not as strong as in French-speaking Switzerland, but is gathering momentum. The commitment of a new market manager, Patrick Marro, who has been active in this region for many years, should lead to an improvement in our results.

Overall, 2014 saw premiums on direct non-life insurance grow by 5.1% on 2013, reaching CHF 782.9 million. All customer segments and all insurance sectors contributed to the improvement. Our combined ratio (ratio of claims and operating expenses to premiums) stands at 89.2%, down 3.2 points on 2013. This very favourable rate is explained by a good claim rate for asset insurance and the decline in the claim rate for non-life insurance.

In life insurance, direct premiums written rose 6.5% to CHF 280.4 million. Vaudoise Life experienced a 0.9% increase in its portfolio of pension products based on instalment premiums. Single-premium products grew by 19.8% thanks to the Serenity Plan

product which offers our customers a flexible solution providing a fixed-term annuity while at the same time participating in the performance of the financial markets and the marketing of a tranche of the Trendvalor product. These products form part of our new range of solutions which are less sensitive to interest rate risk. In this connection, the company's good results have made it possible to strengthen the provision for interest rate guarantees at the desired level.

The prospects for 2015 are encouraging for our Group despite the SNB's decision of 15 January 2015, which is unlikely to have a decisive impact on the achievement of our annual objectives. In our asset and non-life personal lines, we expect our portfolio performance to be well above that of the Swiss market as a whole. At the same time, we will pay close attention to maintaining the quality of our underwriting and to our claims development, which has been so favourable in recent years.

In the life sector, the stakes are high, and we will continue to focus on shifting the flow of new business production towards more dynamic insurance products with the benefit of guarantees geared to market conditions.

We also maintain our principles in investment strategy, particularly that of maintaining a high level of protection on equities and currencies.

Finally, we will closely monitor the development of the regulatory framework which is being increasingly strengthened (FATCA and the Financial Services Act, to name just two), resulting in ever more complex processes for us and therefore higher administration costs. In this context, the solidity of the Vaudoise Insurance Group's results and balance sheet enables us to look to the future with confidence.

On behalf of the Board of Directors and the Management Board, we would like to thank you, our valued colleagues, for your commitment and you, our valued members, shareholders, customers and partners, for the confidence you have placed in us and for your loyalty.

Paul-André Sanglard,
Chairman of the Board of Directors

Philippe Hebeisen
Chief Executive Officer

Key figures (in CHF millions)

Vaudoise Insurance Group (for consolidated figures see pages 26-31)	2014 ¹⁾	2013	%
Gross premiums written			
Non-life insurance	790.7	752.5	5.1
Life insurance	416.7	642.4	-35.1
Non-life and life insurance	1'207.4	1'394.9	-13.4
General expenses	237.5	230.7	2.9
Profit for the year	153.6	126.4	21.5
Technical reserves	5'292.7	9'512.5	-44.4
Investments	6'874.7	11'052.1	-37.8
Equity (before appropriation of profit)	1'464.1	1'293.8	13.2
Earnings per registered B share	CHF 51.20	CHF 42.15	21.5
Non-life combined ratio	89,2%	92.4%	-3,2 pts
Return on investments reported in income statement	3,2%	3,0%	0,2 pt
Equity per registered B share	CHF 488.05	CHF 431.27	13.2
Return on equity	11,1%	10,4%	0,7 pt
Solvency 1 ratio	525,5%	415.7%	109,8 pts
Allowance to the fund of non-contractual redistribution of surplus to policyholders	30.0	28.0	7.1
Headcount	1'258.0	1'233.0	2.0
Vaudoise Assurances Holding SA			
Dividend per registered A share ²⁾	CHF 0.20	CHF 0.20	
Dividend per registered B share ²⁾	CHF 12.00	CHF 11.00	9.1

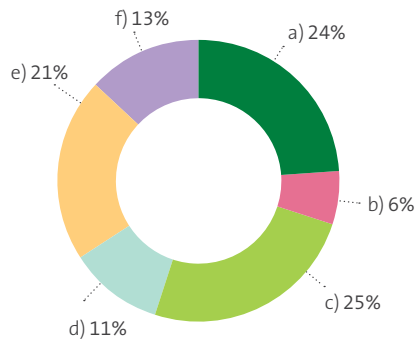
1) The 2014 figures including those of Valorlife, Life Insurance Company Ltd (Liechtenstein) until the deconsolidation date.

2) Proposals by the Board of Directors

Segment information

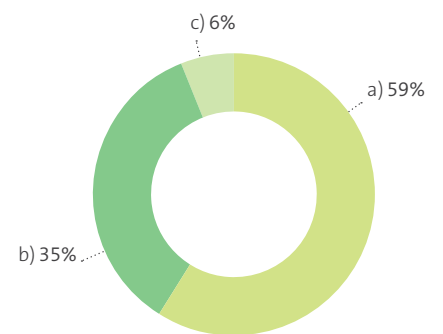
Premiums by sector in %

- a) Accident/health
- b) Third-party liability
- c) Motor vehicles
- d) Fire/miscellaneous
- e) Life business
- f) Unit-linked



Premiums on Swiss market

- a) French-speaking Switzerland
- b) German-speaking Switzerland
- c) Italian-speaking Switzerland



Agencies Network

- ☆ General agencies
- Principal agencies
- Local agencies



Insurance business

Growth in all segments

This year has once again seen Vaudoise Insurance post an excellent operating result in terms both of growth and of the cost of claims.

Non-life premiums rose steadily (5.1% as against 4.2% in 2013). All segments contributed to this positive trend. Thus non-life personal lines in the Corporate Clients segment performed particularly well, with an 11% increase in group health loss of income insurance and a 7.1% rise in accident insurance. In the personal lines segment, motor vehicle insurance – the most important line for Vaudoise Insurance in terms of volume – advanced by 3.5%.

The cost of claims was globally very favourable in 2014 with a combined ratio of 89.2% (92.4% in 2013).

Life insurance, which is evolving in a complicated context of extremely low interest rates, posted favourable growth of 6.5% on a Swiss market that is growing by 2%.

