

---

# 2016 financial report

---

**sanitas**

# Consolidated income statement

In TCHF	Annex	2016	2015
Premiums earned		2 660 323	2 551 533
Reinsurers' share		0	0
Premiums earned for own account		2 660 323	2 551 533
Paid indemnities and benefits		-2 811 384	-2 677 171
Cost shares received		311 883	298 866
Change in technical provisions		-39 748	-32 387
Indemnities and benefits for own account		-2 539 249	-2 410 692
Balance of risks between insurers		125 609	103 719
Surplus sharing with insureds		108	-1 338
Operating expenses for own account	4	-216 704	-216 487
Income from investments	5	331 830	360 261
Expense for investments	5	-294 692	-385 818
Change in provisions for investment risks	5	0	32 800
Result from investments	5	37 138	7 243
Other operating income	6	9 340	9 353
Other operating expense	6	-7 313	-6 783
<b>Operating result</b>		<b>69 252</b>	<b>36 548</b>
Non-operating result	7	0	0
Extraordinary result	8	-395	168
<b>Consolidated result before taxes</b>		<b>68 857</b>	<b>36 716</b>
Taxes		-7 849	-17 635
<b>Consolidated result</b>		<b>61 008</b>	<b>19 081</b>

# Consolidated balance sheet

In TCHF	Annex	31.12.2016	31.12.2015
<b>Assets</b>			
Investments	10	2 761 415	2 644 090
Intangible assets	13	881	3 886
Tangible fixed assets	14	1 144	1 882
Prepayments and accrued income		92 537	77 975
Deferred tax assets		0	0
Receivables	15	134 592	125 487
Liquid assets		294 034	363 490
<b>Total assets</b>		<b>3 284 603</b>	<b>3 216 810</b>
<b>Liabilities</b>			
Capital of the organisation		100	100
Capital reserves		84 406	85 406
Retained earnings		668 698	649 617
Consolidated result		61 008	19 081
<b>Equity</b>		<b>814 212</b>	<b>754 204</b>
Technical provisions for own account	16	1 856 971	1 817 223
Non-technical provisions	17	4 462	4 591
Provisions for investment risks	18	188 500	188 500
Deferred tax liabilities		30 702	52 798
Accrued liabilities and deferred income		40 651	41 021
Liabilities	19	349 103	358 473
<b>Total liabilities</b>		<b>3 284 603</b>	<b>3 216 810</b>

# Consolidated cash flow statement

In TCHF	Annex	2016	2015
<b>Consolidated result</b>		<b>61 008</b>	<b>19 081</b>
Depreciation/appreciation on investments	10	-4 888	62 227
Depreciation/appreciation on intangible assets	13	3 005	5 198
Depreciation/appreciation on tangible fixed assets	14	1 797	1 895
Depreciation/appreciation on receivables	15	-741	-840
Change in technical provisions for own account	16	39 748	32 387
Change in non-technical provisions	17	-129	471
Change in provisions for investment risks	18	0	-32 800
Loss/gain from disposal of tangible assets		0	0
Loss/gain from disposal of intangible assets		0	0
Increase/decrease in receivables	15	-8 365	523 110
Increase/decrease in prepayments and accrued income		-14 562	2 048
Increase/decrease in liabilities	19	-9 370	-519 464
Increase/decrease in accrued liabilities and deferred income		-22 465	15 831
<b>Cash flow from operations</b>		<b>45 038</b>	<b>109 144</b>
Investments in tangible fixed assets	14	-1 058	-721
Disposals of tangible fixed assets	14	0	0
Net investments in investments	10	-112 436	-25 136
Investments in intangible assets	13	0	-1 135
Disposals of intangible assets	13	0	0
<b>Cash flow from investment activities</b>		<b>-113 494</b>	<b>-26 992</b>
Profit distribution to shareholders		-1 000	-500
Issuance/repayment of short-term financial liabilities		0	0
Issuance/repayment of long-term financial liabilities		0	0
<b>Cash flow from financing activities</b>		<b>-1 000</b>	<b>-500</b>
<b>Total net cash flow</b>		<b>-69 456</b>	<b>81 652</b>
Liquid assets opening amount 01.01.		363 490	281 838
Liquid assets closing amount 31.12.		294 034	363 490
<b>Change in liquid assets</b>		<b>-69 456</b>	<b>81 652</b>

