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2001 is likely to go down in history as a year of uncertainty. Tragic events and totally unexpected repercussions confronted society, politicians and business with new questions, and forced them to re-examine their value system—in Switzerland too. Our company was successful in a turbulent market, but was directly affected by the negative state of the financial markets.

2001 made it very clear to all of us how closely the worlds of politics, business and society interact. A sea change had already been seen on the stock markets in the previous year. Many high flyers in the “New Economy” were jolted back to reality from their virtual world. The economic downturn in the USA, initially seen as only temporary, took on all the features of a crisis, when America and the world were hit by terrorism and war. The incomprehensible terrorist attacks on 11 September impacted on the general mood. They aroused long-buried existential fears in the highly civilized nations in particular, and thus had a direct impact on the economy. Even Switzerland did not escape the stories of terror and the negative economic events. The attack on the political authorities in the Canton of Zug and the grounding of Swissair aroused consternation in many Swiss citizens, and shook our national identity. The year of catastrophes, as it was called by the media, did however unleash a wave of solidarity, bringing people, state and business closer together.

The poor state of the stock markets, combined with continuing low interest rates, affected our business directly. Our accounting system means that losses on securities have an immediate effect on the profit and loss account. The Swiss Mobiliar Group is healthy and fundamentally strong enough to absorb this negative result. But we have to face the challenges of the changing circumstances right now. Thus we are carrying out a consistent review of the technical foundations of our insurance business, and focusing our strategy more strongly on the necessary financial balance in this cyclical business.

In *non-life insurance*, strong competition is set against new risk dimensions and rising claims costs. We are also seeing a marked increase in reinsurance costs, a trend which became noticeably stronger after 11 September. Like other companies, we too were forced to bring in premium adjustments in accident and health, and motor insurance. As improving the underwriting result is a priority—not least because of lower investment income—risk-based premiums and necessary adjustments are a must. As a result of the steps already taken, our premium growth is satisfactory in comparison with the Swiss average.

Life insurance has particularly close links with financial business, and is thus exposed to the decline in revenue referred to above. It is therefore essential for the insurance sector that the binding parameters set out in the Federal Pensions Law (BVG) are adapted in line with reality so as to allow healthy development. From the point of view of the market, our life insurance business also asserted itself well over the past year, recording premium growth which is well above average.

In the rather unsatisfactory environment which marked 2001, our Group was a successful *market player*. Our efficient, modern organization is able to adapt to the needs of the market, and is sound with a strong decentralized structure. Qualities which we have always considered important are proving themselves, as was shown once again by the results of the 2001 market survey. All our staff, who have created this positive image, deserve our sincere thanks for their input. But our thanks go first of all to our customers for their loyalty, and to our suppliers for their reliability.

The Swiss Mobiliar *anniversary* was one of the happier events of 2001. It gave us an opportunity to honour the brave undertaking which led to the founding of Switzerland's first private insurance company in 1826. The company, and its many prudent management figures and committed staff, have been successful over the long term. With the courage to adapt to a constantly changing society and economy, and with the will to change. In our fast-moving times, these requirements are more valid than ever.

With a special distribution to customers amounting to some CHF 100 million from the surplus fund, with generous donations and sponsorships, as well as numerous cultural and business activities, we set the tone for our jubilee year. A tone which has always shaped the company's self-image, with our primary focus on customer benefit and our sociopolitical commitment.

The new Group structure introduced in the previous year did nothing to alter the company's philosophy. The Mutual Company is at the forefront, and with it the original concept of mutuality. There is no potential for conflict between the claims of shareholders and customers; we concentrate first and foremost on the needs of our policyholders. Each year, delegates representing the interests of our customers meet at the Delegates' Assembly. We are also reinforcing these contacts through regional information events.

Whenever there is a change in people's feeling and need for security, as in the past year, reliable partners are especially important. Those who feel insecure seek clarity, information and advice. This is what we can offer our customers, at least within the scope of our activities. That is why some of our general agents give their views on the subject of risk on the picture pages of this Annual Report.