It is also worth recalling that the Vaudoise Group is no longer present on the international market since its Liechtenstein subsidiary Valorlife was sold to Wealth Assurance. Liechtenstein's supervisory authority, the FMA, approved this deal in November 2014. Under the agreement between the parties, the 2014 result was fully retroceded to Wealth Assurance with retroactive effect to 1 January 2014. This is set out in the notes to the consolidated financial statements on page 69 of the original French version of the 2014 Annual Report.

	Gross premiums written in CHF 1000			Gross benefits paid out in CHF 1000		
	2014	2013	+/- %	2014	2013	+/- %
Total business						
Direct business	1'063'359	1'007'982	5.5	721'097	705'992	2.1
Indirect business	9'536	9'863	-3.3	7'554	7'508	0.6
Total	1'072'895	1'017'845	5.4	728'651	713'500	2.1
Direct business						
Non-life insurance	782'926	744'651	5.1	526'058	522'391	0.7
Life insurance	280'433	263'331	6.5	195'039	183'601	6.2
Total	1'063'359	1'007'982	5.5	721'097	705'992	2.1
Indirect business						
Non-life insurance	7'752	7'831	-1.0	4'404	5'035	-12.5
Life insurance	1'784	2'032	-12.2	3'150	2'473	27.4
Total	9'536	9'863	-3.3	7'554	7'508	0.6

The above figures are not including those of Valorlife, Life Insurance Company Ltd (Liechtenstein).

Non-life insurance

This favours the autonomy of advisors working in the field and supports growth while at the same time meeting our profitability criteria.

Despite strong market pressure on prices, our results confirm that our current positioning is correct and that we can cope with the enormous volatility that exists in this sector.

Objective risk selection and proactive monitoring of portfolio quality remain the best guarantees of our strategic objective of long-term profitable growth. Local claims management and a high level of professionalism in dealing with cases involving serious physical injuries are also crucial success factors.

Liability insurance

In general liability insurance, the volume of premiums was up more than 2.4% on the preceding period, representing an increase of around CHF 1.5 million. As was the case in the two preceding years, the course of business in the corporate segment was encouraging, with growth above the market in a fiercely competitive environment.

The private customer segment also saw growth of some 1.4%.

This sector's cost of claims saw an improvement on 2013 and stands at a very good level.

Property insurance

In the property insurance area (fire and other damage to property), the growth rate was up on 2013. Reaching about 2.3%, it did better than the market, which saw growth of around 0.8%. This result generated some CHF 2.5 million of additional premiums for this sector, which was also subject to fierce competition.

This result is all the more satisfactory since, as in 2013, the household index fell by a further 7 points from 208 to 201 points. This reduction of around 3.4% in 2014 had a substantial impact on premiums written in the private business sector. For 2015, the index is continuing to decline and now stands at 198 points (down 1.5% on 2014).

Our Building insurance solution, launched in 2013, has met with great success with our customers and partners. This product has made a substantial contribution to the good course of business in this sector.

Without seriously bad weather or a major hail event, the cost of claims in 2014 for property insurance was at a very favourable level.

Non-life personal lines

The premiums for non-life personal lines were up for the sixth year running. In 2014 they were up more than 9%, a record rise for the group health loss of income and AIA mandatory insurance sectors. Both our new branch network and the brokers contributed to this rise, the latter having continued to gain in importance in the distribution of group segments.

Following the market's example, the cost of claims improved in group health loss of income insurance compared with the preceding period. However, calls for tender confirm that competition remains tough and that vigilance is as vital as ever. In the accident sector, the increase in the cost of claims caused by the change in the technical bases in AIA was offset, for the same reasons, by deductions on other technical provisions. In total, this segment re-

Asset insurance

After doing well in 2012 and 2013, asset insurance, which accounts for around 65% of premiums written by Vaudoise Générale, enjoyed an excellent result with written premiums up 3% to CHF 502 million, whereas the national market grew by 0.8% to 1.6%.

Despite a few sizeable cases, the cost of claims was at a very favourable level. There were no major events such as hail or other large-scale natural damage in 2014, which to a large extent explains this very good result. The uptrend in certain customer areas or segments is being confirmed, however. This trend will be carefully monitored in 2015.

Motor vehicle insurance

Sales of new cars on the Swiss market in 2014 were slightly down, by 1.9%, on 2013. However, with 301,942 new registrations, they were still well above the average for the 2000s. Forecasts from auto-suisse confirm this downtrend and predict that some 300,000 new passenger cars will be sold on the national market in 2015.

In terms of business, the motor vehicle insurance segment posted very favourable growth in 2014 of around 3.5% on the preceding period. This result is all the more remarkable since the Swiss market is only growing by about 1.6%. The amount of premiums written was around CHF 318 million and represented some 40% of Vaudoise Générale's revenue. The absence of a major hail event and good winter conditions meant that the cost of claims for the year was at a very satisfactory level.

The surveys and results posted in 2014 place us among the leading motor insurers and confirm that our strategy – which emphasizes advice, rapid claims processing and innovation in products and services while at the same time maintaining a good quality/price ratio for our products – is an asset that highlights our strength and perfectly meets our customers' expectations.

Our specialists monitor the market trend closely with a view to identifying the current needs of car drivers and also regularly adapting the range of products and services. The modular nature of our cover, which makes it possible to include astute options, is greatly appreciated by our policyholders. We are also working on a permanent simplification of the processes involved in taking out a policy.

mained at a good level by including reinforcements on safety provisions and provisions for fluctuations. This favourable period is also explained by a lower number of annuities granted.

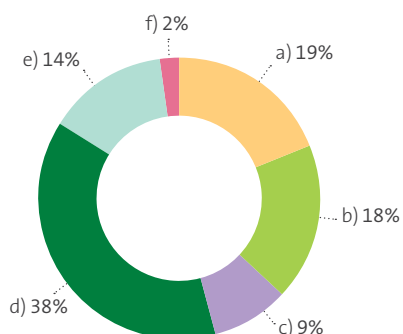
Services to policyholders also saw major changes in 2014. Vaudoise Insurance now lets its accident and/or group health customers declare salaries online and make claims via SunetPlus software. And advisors have a new platform for making AIA offers. The other non-life personal lines will gradually be included from 2015. We also aim to optimize the processing of benefit invoices and are preparing the adaptations necessitated by the increase in the maximum AIA salary, which will come into force on 1 January 2016.