# Consolidated statement of changes in equity

In TCHF	Capital of the organisation	Capital reserves	Retained earnings*	Consolidated result	Total
<b>Equity 01.01.2015</b>	<b>100</b>	<b>85 906</b>	<b>649 617</b>	<b>0</b>	<b>735 623</b>
Other distributions	0	-500	0	0	-500
Annual result	0	0	0	19 081	19 081
<b>Equity 31.12.2015</b>	<b>100</b>	<b>85 406</b>	<b>649 617</b>	<b>19 081</b>	<b>754 204</b>
Distribution of profits from previous year	0	0	19 081	-19 081	0
<b>Equity 01.01.2016</b>	<b>100</b>	<b>85 406</b>	<b>668 698</b>	<b>0</b>	<b>754 204</b>
Other distributions	0	-1 000	0	0	-1 000
Annual result	0	0	0	61 008	61 008
<b>Equity 31.12.2016</b>	<b>100</b>	<b>84 406</b>	<b>668 698</b>	<b>61 008</b>	<b>814 212</b>
Distribution of profits in year under review	0		61 008	-61 008	0
<b>Equity 01.01.2017</b>	<b>100</b>	<b>84 406</b>	<b>729 706</b>	<b>0</b>	<b>814 212</b>

\* The retained earnings include contingency reserves for KVG/LAMal of TCHF 409 432 (previous year: TCHF 360 811).

# Consolidated segment income statement

2016

In TCHF	Annex	KVG/LAMal	VVG/LCA	Other	Eliminations	Total
Premiums earned		1 925 748	734 575	0	0	2 660 323
Reinsurers' share		0	0	0	0	0
Premiums earned for own account		1 925 748	734 575	0	0	2 660 323
Paid indemnities and benefits		-2 225 815	-585 569	0	0	-2 811 384
Cost shares received		299 673	12 210	0	0	311 883
Change in technical provisions		17 681	-57 429	0	0	-39 748
Indemnities and benefits for own account		-1 908 461	-630 788	0	0	-2 539 249
Balance of risks between insurers		125 609	0	0	0	125 609
Surplus sharing with insureds		0	108	0	0	108
Operating expenses for own account	4	-110 140	-108 479	4 311	-2 396	-216 704
Income from investments	5	66 208	265 575	5 247	-5 200	331 830
Expense for investments	5	-50 800	-244 166	-3	277	-294 692
Change in provisions for investment risks	5	0	0	0	0	0
Result from investments	5	15 408	21 409	5 244	-4 923	37 138
Other operating income	6	3 663	5 470	484	-277	9 340
Other operating expense	6	-2 811	-4 476	-26	0	-7 313
<b>Operating result</b>		<b>49 016</b>	<b>17 819</b>	<b>10 013</b>	<b>-7 596</b>	<b>69 252</b>
Non-operating result	7	0	0	0	0	0
Extraordinary result	8	-395	0	0	0	-395
<b>Consolidated result before taxes</b>		<b>48 621</b>	<b>17 819</b>	<b>10 013</b>	<b>-7 596</b>	<b>68 857</b>
Taxes		0	-6 748	-1 101	0	-7 849
<b>Consolidated result</b>		<b>48 621</b>	<b>11 071</b>	<b>8 912</b>	<b>-7 596</b>	<b>61 008</b>

## 2015

In TCHF	Annex	KVG/LAMal	VVG/LCA	Other	Eliminations	Total
Premiums earned		1 854 576	715 574	0	-18 617	2 551 533
Reinsurers' share		-931	0	0	931	0
Premiums earned for own account		1 853 645	715 574	0	-17 686	2 551 533
Paid indemnities and benefits		-2 131 773	-545 398	0	0	-2 677 171
Cost shares received		287 085	11 781	0	0	298 866
Change in technical provisions		4 663	-37 050	0	0	-32 387
Indemnities and benefits for own account		-1 840 025	-570 667	0	0	-2 410 692
Balance of risks between insurers		103 719	0	0	0	103 719
Surplus sharing with insureds		-2	-19 111	0	17 775	-1 338
Operating expenses for own account	4	-107 777	-103 017	2 065	-7 758	-216 487
Income from investments	5	74 328	285 830	2 303	-2 200	360 261
Expense for investments	5	-78 669	-307 422	-4	277	-385 818
Change in provisions for investment risks	5	15 000	17 800	0	0	32 800
Result from investments	5	10 659	-3 792	2 299	-1 923	7 243
Other operating income	6	3 592	5 632	495	-366	9 353
Other operating expense	6	-2 203	-4 572	-8	0	-6 783
<b>Operating result</b>		<b>21 608</b>	<b>20 047</b>	<b>4 851</b>	<b>-9 958</b>	<b>36 548</b>
Non-operating result	7	0	0	0	0	0
Extraordinary result	8	169	0	0	0	168
<b>Consolidated result before taxes</b>		<b>21 777</b>	<b>20 046</b>	<b>4 851</b>	<b>-9 958</b>	<b>36 716</b>
Taxes		0	-17 038	-597	0	-17 635
<b>Consolidated result</b>		<b>21 777</b>	<b>3 008</b>	<b>4 254</b>	<b>-9 958</b>	<b>19 081</b>