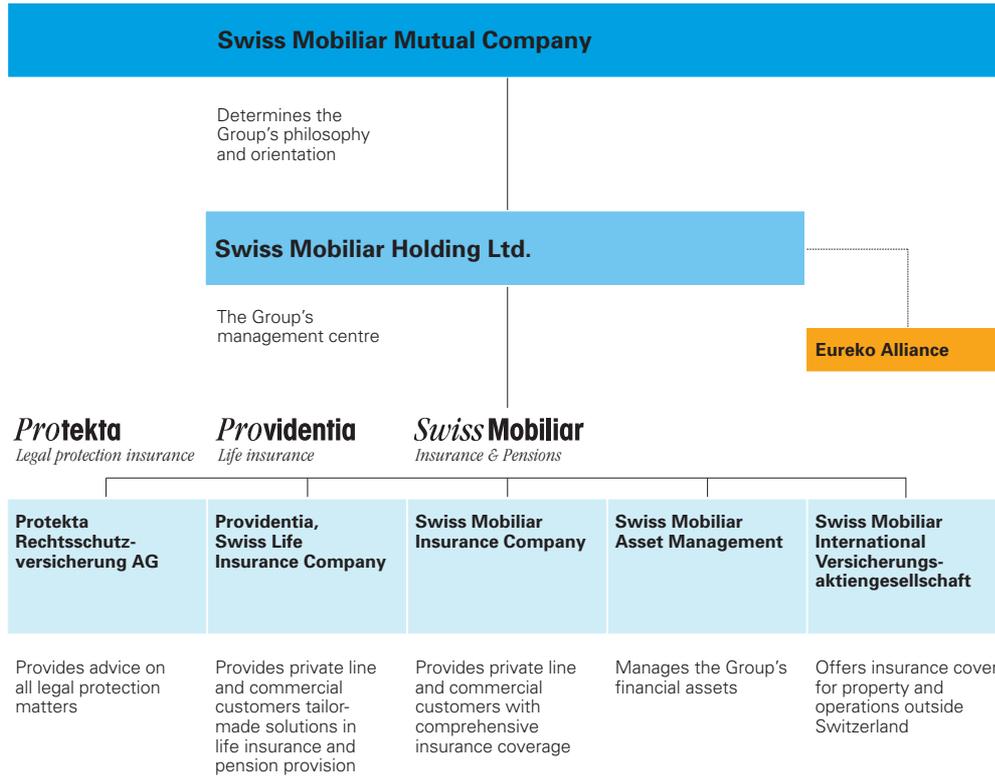


Dr Ulrich Gadiant
Chairman of the Board of Directors



Albert Lauper
Group Chief Executive Officer

Group Organization





From birth through to death, life is peppered with risks. Our forefathers were concerned mainly with natural hazards. But town fires, plague and other epidemics, attacks and war also posed threats. Protection and assistance were provided in the first instance, to differing degrees of reliability, by small communities or nearby towns and villages. People realized that they could only face risks together.

Today we are increasingly exposed to the risks associated with our own achievements. And it is still the case that many risks cannot be borne alone. The role of the former "risk communities" has now been taken over by insurance companies. But "all for one and one for all" is still the guiding principle behind the insurance business.

We cannot eliminate risk, but we can reduce any consequences to a manageable level. With personalized expert advice. For me this is an enjoyable and meaningful job, time after time: making people safe.

*Herbert Sonderegger
Swiss Mobiliar General Agent, Thun*







Brief portrait

The Swiss Mobiliar Mutual Company was founded in 1826 as Switzerland's first private insurance company. It continued to grow successfully over the years and was itself responsible for non-life insurance until 2000.

As the company developed into an all-line carrier, a new structure was needed. In 2000 the mutual company was therefore transformed into the Group's overall holding company with no business activities of its own. As such, it ensures uniform management on a mutual basis. Its primary focus is on customer benefit, which thus gives it considerable influence on the Group's development.



Swiss **Mobiliar**
Mutual

Delegates' Assembly

At the Delegates' Assembly on 18 May 2001 in Berne, the Delegates affirmed their interest and their willingness, as direct representatives of the customers, to play a part in the fate of the company. The body approved the Mutual Company's annual accounts, passed a resolution regarding the appropriation of the balance sheet surplus for the 2000 financial year, and ratified the acts of the Board of Directors.

The Delegates' Assembly acknowledged the sad loss of Martin Gétaz, and said goodbye to Dr Walter Bosshart and Truls D. Berg, with special thanks for their long and valuable involvement in the Board of Directors. Dr Leana Isler Reich was elected as a new member of the Board of Directors. Adalbert Durrer left this body at the end of the year. Rosmarie Huggenberger, Marc Fues and Hans Erich Roth will step down at the 2002 Delegates' Assembly.

Board of Directors

The Board of Directors met three times in the year under review. It exercised the rights of the Swiss Mobiliar Mutual Company as sole shareholder of Swiss Mobiliar Holding Ltd. at that company's AGM. It also prepared business for the Delegates' Assembly, and elected Luc Meylan and Dr Fulvio Pelli from its number to sit on the holding company's Board of Directors.

Annual financial statements

The annual financial statements for the Swiss Mobiliar Mutual Company for 2001 (pages 16 to 18 of the Annual Report) reflect its function as the overall holding company for the Group. The Mutual Company's holdings, and its loan to Swiss Mobiliar Holding Ltd., are the main items in the balance sheet. The profit and loss account is also set out accordingly, bringing together earnings from direct investment income and interest on the loan. Dividend payments from the subsidiary company Swiss Mobiliar Holding Ltd. passed for the 2000 financial year appear in the annual financial statements for the first time. The annual financial statements show a profit of CHF 20 million (previous year: CHF 6.7 million).

Appropriation of profits

The appropriation of profits is shown on page 19 of this report. The Board of Directors will ask the Delegates' Assembly, due to take place on 17 May 2002, to allocate the available balance sheet gains of CHF 24.3 million in accordance with this proposal. Among other things, CHF 12 million is to be allocated to the policyholders' surplus fund.

Commitment to the public

Making donations, maintaining the Jubilee Foundation and promoting contemporary art are tasks which the Mutual Company has taken upon itself as a sign of its awareness of its social responsibility. As well as actual sponsorship, there is a tradition of supporting the many aspects of Switzerland's social and community life.

Jubilee Foundation

The Jubilee Foundation promotes science, the arts and other cultural endeavours. The institution has now been strengthened further: in 2001, a million Swiss francs were added to the Foundation's assets to mark Swiss Mobiliar's anniversary. The board of the Jubilee Foundation, which acts independently of the company, approved financial contributions to 21 projects undertaken by institutions, organizations, groups of people and individuals, amounting to a total of CHF 296 000.