Trend of direct non-life business

	Gross premiums written in CHF 1000			Gross benefits paid out in CHF 1000		
	2014	2013	+/- %	2014	2013	+/- %
Insurance business						
Accident	150'612	140'575	7.1	103'056	94'969	8.5
Health	139'950	126'090	11.0	123'016	107'000	15.0
Third-party liability	65'375	63'863	2.4	33'468	35'434	-5.5
Motor vehicles	299'751	289'609	3.5	194'617	207'516	-6.2
Fire and other property insurance	108'802	106'395	2.3	60'421	67'252	-10.2
Miscellaneous	18'436	18'118	1.8	11'480	10'221	12.3
Total	782'927	744'651	5.1	526'057	522'391	0.7

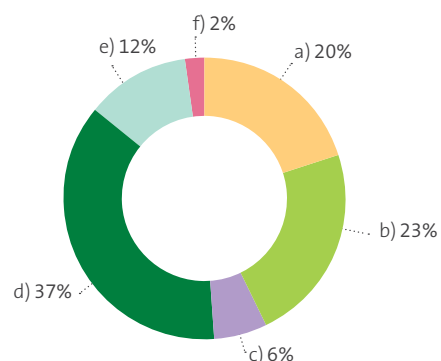
Breakdown of premiums in %

- a) Accident
- b) Health
- c) Third-party liability
- d) Motor vehicles
- e) Fire and other property insurance
- f) Miscellaneous



Breakdown of benefits in %

- a) Accident
- b) Health
- c) Third-party liability
- d) Motor vehicles
- e) Fire and other property insurance
- f) Miscellaneous



Life insurance

The interest rate challenge

Swiss market

The global economy enjoyed mixed fortunes in 2014. The almost uninterrupted rise in the dollar, the collapse in the oil price, the slowdown in Chinese growth and doubts about the robustness of the euro zone tended to insulate American activity, which recovered sharply and posted an unemployment rate almost at rock bottom. The Swiss economic situation proved to be fairly favourable but suffered from an anaemic interest rate environment, making it difficult to generate a return on capital while complying with ever stricter regulations.

In this context, income from Vaudoise Life premiums was up 6.5% to CHF 280 million while the national market posted growth of 2%. This result, which substantially exceeded our expectations, was due mainly to single-premium business.

While customers opt chiefly for classic solutions, traditional mixed insurance products with periodic premiums and guaranteed capital in the event of survival on expiry are following divergent trends. Restricted retirement solutions grew at a gratifying pace to 4.5%, the tax benefit getting the better of the weakness in yield. On the other hand, unrestricted retirement solutions marked time while interest in policies linked to investment funds was marginal. Ultimately, production of periodic premium life business increased by 0.9% to CHF 187 million.

Vaudoise Life saw an increase in single-premium business of 19.8% to CHF 93 million. In the current environment, the profitability of life insurance products with guaranteed savings components is receiving special attention.

The company is focusing on marketing new generation products not exposed to interest rate risk. As such, it has launched a new tranche of TrendValor14, a product with a financial component, for CHF 20 million. At the same time, the Serenity Plan withdrawal scheme finally made its mark as an alternative solution to life annuities, bringing in CHF 43 million. These products generated a large part of the growth recorded.

Vaudoise Life currently still regards traditional single-premium products generating an interest rate risk as non-strategic. The appropriateness of this position will of course be reassessed if there is a positive change in this situation. The company also further increased its interest rate risk reserve.

As regards claims paid, death benefits increased by 17.3%, while disability benefits fell by 6.2%.

Trend of direct life business

	Gross premiums written in CHF millions			Gross benefits paid out in CHF millions		
	2014	2013	+/- %	2014	2013	+/- %
Individual insurance						
Endowment	212'931	203'930	4.4	96'910	88'269	9.8
Annuities	64'081	55'868	14.7	53'566	51'086	4.9
Disability	3'421	3'533	-3.2	1'539	1'683	-8.6
Total	280'432	263'330	6.5	152'015	141'038	7.8

	Redemptions in CHF 1000		
Individual insurance	43'023	42'563	1.1
Total benefits and surrender	195'039	183'601	6.2

	Production in CHF 1000			Insurance portfolio in CHF 1000		
	2014	2013	+/- %	2014	2013	+/- %
Individual insurance						
Endowment	412'423	421'511	-2.2	6'489'022	6'512'888	-0.4
Annuities	34'753	33'192	4.7	657'158	645'889	1.7
Disability	32'061	47'948	-33.1	702'739	719'827	-2.4
Total	479'237	502'651	-4.7	7'848'919	7'878'605	-0.4

The above figures are not including those of Valorlife, Life Insurance Company Ltd (Liechtenstein).

Financial investments

Very positive investment results

The Group maintained its strategy, which is essentially based on investment categories generating regular income. The main focus is on broadly diversified investments with a long duration. The high level of income from fixed and variable-income securities meant that favourable financial results were achieved in 2014.

Investment policy and operations

Cards reshuffled within central banks

In the developed countries, central bank monetary policies remained highly accommodative during 2014. After almost six years of quantitative easing (QE), in October 2014 the US Federal Reserve (Fed) decided to stop buying long-term assets. But the Bank of Japan (BoJ) has taken its place by embarking on a similar strategy while the European Central Bank (ECB) announced such a programme for January 2015.

These various interventions have had a number of effects on the markets. First, interest rates fell abruptly to reach a record new low. Thus, at 31 December 2013, the yields on Swiss, European and US 10-year government bonds stood at 1.07%, 1.93% and 3.03% respectively. At the end of 2014, these yields were 0.36% for Switzerland, 0.54% for Europe and 2.17% for the United States. Accommodative monetary policies also affected the equity markets of the developed countries, which continued to rise but in a less sustained manner than in earlier years and with increased volatility.

As regards exchange rates, the Fed decided to discontinue its bond buying programme and announced a tightening of its monetary policy, which led to an appreciation of the US dollar against all currencies. Thus the US dollar appreciated 11.9% against the Swiss franc.