# Notes on the consolidated financial statement

## 1. Accounting and reporting principles

### Financial reporting

The Swiss GAAP FER 41 financial reporting standard for the financial statements of single KVG/LAMal health insurers entered into force on 1 January 2012. The Sanitas Group has applied this standard to its financial reporting in conjunction with Swiss GAAP FER 30 (consolidated financial statements) since financial year 2011. The consolidated financial statement is presented in compliance with the following principles:

- Accounting in accordance with Swiss GAAP FER provides a true and fair view of a company's financial position, cash flows and results of operations.
- Swiss GAAP FER constitutes a comprehensive regulatory framework. All standards are applied in their entirety.

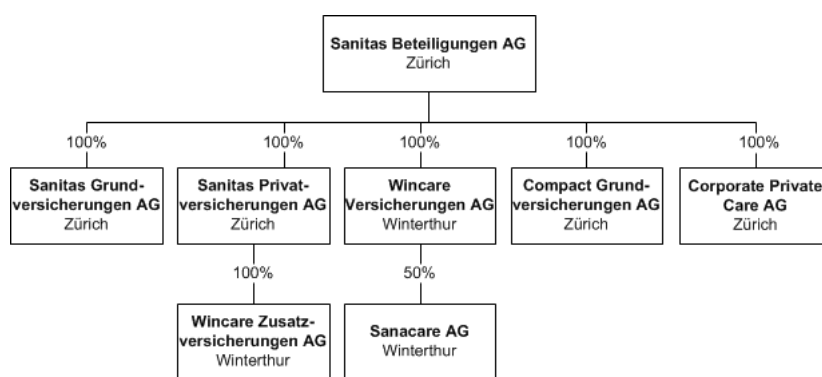
The Sanitas Group applies the Swiss GAAP FER reporting standards voluntarily.

## 2. Consolidation principles

The principles of consolidation and valuation set out below are an integral part of the financial report.

### Scope of consolidation

The Group financial statements include all companies that are directly or indirectly controlled by Sanitas Beteiligungen AG. Control means exercising a decisive influence on the operational and financial activities in order to derive the corresponding benefit therefrom. This is usually the case if Sanitas Beteiligungen AG directly or indirectly holds more than 50 percent of the voting rights in a company. Companies acquired during the financial year are included from the date on which control over the business activities was transferred to Sanitas, and all companies divested of during the year are excluded from the Group financial statements from the date of sale. Therefore, the basis of consolidation for the Sanitas Group is as follows:



### Consolidation method

Companies are included in the Group financial statements based on the full consolidation method. Capital consolidation is done using the Anglo-Saxon method (purchase method). Assets and borrowed capital of companies acquired are revalued at the time control changes in accordance with the Group principles. Unrealised gains and losses are carried under the relevant balance sheet items, and the remaining difference between the purchase price and goodwill calculated in accordance with the Group's accounting principles is fully amortised over five years. Any third-party interests in fully consolidated companies are disclosed separately as minority interests under equity and income. Companies in which Sanitas holds between a 20% and 50% stake are stated in the balance sheet at the value corresponding to the pro rata equity in line with the equity method. All other interests of less than 20% are reported at market value and recognised as investments. The market value is calculated on the basis of the statutory financial statements taking the hidden reserves into account. The valuation is made using the formula for calculating the corporate tax value. This applies to the following companies:



- Topwell-Apotheken AG, Winterthur
- Europ Assistance (Suisse) Holding SA, Vernier
- MediData AG, Root

#### **Consolidation balance sheet date**

The balance sheet date for all companies in the Sanitas Group is 31 December.

#### **Intragroup transactions**

All transactions between the consolidated companies are eliminated in the balance sheet and income statement.

## **3. Valuation principles**

#### **General valuation principles**

Companies are valued in line with the standardised principles set out below. Any balance sheet items that are not listed and described below are recognised at market values.