Donations

The Mutual Company's donation fund receives a share of the profit each year. The allocation of CHF 400 000 makes it possible to direct many grants to social, current sociopolitical, health and cultural projects. A donation of CHF 100 000 goes to a clinical research project by Professor Volker Dietz of the "ParaCare" paraplegic centre at the Balgrist University Hospital. Based on previous research findings on what happens in and between nerve cells following paraplegia, research is being carried out into how these mechanisms can be influenced. Other objec-

tives are to reduce complications and prevent subsequent degeneration in the cells below the injury. We hope that our donation will contribute to improving the mobility of paraplegic patients.

Art collection

Our Art Committee acquires several works each year by recognized contemporary Swiss artists, thus helping to promote creative activity in our time. The anniversary year 2001 provided us with an opportunity to make the art collection available to a wider public through a book and an exhibition in the Fine Arts Museum of Berne.

Western region**Canton of Berne**

Ulrich Andreas Ammann,
Madiswil

Urs Bircher,
Hinterkappelen

Fritz Blumer,
Gunten

Dr Beat Bräm,
Ins

Daniel Dünner,
Moutier

Daniel Eicher,
Moosseedorf

Robert Elsässer,
Burgdorf

Jean-Pierre Frésard,
Münsingen

Theodor Gerber,
Bärau

Mario Gianoli,
St-Imier

Niklaus Gilgen,
Schwarzenburg

Alexander Glatthard,
Spiegel b. Berne

Danielle Hess,
Berne

Hans Hildebrand,
Herzogenbuchsee

Jörg Huggenberger,
Berne

Thomas Hurni,
Sutz

Andreas Michel,
Meiringen

Walter Reichenbach-
Rieben, Lauenen

Peter Rychiger,
Steffisburg

Jürg Schürch,
Huttwil

Ulrich Sinzig,
Langenthal

Walter Streit,
Zimmerwald

Annamarie Vaucher,
Berne

Bruno Wägli,
Säriswil

Peter Widmer,
Faulensee

Heinz Witschi,
Meiringen

Dr Ernst Zehnder,
Worb

Hans-Rudolf Zosso,
Aarberg

Canton of Fribourg

André Genoud,
Villars-sur-Glâne

Christian Haldimann,
Murten

Thérèse Meyer,
Estavayer-le-Lac

Jean-Nicolas Philipona,
Vuippens

Jean-François Rime,
Bulle

Philippe Viridis,
Marly

Werner Wyss,
Düdingen

Canton of Geneva

Francis Clivaz,
Chambésy

Enza-C. Pastore,
Geneva

Patrick Pettmann,
Geneva

Raymond Torre,
Geneva

Canton of Jura

Maryline Der Stépanian,
Delémont

Jean-Marie Maître,
Boncourt

Canton of Neuchâtel

Pierre Feller,
Le Locle

Daniel Kuntzer,
Fontainemelon

Henri Schaller,
Colombier

Roger Ummel,
La Chaux-de-Fonds

Canton of Vaud

Serge Beck,
Le Vaud

Philippe Braun,
Lausanne

Dr Patrick de Preux,
Lausanne

Christian Rovero,
Bettens

Canton of Valais

Albert Bruno Bass,
Naters

Nicolas Mottet,
Evionnaz

Jean-Daniel Papilloud,
St-Séverin

Pierre Schaer,
Conthey

Odilo Schmid,
Brig

Central region**Canton of Aargau**

Arnold Brunner,
Villmergen

Josef Bürge,
Baden

Dr Beat Edelmann,
Zurzach

Thomas Erb,
Bözen

Dr Philip Funk,
Dättwil

Walter Glur,
Glashütten

Stephan Gurini,
Lenzburg

Dieter Lämmli,
Aarau

Tobias Maurer,
Aarau

Dr Maximilian Reimann,
Gipf-Oberfrick

Fritz Schneider,
Gipf-Oberfrick

Hanspeter Setz,
Dintikon

Christian Speck,
Oberkulm

**Cantons of Basel-Town
and Basel-Country**

Gregor Bachmann,
Arlesheim

Liselotte Baltensperger,
Biel-Benken

Marco Fischer-Stocker,
Münchenstein

Thomas Friedlin,
Therwil

Dominik Gasser,
Binningen

Hans Rudolf Gysin,
Pratteln

Rudolf Schaffner,
Sissach

Dr Wilfred Stoecklin,
Bottmingen

Canton of Glarus

Dr Fritz Schiesser,
Haslen

Canton of Lucerne

Dr Kurt Babst,
Willisau

Claude Bachmann-
Ammann, Lucerne

Dr André Bieri,
Hochdorf

Paul Hug,
Lucerne

Hans Kaufmann,
Entlebuch

Robert Schätzle,
Lucerne

Dr Hugo Waser,
Ebikon

Cantons of Nidwalden and Obwalden

Dr Josef Bucher,
Sachseln

Peter Pfister,
Fürigen

Josef Windlin-Kiser,
Kerns

Canton of Solothurn

Stephan Annaheim,
Lostorf

Rolf Büttiker,
Wolfwil

Beat Loosli,
Olten

Rosemarie Simmen-