Maintaining the peg set by the Swiss National Bank (SNB) of CHF 1.20 per EUR 1.00 meant that the euro kept close to this limit until the end of 2014. Shortly after, on 15 January 2015, we learned that the SNB had decided to abandon this peg, leading to the instantaneous appreciation of the Swiss franc against the euro and other currencies by around 20%.

Real estate prices continued to rise in 2014 but the momentum was more modest with lower growth rates. For 2015, the revaluation of property portfolios, associated with the sharp fall in interest rates, along with the fact that real estate continues to look attractive, will be offset by the hardening of the regulatory measures initiated (countercyclical buffer) and the brake on economic growth associated with abandoning the peg with the euro.

Top quality bond portfolio

In light of the low returns on high-quality fixed-income securities and our risk capacity, we continued to scale back our bond portfolio and our loans to local authorities to 52.9% of our assets (54.5% in 2013, 59.3% in 2012 and 63.9% in 2011). These investments consist mostly of top-quality securities, 19% of which are rated AAA, while 33% are rated AA and 35% A. We retained a high average duration for our investments to match the requirements of our insurance commitments, which are also long term. Our geographical exposure remains focused mainly on the Swiss market, followed by the American and European markets. These portfolios also feature quality sectoral and geographical diversification.

A disciplined approach to buying and selling real estate

With prices overheating, we continued our policy of disciplined selection of real estate projects and purchases. Our investment strategy, focused on the long term, not only emphasizes the situation and quality of the properties considered but also ensures that rents are sufficient to achieve the desired returns; these two objectives have rarely been satisfactory in our analyses because of excessive prices in the vast majority of projects. Our activity is thus concentrated on the major projects under way. In 2014 we delivered 87 apartments and 6,400 m² of commercial and administrative space and started three new construction sites, one in German-speaking Switzerland and two in French-speaking Switzerland.

We also started two sites in Lausanne to intensify and heavily renovate properties whose macro- and micro-situations were viewed as excellent.

In a Swiss property market that still offers returns well above fixed-income investments, we have profited from strong demand from institutional investors, enabling us to improve the quality of our existing portfolio while occasionally selling properties that no longer meet our criteria.

Reduction of risks on variable-income securities

This asset class consists mainly of equities and alternative investments.

Even though the share of equities has increased in relation to 2013 in percentage terms, our net exposure is lower than in the preceding year because of the strengthening of our protection strategy (via derivative products). Our equity portfolio consists of 40% Swiss shares and 60% foreign shares and is mainly based on passive management (index tracking) to minimize management costs.

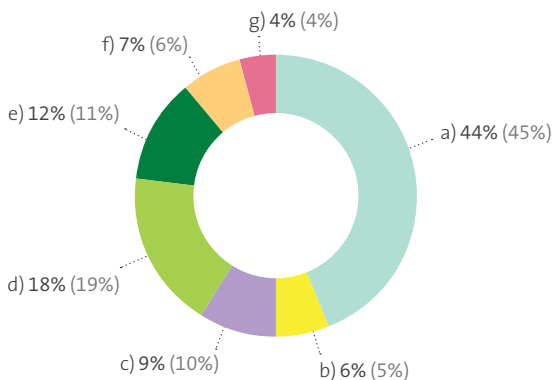
In 2010 a customized portfolio of diversified alternative investments was established by setting up our own fund of hedge funds whose management is delegated to a company that specializes in this area of activity and which is supervised by our in-house experts. A Luxembourg SICAV was created in 2014 to increase the quality of the management and governance of our alternative investments. The share of these hedge fund and private equity investments grew from 5.5% in 2013 to 6.7% in 2014.

Taking account, too, of other variable-income securities held for the long term, along with shareholdings and derivative financial instruments, variable-income investments represented a total of 23.2% of all investments at the end of 2014, as against 21.6% a year earlier.

Exchange rate risk under control

We regard the returns on exchange rate risks as poor and therefore maintained a high level of exchange rate hedging during the period under review, hedging more than 80% of our global exposure to foreign currencies and more than 85% in the developed economies.

Allocation of asset classes in % as at 31 December 2013



- a) Bonds and other fixed-income securities
- b) Mortgage loans
- c) Loans to local authorities
- d) Real estate
- e) Equities
- f) Alternative products
- g) Other variable-income securities

Thus, after rating and conducting an in-depth analysis of the properties in our real estate portfolio, we put 11 properties on the market and achieved sales of CHF 60.2 million.

The value of our stock thus stood at CHF 1.22 billion (CHF 1.25 billion in 2013) so that our share of real estate was 18.3% (19.2% in 2013).

Mortgage loans continue to grow

We see mortgage loans as an asset class which offers us a means of diversifying our fixed-income investments. They also form an integral part of our comprehensive customer advice strategy. In 2010, we decided to revitalize our offering and our positioning in mortgage products. We continued to follow this strategy such that their share of the total asset allocation increased to 5.5%, as against 4.6% at the end of 2013 in line with our quantitative and qualitative objectives.

Investment results

Following the sale of Valorlife, the volume of our investments fell by CHF 4,177.4 million to CHF 6,874.7 million in 2014. Excluding investments for the account and at the risk of policyholders, the volume increased by CHF 117.3 million to CHF 6,652.9 million.

Our current income from investments fell only slightly in 2014 by CHF 3.3 million to CHF 181.1 million, this despite real estate sales and the sizeable drop in yields on fixed-income securities. However, the return on our investments¹⁾ reported in our income statement came to 3.2% in 2014 as against 3.0% in 2013. This positive trend was due mainly to a better result than the preceding year from managing exchange rate risk coupled with the appreciation of the US dollar.

The net performance of our investments in terms of market values²⁾ came to 7.8% (1.2% in 2013). Together with the very positive performance of equities, this excellent performance in 2014 is explained by the positive impact of the fall in interest rates on the valuation of our bond investments. It is important to remember, however, that the fall in interest rates also increases the value of our liabilities and that this investment outperformance serves to even out this effect.

¹⁾ Net return according to income statement based on average investment, including exchange rate gains and losses, excluding results for the account and at the risk of policyholders and excluding unrealized capital gains and losses on securities (equities, alternative investments, bonds, real estate).