#### **Foreign currencies**

There is no conversion of foreign currencies as part of the consolidation process, as there are no companies in the Sanitas Group that prepare their financial statements in foreign currencies. Foreign currency items are converted at the year-end exchange rates.

#### **Intangible assets**

If applicable, goodwill arising from the acquisition of subsidiaries and insurance portfolios is usually amortised over 5 years (in justified cases up to a maximum of 20 years) and assessed annually for impairment. Other intangible assets mainly include expenditure on projects and software, which are generally amortised over 3 years.

#### **Investments**

Real estate and properties. Real estate and properties are recognised at market value using the discounted cash flow (DCF) method. Properties are valued in a 3-year cycle. Newly acquired or self-built properties are reported in the balance sheet at cost and only valued using the DCF method after 3 years. In interim years, properties are reviewed internally for impairment.

Fixed interest rate investments. These include fixed-term deposits, money market funds and bonds. Fixed-term deposits, money market funds, undated bonds and medium-term notes are recognised at market value. Other bonds are valued using the amortised cost method, less any operationally necessary valuation allowances on items with a protracted loss of value. The creation or release of valuation allowances is shown under net investment income.

Shares and similar investments. Shares and similar investments are recognised at market value. Any changes are recorded in the income statement.

Derivatives. Derivative products (e.g. currency forwards and option contracts, market index certificates and futures) are recognised at market value. Currency forwards and options are used for hedging against fluctuations in exchange rates and market prices and for more efficient management (preparing for acquisitions and enhancing earnings).

Loans. These are reported on the balance sheet at the nominal value less any necessary valuation allowances.

Assets from employer contribution reserves. The employer contribution reserves are reported in the Group financial statement at their nominal value and shown under investments. If no use is made of the employer contribution reserves, the reported nominal value is adjusted accordingly. The creation and release of valuation allowances are shown under personnel costs.

#### **Other tangible fixed assets**

Investments in tangible fixed assets are recognised at the lower of cost or economic value and depreciated on a linear basis over the course of their useful life. The following useful life expectancies apply:

- Fixtures and fittings: 5 years
- Hardware and software: 3 years

**Receivables**

Receivables are reported at their nominal value, less any valuation allowances.

**Tax provisions**

Current year taxes are calculated at the effective tax rate. The resulting provisions are shown under liability and accrued income. The annual accrual of the deferred taxes is based on a balance sheet perspective and considers all actual and future income tax effects (comprehensive liability method). Based on these calculations, the tax rate applicable for the year under review is 22%.

**Technical provisions**

The technical provisions for the VVG/LCA business are calculated based on the business plans approved by FINMA. The provisions for the KVG/LAMal business are based on the same principles.

Provisions for claims. Claim provisions, including provisions for claims handling expenses, are calculated using recognised technical methods. These provisions are an unbiased estimate of future undiscounted payments.

Old-age and transferee provisions. Old-age provisions and provisions for premium payments for transferees are calculated using the capitalised value method. The old-age provisions are calculated from the difference between the present value of future claims and the present value of future net premiums. The provisions for premium payments for transferees correspond to the present value of future potential premiums from payments. The amount is calculated per insured in the form of an immediate annual advance on the life annuity. The mortality rate is taken from the current version of the mortality table published by the Swiss Federal Statistical Office. The current version of this table is SM/SF 1998/2003. The lapse rate is factored into the calculation.

The old-age and transferee provisions include the old-age and migration provisions for Sanitas semiprivate and private plans. These are financed by a method approved by FINMA until the level of ordinary old-age provisions is reached.

Family bonus. The provisions for the Family bonus correspond to the loyalty bonus which the children insured in the customer base have saved by the end of the year.

Provisions for surplus sharing. The provisions for surplus sharing correspond to the accumulated share of surpluses to be refunded in the year under review.

Provisions for actuarial reserves. With provisions for pensions, the resulting actuarial reserves are the present value of all current pensions effective 1 January 2017. The mortality rate is taken from the current version of the mortality table published by the Swiss Federal Statistical Office. The current version of this table is SM/SF 1998/2003.

Technical equalisation provisions. The technical equalisation provisions of the existing business are used to factor in uncertainties in determining the technical provisions and for random fluctuations inherent in claims settlement. They serve to balance out unfavourable and advantageous developments in benefit costs and are created and released depending on the diversification, size and structure of the insurance portfolios. The guide value for the equalisation provisions is 10% of the premium revenues for the current year. The upper limit for provisions is the guide value plus 25%; the lower limit is zero.