Messmer, Solothurn

Hans Späti,
Solothurn

Dr Raoul Stampfli,
Solothurn

Canton of Schwyz

Moritz Betschart,
Brunnen

Josef Kündig,
Ibach

Maya Lalive d'Epinay,
Bäch

Canton of Ticino

Silvio Eduard Baumgartner,
Mendrisio

Mauro Dell'Ambrogio,
Giubiasco

Battista Ponti,
Morbio Inferiore

Diego Scacchi,
Orselina

Eugenio Torriani,
Pura

Canton of Uri

Dr Franz-Xaver Muheim,
Altdorf

Canton of Zug

Christoph Müller,
Baar

Eastern region

Cantons of Appenzell Ausserrhoden and Appenzell Innerrhoden

Walter Regli,
Appenzell

Urs Tischhauser,
Bühler

Canton of Grisons

Aldo Brändli,
Igis

Volker Fell,
Chur

Françoise Stahel,
Klosters

Dr Marc E. Wieser,
Zuoz

Canton of St. Gallen

Rudolf Alther,
Goldach

Christian Fiechter,
Heerbrugg

Otto Hofstetter,
Uznach

Christian Krüger,
Staad

Dr Karl Müller,
St. Gallen

Dr Jakob Rhyner,
Buchs

Alfred Ritz,
Altstätten

René Schwarzmann,
Bad Ragaz

Rita Schwendener-
Manser, St. Gallen

Martin Zuber,
Lütisburg Station

Josef Zweifel,
Mörschwil

Canton of Schaffhausen

Dr Peter Müller,
Stein am Rhein

Canton of Thurgau

Max Gimmel,
Arbon

Raphael Herzog,
Hörhausen

Peter Joss,
Weinfelden

Elsa Münger,
Amriswil

Peter Schütz,
Wigoltingen

Dr Philipp Stähelin,
Frauenfeld

Canton of Zurich

Dr Wolfgang Auwärter,
Rikon im Tösstal

Oskar Bachmann,
Stäfa

Carl Bertschinger,
Pfäffikon

David Bosshard,
Männedorf

Rolf Burkhardt,
Zurich

Hans Gerber,
Fehraltorf

Marcel Gisler,
Flaach

Heini Hegner,
Zurich

Konrad Kaufmann,
Dietikon

Christian Kramer,
Uitikon Waldegg

Konrad Kyburz,
Dielsdorf

Dr Walter Meier,
Eglisau

Adrian Meister,
Zollikon

Angelika Müller,
Winkel

Artur O. Müller,
Zurich

Rolf E. Schäuble,
Andelfingen

Kurt Schiesser,
Zumikon

Donato Trivisano,
Winterthur

Rico Trümpler,
Zurich

Reto Weber,
Dielsdorf

Ronald Weisbrod,
Ebertswil

Principality of Liechtenstein

Rudolf Marxer †,
Mauren

Board of Directors of the Swiss Mobiliar Mutual Company (as at 1 January 2002)**Honorary Chairman**

Dr Otto Saxer Attorney, Liebefeld

Chairman

Dr Ulrich Gadiant Attorney and notary public, Chur

Deputy Chairman

Jacques Saucy Attorney, Chairman, Wenger SA, Delémont

Käthi Bangerter National Councillor, Chairman of the Board of Directors,
Bangerter Microtechnik AG, Aarberg

Dieter Burckhardt Member of the Board of Directors, Pestalozzi & Co. AG, Zurich

Richard Burger dipl. Masch.-Ing. ETH, Member of the Executive Board, Sulzer AG,
Bottmingen

Marc Fues CEO (ret.), Geneva Cantonal Bank, Geneva

Peter Giger lic. rer. pol., CEO, Hans Giger Holding AG, Ittigen

Dr Gustav E. Grisard Chairman of the Board of Directors, HIAG Holding AG and
Grisard Holding AG, Riehen

Rosmarie Huggenberger Erlenbach

Dr Leana Isler Reich Attorney, Judge of the Administrative Court of the Canton of Zurich, Buchs ZH

Alfred Marti Director, Ernst Marti AG, Kallnach

Luc Meylan lic. iur., Attorney and notary public, Bôle

Georges Moret Chairman of the Board of Directors, Valrhône S.A., Martigny

Dr Fritz Mühlemann CEO (ret.), BKW FMB Energie AG, Rubigen

Ernst Neukomm Former Cantonal Government Councillor, Löhningen

Dr Fulvio Pelli Attorney and notary public, National Councillor, Lugano

Hans Erich Roth	Chairman of the Board of Directors, Cartonal AG, Lenzburg
Keith Satchell	Group-CEO Friends Provident plc (Dorking, UK), Member of the Supervisory Board of EurAPCo B.V. (Amsterdam/Zurich), Surrey, UK
Thomas Schmid	Management Chairman of fenaco, Swiss agricultural industry group, Ibach SZ
Peter R. Studer	Manager, STUDER K+I, Kommunikation+Informatik; Chairman of the Board of Directors of STUDER ELECTRONIC AG, Berne
Theodor E. Tschanz	Rheinfelden
Burkhard Vetsch	Former Cantonal Government Councillor, former National Councillor, Balgach
Karl Weber	Chairman of the Board of Directors, Kaweba AG, former National Councillor, Schwyz
Dr Claudia Wenger	Zumikon
Secretary of the Board of Directors Simon Janett	lic. rer. pol.