²⁾ Net performance at market value based on average investment, including variation in unrealized capital gains and exchange rate differences, but excluding results for the account and at the risk of policyholders.

Capital adequacy and solvency

More than 13,2% growth in equity capital, top solvency 1 margin and a comfortable SST result .

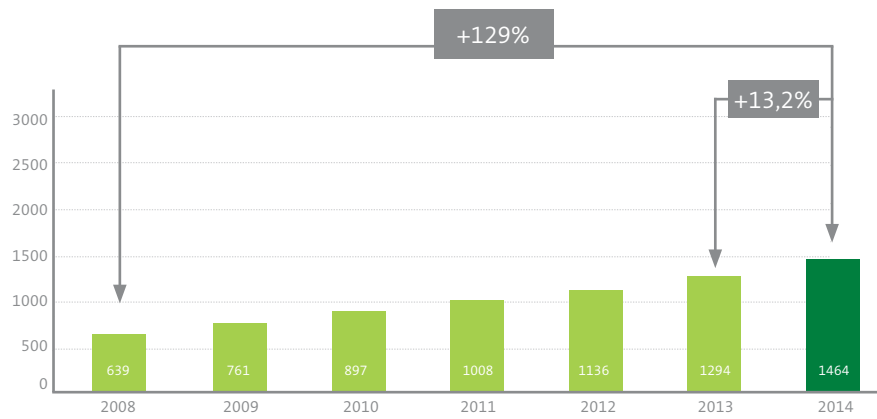
Compared with 2013, our equity before appropriation of profit increased by CHF 170.3 million to CHF 1,464.1 million. Our return on equity was 11.1% as against 10.4% in 2013.

The structure of our Group calls for a very high capital adequacy ratio.

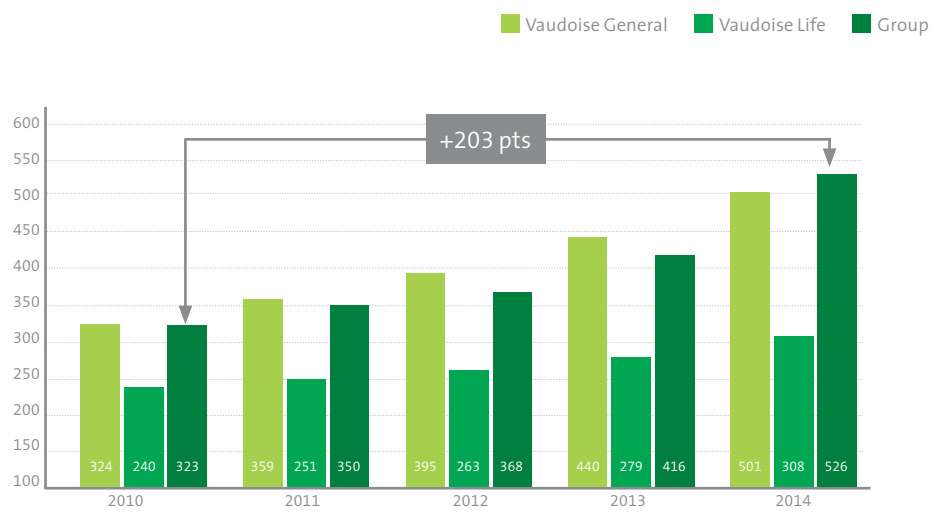
Our solvency 1 rate is among the highest of Swiss insurers. Following the sale of Valorlife in particular, the Group's solvency 1 soared to 526% as against 416% in 2013 and substantially exceeds the values required by the supervisory authorities. Our Group's risk capacity, as measured by the Swiss Solvency Test (SST), is also well above the required level of cover.

This ample room for manoeuvre means that we can face the future with confidence and take advantage of opportunities on the financial and insurance markets.

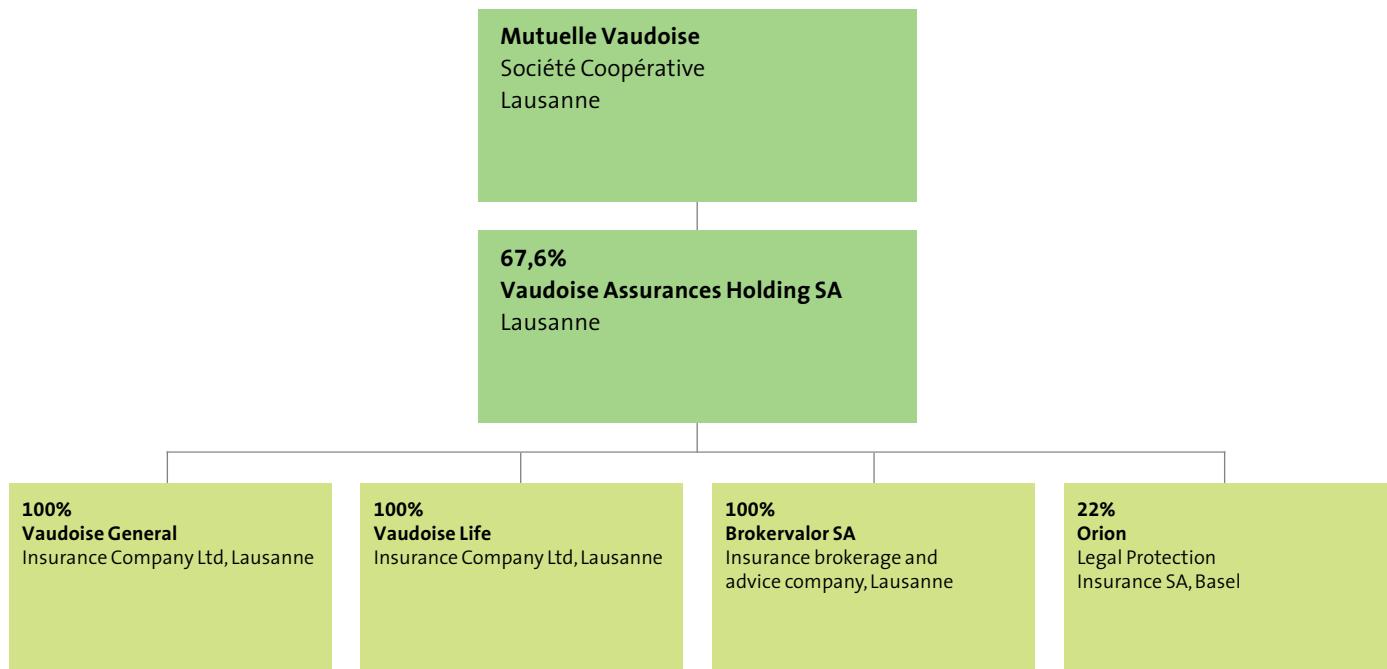
Consolidated equity
(in CHF million)