**Liabilities**

This item mainly consists of obligations vis-à-vis customers and healthcare providers as well as premiums paid in advance. Liabilities are reported at their nominal value.

**Non-technical provisions**

Provisions for investment risks. The provisions for investment risks reflect the long-term volatility of the financial markets. Following a change in practice of the Zurich cantonal tax office, these provisions are now liable to tax. Deferred taxes have been calculated for the customer base. Sanitas does not intend to make further provisions for investment risks.

# Information on consolidated income statement

## 4. Operating expenses for own account

In TCHF	2016	2015
Personnel expenses	-107 336	-112 068
Administration premises, site facilities	-10 822	-11 705
IT costs	-36 470	-30 343
Marketing, advertising and commission	-39 562	-38 085
Other administrative expenses	-17 602	-16 960
Depreciation	-4 912	-7 326
<b>Total operating expenses for own account</b>	<b>-216 704</b>	<b>-216 487</b>

## 5. Result from investments

2016

In TCHF	Realised gains and losses	Unrealised gains and losses	Total
<b>Income from investments</b>			
Real estate and properties	13 577	3 739	<b>17 316</b>
Fixed interest rate investments	35 094	13 312	<b>48 406</b>
Shares and similar investments	31 290	10 603	<b>41 893</b>
Alternative investments	105	880	<b>985</b>
Collective investments	198	0	<b>198</b>
Derivative financial instruments	217 729	5 303	<b>223 032</b>
<b>Total income from investments</b>	<b>297 993</b>	<b>33 837</b>	<b>331 830</b>
<b>Expense for investments</b>			
Real estate and properties	-1 303	-583	<b>-1 886</b>
Fixed interest rate investments	-12 825	-4 985	<b>-17 810</b>
Shares and similar investments	-18 333	-11 887	<b>-30 220</b>
Alternative investments	-204	-3 656	<b>-3 860</b>
Collective investments	0	-211	<b>-211</b>
Derivative financial instruments	-236 682	-504	<b>-237 186</b>
Administrative expense for investments	-3 519	0	<b>-3 519</b>
<b>Total expense for investments</b>	<b>-272 866</b>	<b>-21 826</b>	<b>-294 692</b>
Change in provisions for investment risks	0	0	<b>0</b>
<b>Total result from investments</b>	<b>25 127</b>	<b>12 011</b>	<b>37 138</b>

2015

In TCHF	Realised gains and losses	Unrealised gains and losses	Total
<b>Income from investments</b>			
Real estate and properties	15 464	2 299	17 763
Fixed interest rate investments	44 109	5 202	49 311
Shares and similar investments	51 646	6 707	58 353
Alternative investments	188	8 411	8 599
Collective investments	932	0	932
Derivative financial instruments	223 065	2 238	225 303
<b>Total income from investments</b>	<b>335 404</b>	<b>24 857</b>	<b>360 261</b>
<b>Expense for investments</b>			
Real estate and properties	-4 113	-2 741	-6 854
Fixed interest rate investments	-25 600	-31 059	-56 659
Shares and similar investments	-36 216	-19 608	-55 824
Alternative investments	-9 969	-562	-10 531
Collective investments	-1 615	-644	-2 259
Derivative financial instruments	-249 515	-485	-250 000
Administrative expense for investments	-3 691	0	-3 691
<b>Total expense for investments</b>	<b>-330 719</b>	<b>-55 099</b>	<b>-385 818</b>
Change in provisions for investment risks	0	32 800	32 800
<b>Total result from investments</b>	<b>4 685</b>	<b>2 558</b>	<b>7 243</b>

## 6. Other operating result

The other operating result is calculated from other operating income of CHF 9.3 million and other operating expenses of CHF -7.3 million. The other operating income primarily comprises interest revenue and currency gains on receivables and liquid assets, Sirius item write-offs and third-party brokerage fees (Corporate Private Care). The other operating expenses primarily comprise goodwill payments and interest paid on liquid assets.

## 7. Non-operating result

No expenses or income were recorded for the non-operating result.

## 8. Extraordinary result

The extraordinary result comprises the annual payment from a court ruling and out-of-period expenses from real estate accounting.

## 9. Transactions with related parties

No significant transactions were made with related parties in financial year 2016.