Auditors

PricewaterhouseCoopers AG, Zurich

Profit and loss account

	2001 CHF thousands	2000 CHF thousands
Direct investment income	12 010	5
Income from loans	9 517	9 510
Other financial income	583	0
<i>Income</i>	22 110	9 515
Administrative expenditure	- 1 553	- 1 668
<i>Expenditure</i>	- 1 553	- 1 668
Pre-tax profit	20 557	7 847
Taxes	- 520	- 1 118
Profit for the year	20 037	6 729

Balance sheet as at 31 December

Assets	Note	2001 CHF thousands	2000 CHF thousands
Investments	1	913 819	913 819
Tangible fixed assets		233	166
<i>Fixed assets</i>		914 052	913 985
Cash and cash equivalents		185	0
Accounts receivable from Group companies		10 037	14 298
Other assets		52	287
Deferred items		26	2
<i>Current assets</i>		10 300	14 587
Total		924 352	928 572

Liabilities	Note	2001 CHF thousands	2000 CHF thousands
Policyholders' surplus fund		25 512	25 512
<i>Long-term liabilities</i>		25 512	25 512
Other liabilities	2	1 089	20 992
Deferred items		413	1 117
<i>Short-term liabilities</i>		1 502	22 109
<i>Borrowings</i>		27 014	47 621
Reserves	3	873 000	873 000
Profit brought forward		4 301	1 222
Profit for the year		20 037	6 729
<i>Capital and reserves</i>		897 338	880 951
Total		924 352	928 572

1 Investments

	31.12.2001	31.12.2000
	CHF thousands	CHF thousands
<i>Investments</i>	913 819	913 819
Holdings	758 000	758 000
Real estate company	5 819	5 819
Loan to Group company	150 000	150 000

2 Other liabilities

<i>Other liabilities</i>	1 089	20 992
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The provisions of CHF 20 million for the 175th anniversary celebrations were transferred to the Swiss Mobiliar Insurance Company in the first half of the year. This reduced the "other liabilities" accordingly.

3 Reserves

<i>Reserves</i>	873 000	873 000
General statutory reserves	400 000	400 000
Available reserves	254 000	254 000
Extraordinary reserves	219 000	219 000

Holdings

	Holding in %	Share capital CHF thousands
Swiss Mobiliar Holding Ltd. Bundesgasse 35 3001 Berne	100.00	200 000
Schopa AG Splügenstrasse 12 8027 Zurich	100.00	50

There was no change in holdings since the previous year.

Appropriation of profits

	2001 CHF thousands	2000 CHF thousands
Profit for the year	20 037	6 729
Profit brought forward	4 301	1 222
Balance sheet profit	24 338	7 951

The Board of Directors asks the Delegates' Assembly, to be held on 17 May 2002, to allocate the balance sheet profit as follows:

	2001 CHF thousands	2000 CHF thousands
Appropriations to:		
Policyholders' surplus fund	12 000	0
Pension funds	3 000	3 000
Donation fund	400	400
Jubilee Foundation	250	250
Profit appropriated	15 650	3 650
Balance carried forward to new account	8 688	4 301

Auditors' report

Report of the statutory auditors
to the Delegates' Assembly of
Swiss Mobiliar Mutual Company
Berne

As statutory auditors, we have audited the accounting records, the financial statements (balance sheet, income statement and notes) prepared by the executive board and approved by the board of directors and have assessed the management of Swiss Mobiliar Mutual Company for the year ended 31 December 2001.

These financial statements and the management are the responsibility of the board of directors and the executive board. Our responsibility is to express an opinion on these financial statements based on our audit and to assess the management. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. The assessment of the management only considers whether the environment is set up for a management in line with regulations and statutes and does not contain an assessment on expediency. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records, financial statements and the management as well as the appropriation of available earnings proposed by the board of directors and executive board comply with Swiss law and the Company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

Berne, 12 April 2002

PricewaterhouseCoopers AG

Lukas Marbacher

Jürg Reber



Security is as important to people as quality of life. If people feel secure, they have confidence in themselves, they take risks and achieve things. Security is thus a driving force for people, businesses and society itself. We need to realize this in order to give security the attention it deserves. My job means that I am more aware of it than other people.

Our clients include many successful small and medium-sized businesses. We are their partners when it comes to security and protection. Advice plays a very important role in this class of insurance. Risk analysis, risk advice and risk management are therefore among the most challenging and interesting tasks facing us today. In the event of a claim, we provide our clients with quick, uncomplicated support. Thanks to our far-reaching authority levels, we are able to settle the majority of claims directly at the General Agency. My clients particularly appreciate this.

*Marianne Chapuis
Swiss Mobiliar General Agent, Porrentruy*





Brief portrait

The Swiss Mobiliar Insurance Company, founded in 1826 as a mutual society, has evolved over the past ten years into the Swiss Mobiliar Group. The takeover of Protekta Rechtsschutz-Versicherung AG, of Berne, in 1989 and the founding of Swiss Mobiliar International Versicherungsaktiengesellschaft in Cologne (1990) allowed the Group to meet ever-growing customer needs for insurance cover. This was followed in 1991 by the establishment of Swiss Mobiliar Holding Ltd. in Berne and, a year later, of Protekta Risiko-Beratungs-AG, Berne. In 1993 Swiss Mobiliar acquired a majority stake in Providentia Swiss Life Insurance Company, Nyon, thereby gaining an independent foothold in life insurance. Mobi24 Call Service Center was founded in 1997 to serve and support customers around the clock.