Solvency 1 ratio
(in %)



Corporate governance



Vaudoise Assurances Holding SA has its head office in Lausanne and is listed on SIX Swiss Exchange (symbol VAHN - Swiss security no.: 2154566 - ISIN: CH0021545667). Its share capital amounts to CHF 75 million.

Group structure

Vaudoise Assurances Holding SA is a holding company. Its main operating companies are Vaudoise General, Insurance Company Ltd and Vaudoise Life, Insurance Company Ltd, both of which are established in Switzerland. Vaudoise Assurances Holding SA holds all the capital of the two companies:

CHF 60 million for Vaudoise General and
CHF 100 million for Vaudoise Life.

Valorlife, Life Insurance Company Ltd (Liechtenstein) was sold to Wealth Assurance in November 2014. Under the agreement between the parties, the 2014 result was fully retroceded to Wealth Assurance with retroactive effect to 1 January 2014.

Major shareholder

Mutuelle Vaudoise, Société Coopérative, controls Vaudoise Assurances Holding SA and is the majority shareholder with 67.6% of the capital and 91.2% of voting rights. There are no cross-shareholdings which exceed 5% of voting rights or 5% of capital.

Capital structure

The fully paid-up share capital of Vaudoise Assurances Holding SA amounts to CHF 75 million. It consists of 10 million registered A shares with a nominal value of CHF 5 and 1 million registered B shares with a nominal value of CHF 25.

Vaudoise Assurances Holding SA has not issued any authorized or conditional capital and has not made any changes to its capital during the last three fiscal years.

Shares and participation certificates

The registered B shares are listed on SIX Swiss Exchange (Mid & Small Caps Swiss Shares). The registered A shares, all of which are held by Mutuelle Vaudoise, have privileged voting rights. Despite the difference in their nominal value, both types of shares confer entitlement to one vote.

Vaudoise Assurances Holding SA has not issued any participation certificates.

Members of the Board of Directors as at 31 December 2014

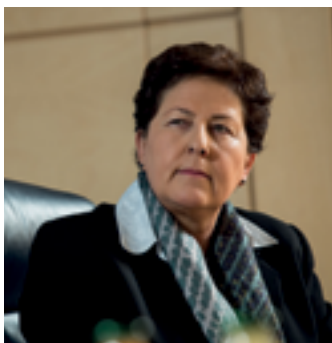
The seven-member Board of Directors is chaired by Mr. Paul-André Sanglard

The members, whose powers and authority complement each other, are divided between three committees:

► Audit and risk ► Appointments and remuneration ► Investment



Paul-André Sanglard
Chairman,
non-executive member
Dr. ès sc. éco
Swiss citizen,
born 8 October 1950



Chantal Balet Emery
Vice-President,
non-executive member
Attorney at law and notary public
Swiss citizen,
born 7 June 1952



Peter Kofmel
Director,
non-executive member
Attorney at law and notary public
Swiss citizen,
born 16 September 1956



Jean-Philippe Rochat
Director,
non-executive member
Attorney at law
Swiss citizen,
born 11 November 1957



Jean-Pierre Steiner
Director,
non-executive member
MSc. in actuarial theory
Swiss citizen,
born 27 June 1948



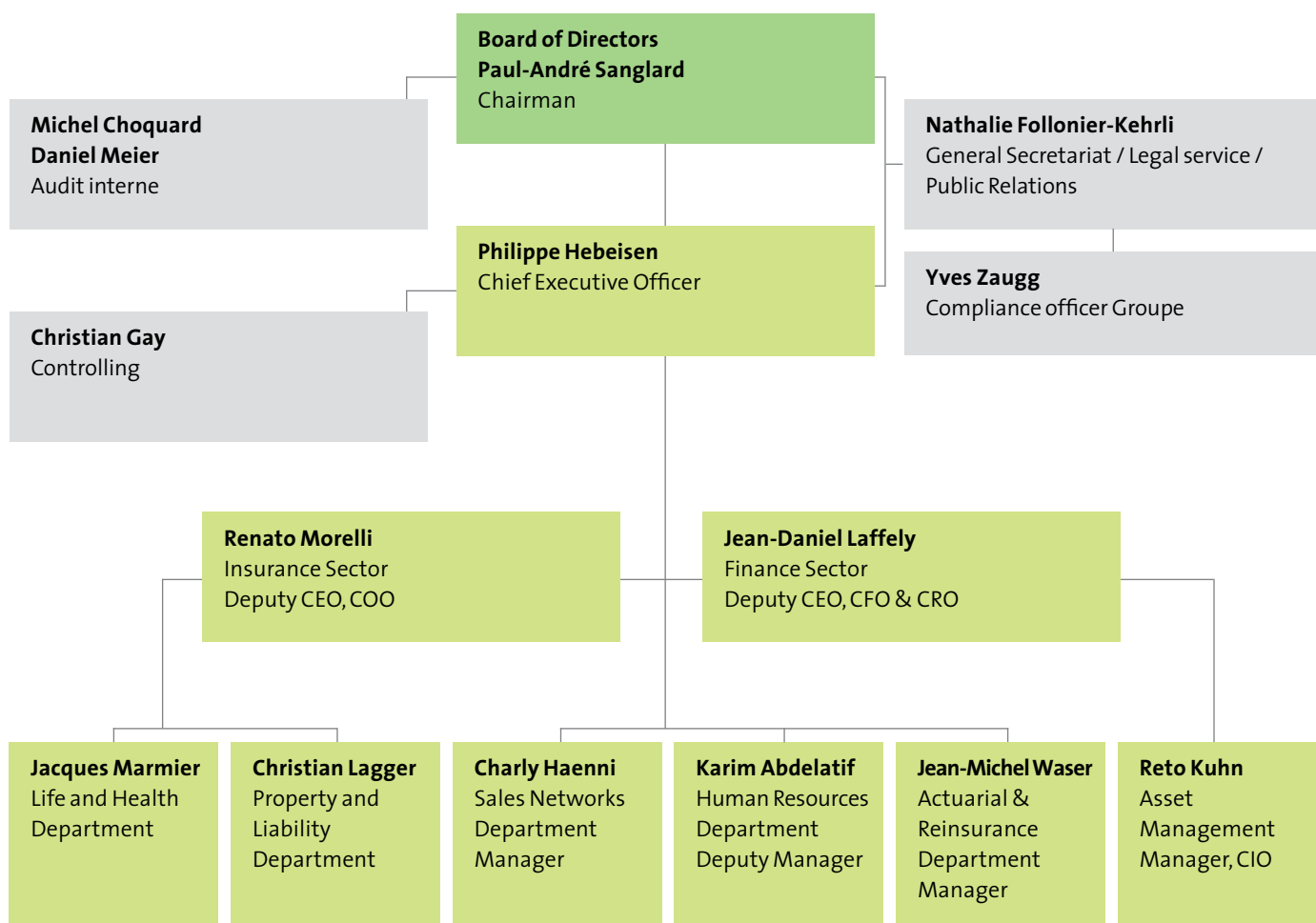
Javier Fernandez-Cid
Director,
non-executive member
MA in law
Spanish citizen,
born 10 January 1956