## 10. Investments

In TCHF	Real estate and properties	Fixed interest rate investments*	Shares and similar investments	Alternative investments	Collective investments**	Derivative financial instruments	Assets ECR	Total
<b>Market value 01.01.2015</b>	<b>233 828</b>	<b>1 745 907</b>	<b>569 995</b>	<b>85 576</b>	<b>9 909</b>	<b>25 813</b>	<b>10 154</b>	<b>2 681 182</b>
Increases	133 469	2 457 773	284 599	33 359	60 010	218 872	1 000	<b>3 189 082</b>
Decreases	-144 246	-2 372 666	-353 717	-26 027	-38 272	-220 262	-8 758	<b>-3 163 948</b>
Change in current market values	5 957	-37 167	-7 473	-1 932	-1 587	-20 024	0	<b>-62 226</b>
Change in basis of consolidation	0	0	0	0	0	0	0	<b>0</b>
<b>Market value 31.12.2015</b>	<b>229 008</b>	<b>1 793 847</b>	<b>493 404</b>	<b>90 976</b>	<b>30 060</b>	<b>4 399</b>	<b>2 396</b>	<b>2 644 090</b>
Increases	90 005	1 364 292	110 896	20	0	217 006	1 999	<b>1 784 218</b>
Decreases	-6 873	-1 251 651	-199 844	-2 059	0	-211 344	-11	<b>-1 671 782</b>
Change in current market values	7 018	2 594	52	-2 875	-212	-1 689	0	<b>4 888</b>
Change in basis of consolidation	0	0	0	0	0	0	0	<b>0</b>
<b>Market value 31.12.2016</b>	<b>319 158</b>	<b>1 909 082</b>	<b>404 508</b>	<b>86 062</b>	<b>29 848</b>	<b>8 372</b>	<b>4 384</b>	<b>2 761 415</b>

\* Of which bonds at amortised cost TCHF 1 179 693 (as at 31.12.2015 TCHF 1 039 291).  
The market value of bonds is TCHF 1 191 735 (as at 31.12.2015 TCHF 1 063 976).

\*\* Indirect investments comprising a single asset class are assigned directly to this category.

## 11. Derivatives

		Nominal value	Active market value	Passive market value	Nominal value	Active market value	Passive market value
In TCHF	Purpose	31.12.2016	31.12.2016	31.12.2016	31.12.2015	31.12.2015	31.12.2015
Interest rates							
Swaps	Hedging	0	0	0	0	0	0
Foreign exchange							
Forward transactions	Hedging	0	5 163	-6 600	0	458	-6 470
Structured products	Without hedging	0	0	0	0	0	0
Market							
Options	Hedging	548	0	-302	603	0	-279
	Without hedging	-255	141	0	518	147	-188
Futures	Hedging	0	116	-133	255	409	0
	Without hedging	0	7	0	0	0	0
Structured products	Without hedging	8 141	1 507	0	8 141	778	0
Other underlying assets							
Futures	Without hedging	0	40	0	0	29	0



## 12. Pension funds

### Employer contribution reserve (ECR)

	Nominal value	Waiver of use per	Balance sheet	Creation per	Balance sheet	ECR result in personnel expenses	
In TCHF	31.12.2016	2016	31.12.2016	2016	31.12.2015	2016	2015
Employer's fund**	0	0	0	0	0	0	-9 154
Old-age and survivors' foundation (AHS)	4 384	0	4 384	1 989	2 396	11	396

### Economic benefits / economic obligation and cost of pension provision

	Surplus/deficit *	Economic proportion of the organisation		Change recognised in profit and loss	Contributions limited to period under review	Pension benefit expense in personnel expenses	
In TCHF		31.12.2016	31.12.2015			2016	2015
Employer's fund**	0	0	0	0	0	0	9 154
Pension plans with surplus***	18 283	0	0	0	13 109	13 109	9 338
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13 109</b>	<b>13 109</b>	<b>18 492</b>

\* Based on the financial statement of the pension scheme 31.12.2015 in accordance with Swiss GAAP FER 26. Please note that the provisionally generated invoices 31.12.2016 indicate a surplus.

\*\* The employer's fund was dissolved 01.01.2015.

\*\*\* No economic benefits are gained from the existing surplus.