Finally, 1999 saw the creation of Swiss Mobiliar Asset Management, which manages the investments and properties of the entire Group and its pension schemes.

The international partnership in Eureka was redefined in 2000 with the establishment of European Alliance Partners Company B.V. (EurAPCo). The Group holds an 11.4% stake in EurAPCo, in exchange for around 5% of the share capital in Providentia.

Since the restructuring of the Swiss Mobiliar Group in 2000, the holding company is the centre of management for all operating divisions.



Board of Directors of Swiss Mobiliar Holding Ltd.* (as at 1 January 2002)

The Board of Directors of the Swiss Mobiliar Mutual Company is set out on pages 14 and 15.

Chairman

Dr Ulrich Gadient Attorney and notary public, Chur

Deputy Chairman

Jacques Saucy Attorney, Chairman of Wenger SA, Delémont

Richard Burger dipl. Masch.-Ing. ETH, member of the Executive Board, Sulzer AG, Bottmingen

Peter Giger lic. rer. pol., CEO, Hans Giger Holding AG, Ittigen

Luc Meylan lic. iur., Attorney and notary public, Bôle

Dr Fulvio Pelli Attorney and notary public, National Councillor, Lugano

Group CEO

Albert Lauper Group Chief Executive Officer, Villars-sur-Glâne

* same as the Board of Directors of Swiss Mobiliar Insurance Company (Ltd.), Providentia, Swiss Life Insurance Company (Ltd.) and Swiss Mobiliar Asset Management (Ltd.)

Secretary of the Board of Directors

Andreas Dolf Attorney

Auditors

PricewaterhouseCoopers AG, Zurich

Group Executive Board (as at 1 January 2002)

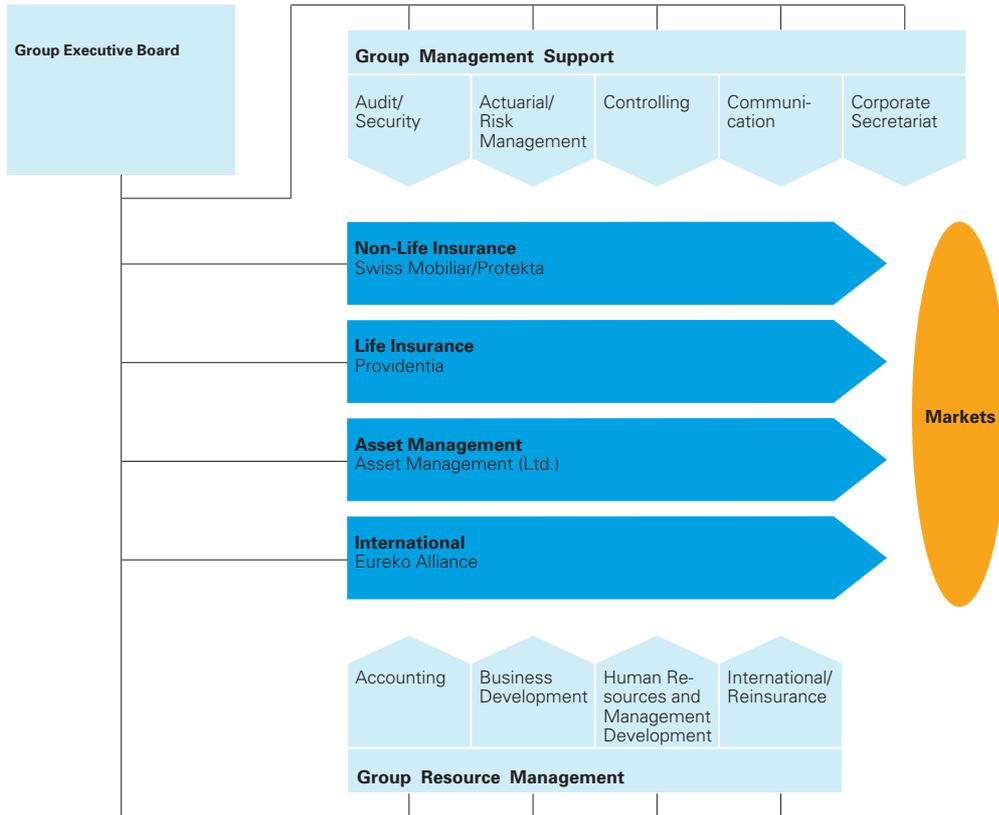
Albert Lauper Group CEO, International

Christian Wegmüller Non-Life Insurance

Daniel Greber, dipl. math. ETH Life Insurance

Roland Frey Asset Management

Group operational management



Group Management Support and Group Resource Management (as at 1 January 2002)

Hans Ammeter, Dr phil. nat.
 Odilo Bürgy, lic. iur., Attorney
 Heinz Buser
 Andreas Dolf, Attorney
 Erich Kaser
 Wilhelm Heim
 Beat Odermatt
 Paul Schmid
 Markus Sievers, dipl. Math ETH
 Christoph Stalder, Dr iur., Attorney

Actuary/Risk Management
 Legal
 Eureko/International/Reinsurance
 Corporate Secretary
 Human Resources & Management Development
 Group Controller
 Accounting
 Auditor/Security
 Business Development
 Communication

Corporate Governance

The Group's mutual foundation shapes our organizational structure. The rights and interests of customers are looked after by 150 delegates representing the various groups of policyholders, such as private households, agriculture, small businesses, industrial, commercial and service companies, as well as the public sector.