Etienne Jornod
Director,
non-executive member
Lic. HEC
Swiss citizen
born 6 January 1953

Functional organization chart as at 31 December 2014

The Management Committee consists of nine members



Management Committee

Members of the Management Committee as at 31 December 2014



Charly Haenni
Head of Sales
Networks Department

Karim Abdelatif
Head of Human
Resources Department

Reto Kuhn
Head of Asset
Management, CIO

Jean-Michel Waser
Head of Actuarial & Reinsur-
ance Department

Philippe Hebeisen
Chief Executive Officer



Jean-Daniel Laffely
Deputy CEO, CFO & CRO
Head of Finance Sector

Jacques Marmier
Head of Life and
Health Department

**Nathalie Follonier-
Kehrl**^{*}
General Secretariat

Christian Lager
Head of Property and
Liability Department

Renato Morelli
Deputy CEO, COO
Head of Insurance Sector

^{*}is not a member of the Management Committee

Group consolidated accounts

Consolidated income statement

as at 31 December 2014 (in CHF 1000)

	Gross	Reinsurance ceded	2014 net	2013 net
Technical income statement non-life insurance business				
Premiums written	790'678	36'248	754'430	716'460
Change in unearned premium reserves	19'372	43	19'329	28'624
Premiums earned	810'050	36'291	773'759	745'084
Financial result transferred from non-technical income statement			57'574	60'226
Other technical income			176	166
Total income			831'509	805'476
Claims paid	530'462	25'322	505'140	508'979
Change in claims reserves	1'174	-11'312	12'486	-6'729
Claims expenses	531'636	14'010	517'626	502'250
Change in other technical provisions	-17'823	0	-17'823	3'054
Policy-holder bonuses	16'017	287	15'730	11'422
Operating and acquisition costs	198'015	5'125	192'890	183'189
Other technical costs			2'039	1'660
Total costs			710'462	701'576
Technical result non-life insurances business			121'047	103'900
Technical income statement life insurance business				
Premiums written	416'674	2'885	413'789	639'360
Change in unearned premium reserves	69	113	-44	-161
Premiums earned	416'743	2'998	413'745	639'199
Financial result transferred from non-technical income statement			288'903	132'190
Total income			702'648	771'389
Claims and benefits paid	474'838	1'227	473'611	905'158
Change in claim reserves	-872	-247	-625	536
Change in actuarial reserves	164'935	-2'107	167'042	-212'913
Claims and benefits expenses	638'901	-1'127	640'028	692'780
Policy-holder bonuses	8'309	1'814	6'495	5'222
Operating and acquisition costs	44'580	0	44'580	47'457
Total costs			691'103	745'459
Technical result life insurance business			11'545	25'929

For the notes, please refer to pages 58 to 73 of the original French version of the 2014 Annual Report

Financial (non-technical) income statement	2014 net	2013 net
Investment income	468'142	347'957
Investment expenses	-88'480	-116'385
Investment result	379'662	231'572
Financial results allocated to technical income statement	-346'477	-192'416
Other financial income	267'298	151'222
Other financial costs	-257'777	-167'178
Financial (non-technical) result	42'705	23'200
<hr/>		
Comprehensive income statement		
Technical result - non life insurance business	121'047	103'900
Technical result - life insurance business	11'545	25'929
Financial (non-technical) result	42'705	23'200
Allocation to (-)/withdrawal from provision for future policy-holder participation	6'493	-1'313
Share of profits of associate	1'140	1'129
Profit before tax	182'930	152'845
Current income taxes	-28'170	-23'263
Deferred income taxes	-1'197	-3'216
Profit for the year	153'563	126'366

Consolidated balance sheet

at 31 December 2014 (in CHF 1000)

Assets	2014	2013
Investments		
Real estate	1'223'236	1'252'401
Participation in Orion, an affiliated company	4'887	4'627
Other non-current securities	14'021	14'435
Equities	812'966	726'099
Alternative products	446'439	356'335
Other variable-income securities	250'173	297'068
Derivate financial instruments	16'291	17'894
Bonds and other fixed-income investments	2'940'225	2'915'997
Mortgages	361'578	301'734
Loans to corporations	580'931	645'023
Policy loans	6'734	6'635
	6'657'481	6'538'248
Investments for unit-linked contracts	217'199	4'513'911
Excess employer contributions to pension scheme	3'917	3'917
Tangible assets	87'268	24'338
Reinsurance deposit receivables	32'504	33'640
Receivables from insurance operations		
Receivables from insurance policy-holders	7'445	8'285
Receivables from agents and brokers	1'579	1'500
Receivables from insurance and reinsurance companies	6'584	5'582
	15'608	15'367
Receivables from related parties	813	793
Other receivables	79'755	24'412
Cash and cash equivalents	281'621	235'309
Prepayments and accrued income		
Investment income	41'717	44'253
Other	5'744	50'744
	47'461	94'997
Total assets	7'423'626	11'484'932