### 13. Statement of changes in intangible assets

#### 2016

In TCHF	Other intangible assets	Total
<b>Net carrying amounts 01.01.2016</b>	<b>3 886</b>	<b>3 886</b>
Cost values 01.01.2016	11 596	11 596
Increases	0	0
Decreases	-7 940	-7 940
Change in basis of consolidation	0	0
<b>Cost values 31.12.2016</b>	<b>3 656</b>	<b>3 656</b>
<b>Accumulated depreciation 01.01.2016</b>	<b>-7 710</b>	<b>-7 710</b>
Scheduled depreciation	-3 005	-3 005
Extraordinary depreciation	0	0
Decreases	7 940	7 940
Change in basis of consolidation	0	0
<b>Accumulated depreciation 31.12.2016</b>	<b>-2 775</b>	<b>-2 775</b>
<b>Net carrying amount 31.12.2016</b>	<b>881</b>	<b>881</b>

#### 2015

In TCHF	Other intangible assets	Total
<b>Net carrying amount 01.01.2015</b>	<b>7 950</b>	<b>7 950</b>
<b>Cost values 01.01.2015</b>	<b>13 318</b>	<b>13 318</b>
Increases	1 135	1 135
Decreases	-2 857	-2 857
Change in basis of consolidation	0	0
<b>Cost values 31.12.2015</b>	<b>11 596</b>	<b>11 596</b>
<b>Accumulated depreciation 01.01.2015</b>	<b>-5 368</b>	<b>-5 368</b>
Scheduled depreciation	-4 389	-4 389
Extraordinary depreciation	-810	-810
Decreases	2 857	2 857
Change in basis of consolidation	0	0
<b>Accumulated depreciation 31.12.2015</b>	<b>-7 710</b>	<b>-7 710</b>
<b>Net carrying amount 31.12.2015</b>	<b>3 886</b>	<b>3 886</b>

## 14. Statement of changes in tangible assets

### 2016

In TCHF	Fixtures	IT	Total
<b>Net carrying amount 01.01.2016</b>	<b>579</b>	<b>1 303</b>	<b>1 882</b>
<b>Cost values 01.01.2016</b>	<b>1 015</b>	<b>2 617</b>	<b>3 633</b>
Increases	20	1 039	1 059
Decreases	-87	-2 497	-2 584
Change in basis of consolidation	0	0	0
<b>Cost values 31.12.2016</b>	<b>948</b>	<b>1 159</b>	<b>2 107</b>
<b>Accumulated depreciation 01.01.2016</b>	<b>-437</b>	<b>-1 314</b>	<b>-1 751</b>
Scheduled depreciation	-208	-1 218	-1 426
Extraordinary depreciation	0	-372	-372
Decreases	87	2 498	2 585
Change in basis of consolidation	0	0	0
<b>Accumulated depreciation 31.12.2016</b>	<b>-557</b>	<b>-406</b>	<b>-963</b>
<b>Net carrying amount 31.12.2016</b>	<b>391</b>	<b>753</b>	<b>1 144</b>

### 2015

In TCHF	Fixtures	IT	Total
<b>Net carrying amount 01.01.2015</b>	<b>534</b>	<b>2 523</b>	<b>3 057</b>
<b>Cost values 01.01.2015</b>	<b>895</b>	<b>6 630</b>	<b>7 525</b>
Increases	225	496	721
Decreases	-104	-4 509	-4 614
Change in basis of consolidation	0	0	0
<b>Cost values 31.12.2015</b>	<b>1 015</b>	<b>2 617</b>	<b>3 633</b>
<b>Accumulated depreciation 01.01.2015</b>	<b>-361</b>	<b>-4 107</b>	<b>-4 468</b>
Scheduled depreciation	-180	-1 715	-1 895
Extraordinary depreciation	0	0	0
Decreases	104	4 508	4 613
Change in basis of consolidation	0	0	0
<b>Accumulated depreciation 31.12.2015</b>	<b>-437</b>	<b>-1 314</b>	<b>-1 751</b>
<b>Net carrying amount 31.12.2015</b>	<b>579</b>	<b>1 303</b>	<b>1 882</b>

## 15. Receivables

In TCHF	31.12.2016	31.12.2015	Change
Policyholders	135 426	124 664	10 762
Del credere on receivables from policyholders	-14 241	-14 981	740
Insurance organisations	-21	52	-73
Reinsurers	0	0	0
Agents and intermediaries	224	175	49
Related parties	0	62	-62
Public authorities	11 897	11 789	108
Other receivables	1 308	3 725	-2 417
<b>Total receivables</b>	<b>134 592</b>	<b>125 487</b>	<b>9 105</b>