The Board of Directors of the Mutual Company delegates its group management duties to Swiss Mobiliar Holding Ltd. It is kept regularly informed about the course of business, and ensures that the mutual philosophy and the interests of policyholders are looked after and protected. The majority of the directors of the holding company and the Group companies are chosen from among the directors of the Mutual Company. The Mutual Company's Board of Directors is responsible for the overall management of the Group, and for supervising and monitoring the people entrusted with managing the companies. Internal auditors report directly to the Chairman of the Board of Directors.

Strategy implementation

The Swiss Mobiliar Group continues to concentrate on the domestic market of Switzerland and the Principality of Liechtenstein. It acts as a reliable partner, offering its customers comprehensive services to protect them and provide for the future. Our mutual philosophy results in a personal service,

provided close to the customer, along with good value for money, and the payment of surpluses, even in non-life business.

In non-life insurance, we want to build on our leading position as regards private individuals and in the trade and SME markets, by offering comprehensive solutions which meet all their needs for security. In the case of large customers and industrial business, we are putting our trust in the quality and durability of our services, all the time consciously avoiding business that has been shown to bring in inadequate premiums.

In life insurance and pensions, we want to continue exploiting the potential for growth. We are relying in the first instance on our traditional strengths, and on the Group's cross-selling potential. In the personal pensions sector, we are focusing increasingly on term insurance and unit-linked life insurance products, and intend to meet the demand for fund-based savings opportunities: in the second half of 2002 we will be launching our own pure fund products. In occupational pensions, our core business lies in taking over biometric risks from pension funds and group foundations. But we also offer employee pension products, an area where we are also seeking cooperation with partners.

Despite a heavily saturated market, we see reasonable potential for growth in all of our insurance business. For us, risk-based premiums are paramount—ahead of gaining market share—and are in line with our strategy of long-term strength. Greater risk awareness should stimulate the market and this area of concern.

We are pursuing the objective of increased earnings, along with cost optimization. We intend to take advantage of all potential savings through leaner processes and new working methods.

International strategy

The Eureka Alliance brings us together in a network with powerful partners from the international insurance sector. Under this umbrella, Eureka B.V., in which we own a share of the capital, operates in the insurance market.

The EurAPCo organization, whose operational base is in Zurich, pursues three main objectives, namely:

- Service network for customer service and customer care
- Synergy network to make use of international expertise
- Investment network to hold a stake in other insurance markets

In the autumn of 2001, Albert Lauper took over for a two-year term as Chairman of the EurAPCo Supervisory Board.

Positioning the Group

We are well positioned in the non-life market, but were just forced down from third to fourth place by the merg-

ing of a competitor’s brands. We intend to strengthen our position further through cross-selling. In life insurance we operate in both personal pensions and occupational pensions. Mobilife is sold via Swiss Mobiliar’s distribution organization. This brand has become considerably better known.

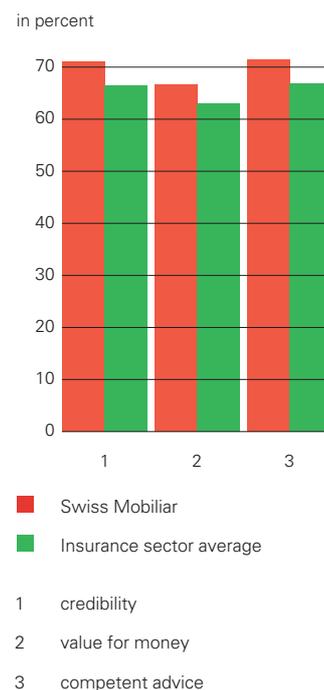
Our presence in local markets and our main distribution network through general agencies and personal advisors are proving their worth. Our websites are used primarily as a source of information, but also offer customers the opportunity to purchase policies or services.

How customers see us

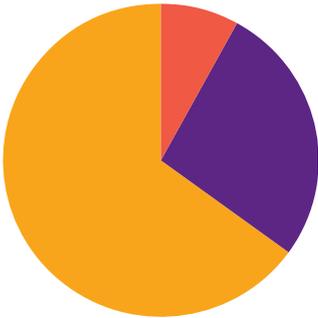
Providing benefit for our customers is our top priority. We therefore attach great importance to the investigation carried out again by an independent market research institute in 2001 into the insurance market. This representative survey showed that Swiss Mobiliar performs better than all its rivals in 17 of the 20 image values asked about.

These relate to, among other things, expert advice, sympathetic attitude, credibility, reliability and value for money, claims settlement, dynamism and understanding.

Image values
Survey of customers and non-customers



Employees of the Swiss Mobiliar Group in 2001



- Trainees, 8%
- Sales force, 27%
- Office staff, 65%

The evidence—when there's a claim

When claims occur, we must keep our promises. We therefore issue customer questionnaires about how we settle claims—80% of which are returned—and our customers give us excellent marks, in all age groups and for all classes of insurance. Last year, these results were once again substantiated by a market research institute study. When it comes to swift and uncomplicated claims settlement, we are the best in the sector.