For the notes, please refer to pages 58 to 73 of the original French version of the 2014 Annual Report

Liabilities and equity	2014	2013
Equity		
Share capital	75'000	75'000
Treasury shares	-6'248	-6'248
Capital reserves	27'842	27'842
Retained earnings	893'291	835'129
Revaluation reserve	320'667	235'688
Profit for the year	153'563	126'366
	1'464'115	1'293'777
Technical reserves		
Unearned premium reserve	111'214	130'494
Actuarial reserves	3'235'876	3'087'127
Claims reserves	1'599'755	1'616'344
Provision for policy-holder participation	83'902	88'335
Other technical provisions	48'963	66'786
	5'079'710	4'989'086
Technical reserves for unit-linked contracts	213'027	4'523'392
Financial provisions		
Provisions for current taxes	13'559	10'065
Provisions for deferred taxes	109'728	84'758
Provisions for restructuring costs	959	141
	124'247	94'965
Liabilities from reinsurance contracts	16'521	19'004
Liabilities from insurance operations		
Payables to insurance and reinsurance companies	3'443	4'395
Payables to brokers, policy-holders or other beneficiaries	62'857	57'125
Deposit liabilities for credited policy-holder profit participation	124'693	128'045
	190'993	189'565
Non-current liabilities		
Payables to related parties	32'000	32'000
	32'000	32'000
Current liabilities		
Payables to related parties	414	417
Derivate financial instruments (negative position)	4'570	2'640
Other	20'992	22'652
	25'976	25'709
Accrued expenses and deferred income		
Prepaid premiums	220'663	295'977
Other	56'375	21'458
	277'038	317'434
Total liabilities and equity	7'423'626	11'484'932

Cash flow statement

as at 31 December 2014 (in CHF 1000)

	2014	2013
Cash flow from operating activities		
Profit for the year	153'563	126'366
Share of profit of associate	-1'140	-1'129
Realized / unrealized gains (-) / losses (+) on		
• Real estate	-15'967	-18'304
• Securities and other investments	-189'749	-1'670
• Other non-current securities	165	-183
Depreciations and impairments on		
• Real estate	1'065	2'236
• Securities and other investments	37'349	38'851
• Other non-current securities	249	0
• Tangible assets	8'602	6'614
Change in operating assets and liabilities		
• Technical reserves	-4'403'029	-232'689
• Bonuses credited to policy-holders in the life business	-8'377	-135
• Provisions for future policy-holder participation	3'944	5'299
• Financial provisions	5'509	-2'443
• Receivables from insurance operations	-241	1'218
• Liabilities from insurance operations	1'428	-2'897
• Deposits for accepted reinsurance	1'135	-45
• Deposits for liabilities from reinsurance contracts	-2'483	-1'426
• Receivables from related parties	-20	-83
• Payables to related parties	-2	-66
• Other receivables	-55'343	12'139
• Other liabilities	-1'660	-24'992
• Prepayments and accrued income	47'536	158'140
• Accrued expenses and deferred income	-40'397	-99'470
Total	-4'457'861	-34'667
Cash flow from investing activities		
• Real estate	-659	-64'566
• Securities and other investments	4'586'188	264'416
• Other non-current securities	0	-4'819
• Tangible assets	-14'033	-10'678
• Deconsolidation of the Valorlife participation	-26'348	0
Total	4'545'148	184'353
Cash flow from financing activities		
• Dividends and other distributions from previous year	-40'976	-37'213
• Long-term liabilities toward affiliated companies	0	1'000
• Other non-current liabilities	0	-750
Total	-40'976	-36'963
Net increase/decrease (-) in cash and cash equivalents	46'312	112'723

Consolidated statement of equity as at 31 December 2014 (in CHF 1000)

	Share capital	Treasury shares ¹⁾	Capital reserves	Retained earnings ²⁾	Revaluation reserve	Total
Equity as at 1 January 2013	75'000	-6'248	27'842	873'881	165'191	1'135'667
Dividends and other distributions (previous fiscal year)				-37'213		-37'213
Dividends Orion, by reduction of their equity				-1'540		-1'540
Profit of the year				126'366		126'366
Revaluation of						
• real estate					747	747
• securities					88'828	88'828
• deferred taxes					-19'078	-19'078
Equity as at 31 December 2013	75'000	-6'248	27'842	961'495	235'688	1'293'777
Dividends and other distributions (previous fiscal year)				-40'976		-40'976
Dividends Orion, company by equity method consolidated				-880		-880
Deconsolidation of the Valorlife participation				-26'348		-26'348
Profit of the year				153'563		153'563
Revaluation of						
• real estate					12'774	12'774
• securities					95'978	95'978
• deferred taxes					-23'773	-23'773
Equity as at 31 December 2014	75'000	-6'248	27'842	1'046'854	320'667	1'464'115

1) Since 31 December 2009, Vaudoise Général, Insurance Company Ltd, Lausanne, has further held 56'725 registered B shares in Vaudoise Assurances Holding Sa amounting to CHF 6'248'175.--. A reserve for an equivalent amount of treasury shares has been set up in the financial statements of the parent company in compliance with legal requirements.

Treasury shares held by related parties

Mutuelle Vaudoise, Société Coopérative, Lausanne, holds 10 million registered A shares with a nominal value of CHF 5 each and 26,780 registered B shares with a nominal value of CHF 25 each.

The Caisse de pension Vaudoise Assurances, Lausanne, holds 20,000 registered B shares with a nominal value of CHF 25 each.

2) As at 31 December 2014, the non-distributable reserves required by law or under the Articles of Incorporation amount to CHF 101,2 million (CHF 109,7 million as at 31 December 2013).