## 16. Technical provisions for own account

In TCHF	Claim provisions	Actuarial reserves	Provisions for future surplus sharing with insureds	Equalisation provisions	Other technical provisions			Total
					Old-age and migration provisions	Transferee provisions	Family bonus	
<b>01.01.2015</b>	<b>571 391</b>	<b>0</b>	<b>2 656</b>	<b>29 686</b>	<b>1 058 906</b>	<b>118 403</b>	<b>3 795</b>	<b>1 784 837</b>
Creation	0	0	0	0	52 912	0	169	53 081
Release	-10 313	0	-8	0	0	-10 374	0	-20 695
<b>31.12.2015</b>	<b>561 078</b>	<b>0</b>	<b>2 648</b>	<b>29 686</b>	<b>1 111 818</b>	<b>108 029</b>	<b>3 964</b>	<b>1 817 223</b>
Reclassification	-17 998	17 998	0	0	0	0	0	0
<b>01.01.2016</b>	<b>543 081</b>	<b>17 998</b>	<b>2 648</b>	<b>29 686</b>	<b>1 111 817</b>	<b>108 028</b>	<b>3 964</b>	<b>1 817 223</b>
Creation	0	0	0	0	62 371	-1	438	62 808
Release	-10 692	-851	-1 957	-1 000	1	-8 559	0	-23 059
<b>31.12.2016</b>	<b>532 389</b>	<b>17 147</b>	<b>691</b>	<b>28 686</b>	<b>1 174 189</b>	<b>99 468</b>	<b>4 402</b>	<b>1 856 972</b>

### Premium transfers

As at 31.12.2016 there are no premium transfers in the technical provisions.

### Reclassification

Provisions for actuarial reserves will be disclosed separately as of 2016. These were previously disclosed under claim provisions.

## 17. Non-technical provisions

In TCHF	Personnel	Other	Total
<b>01.01.2015</b>	<b>1 670</b>	<b>2 450</b>	<b>4 120</b>
Creation	0	575	<b>575</b>
Release	-104	0	<b>-104</b>
<b>31.12.2015</b>	<b>1 566</b>	<b>3 025</b>	<b>4 591</b>
Creation	0	266	<b>266</b>
Release	-395	0	<b>-395</b>
<b>31.12.2016</b>	<b>1 171</b>	<b>3 291</b>	<b>4 462</b>
<b>Of which short-term provisions</b>	<b>1 171</b>	<b>3 291</b>	<b>4 462</b>

## 18. Provisions for investment risks

In TCHF	KVG/LAMal	VVG/LCA	Total
<b>01.01.2015</b>	<b>25 000</b>	<b>196 300</b>	<b>221 300</b>
Creation	0	0	0
Release	-15 000	-17 800	-32 800
<b>31.12.2015</b>	<b>10 000</b>	<b>178 500</b>	<b>188 500</b>
Creation	0	0	0
Release	0	0	0
<b>31.12.2016</b>	<b>10 000</b>	<b>178 500</b>	<b>188 500</b>

## 19. Liabilities

In TCHF	31.12.2016	31.12.2015	Change
Policyholders	<b>221 594</b>	247 743	-26 149
Insurance organisations	<b>0</b>	0	0
Reinsurers	<b>0</b>	0	0
Healthcare providers	<b>104 186</b>	105 579	-1 393
Agents and intermediaries	<b>0</b>	1 977	-1 977
Related parties	<b>1 658</b>	93	1 565
Other liabilities	<b>21 666</b>	3 081	18 585
<b>Total liabilities</b>	<b>349 103</b>	<b>358 473</b>	<b>-9 369</b>

### Long-term liabilities

As at 31.12.2016 there are no long-term liabilities.

## 20. Events after balance sheet date

As of 1 January 2017, Wincare Versicherungen AG is being merged with Sanitas Grundversicherungen AG and likewise Wincare Zusatzversicherungen AG with Sanitas Privatversicherungen AG. The mergers will take effect retroactively on the basis of the parties' audited balance sheets.



# ***Report of the statutory auditor to the General Meeting of Sanitas Beteiligungen AG Zurich***

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

As statutory auditor, we have audited the consolidated financial statements of Sanitas Beteiligungen AG, which comprise the income statement, balance sheet, cash flow statement, statement of changes in equity, segment income statement and notes (pages 2 to 22), for the year ended 31 December 2016.

### ***Board of Directors' responsibility***

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

### ***Auditor's responsibility***

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

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

### ***Opinion***

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



## ***Report on other legal requirements***

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) 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.

PricewaterhouseCoopers AG

Peter Lüssi  
Audit expert  
Auditor in charge

Dominique Schneylin  
Audit expert

Zürich, 14 March 2017