Motivation—the anniversary

The 175th year of Swiss Mobiliar provided an opportunity to launch initiatives to promote a feeling of identity within the company. All employees of the Group, including the general agents, received an anniversary bonus as well as a share in our profits. The in-house anniversary event for around 4000 employees and former employees was a shared experience and a great success. In accordance with our focus on getting close to the customer, anniversary events were conceived and staged for customers of our general agencies, with a local focus.

Training and management development

The training offering is managed centrally for the whole Group, while personnel management tasks are undertaken on a decentralized basis within the business units, divisions and general agencies. Personnel development is targeted in accordance with needs. Thus in 2001 the main emphasis was on promoting further education and

training, with several projects and programmes for prospective and experienced managers. The Group's training services may be accessed via intranet by all staff at all times. This allows the efficient organization of around 750 courses with more than 10 000 participants.

But we also attach particular importance to specialized training. The non-life division launched a new training concept aimed at meeting the future demands of the insurance business. All employees of Providentia, both office-based staff and field staff, who are directly involved in insurance business, have completed a personalized programme to reinforce their focus on the customer.

Optimization through feedback

All employees are entitled to an annual structured employee interview. The agreed objectives, which were recorded in writing, were analysed on a group-wide basis and provided information about the management process.

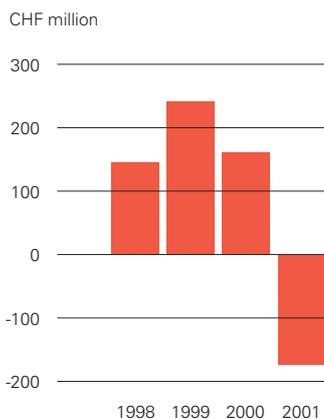
More crèche places

We intend to expand our "mikado" crèche in Berne in 2002. This will better equip us to meet the growing demand from our staff for daycare places for their children.

Key figures of the Group

	2001	2000*	Change
	CHF	CHF	in %
	million	million	
Non-life and life			
Gross premiums written	2 735	2 380	+ 14.9
Net premiums earned	2 623	2 263	+ 15.9
Net claims incurred and benefits paid	2 040	1 778	+ 14.7
Net technical provisions	6 164	5 663	+ 8.8
Technical provisions for unit-linked life insurance policies	2 642	2 574	+ 2.6
Investments	7 614	8 096	- 6.0
Investments for the benefit of and at the risk of life insurance policyholders	2 642	2 575	+ 2.6
Extraordinary profit/loss	37	- 4	- 1 025.0
Taxes	42	- 32	- 231.3
Profit/loss applicable to minority interests	- 9	0	
Profit/loss for the year after minority interests	- 174	160	- 208.8
Capital and reserves	1 548	1 902	- 18.6
Number of employees			
(full-time employees, excluding trainees)	3 693	3 456	
Trainees	332	325	
Non-life			
Gross premiums written	1 710	1 650	+ 3.6
Net premiums earned	1 598	1 546	+ 3.4
Net claims incurred	1 107	1 082	+ 2.3
Net technical provisions	3 417	3 320	+ 2.9
Investment result	- 17	275	- 106.2
Profit/loss after taxes/before minority interests	16	154	- 89.6
Net loss ratio	69.3%	70.0%	
Gross expense ratio	29.6%	30.1%	
Net combined ratio	102.8%	105.8%	
Life			
Gross premiums written	1 025	730	+ 40.4
Net premiums earned	1 025	717	+ 43.0
Net benefits paid	933	696	+ 34.1
Net technical provisions	2 747	2 343	+ 17.2
Technical provisions for unit-linked life insurance policies	2 642	2 574	+ 2.6
Investment result (excluding investment result from investments held for the benefit of and at the risk of life insurance policyholders)	- 91	109	- 183.5
Investment result from investments held for the benefit of and at the risk of life insurance policyholders (loss/profit)	- 52	22	- 336.4
Profit/loss after taxes/before minority interests	- 199	7	- 2 942.9
Gross expense ratio	13.0%	12.6%	

* figures for previous year restated

Consolidated annual profit/loss
after minority interests

The scope of consolidation for the 2001 financial year is unchanged compared with the previous year at the level of Swiss Mobiliar Holding Ltd., which is a wholly-owned subsidiary of the Swiss Mobiliar Mutual Company.

Overall result

The financial year under review was characterized by a gratifying increase in premiums, an improvement in some underwriting results and a highly disappointing performance by the financial markets.

In the underwriting business the Group posted overall premium growth of 14.9%. This is all the more remarkable given the highly competitive environment in which it was achieved.

While net claims and benefits paid and the technical reserves followed the general business trend, the investment business took a turn for the worse.

The unfavourable trend in the financial markets gave rise to income from capital investments which was 24% or CHF 144 million down on the previous year—this is attributable primarily to the marked decline in profits from sales. The reduced earnings are set against increased investment expenditure of CHF 534 million. These figures were shaped by losses recorded in the books and realized on the share portfolio, which is well-structured in quality terms but has little reserve cushioning. The resultant written-down values were posted to income or expenses. Taking into account the partial hedging, investment in equities represents one

fifth of our capital investments and cash and cash equivalents.

The calculation of deferred taxes was lower in accordance with the corrections to the securities portfolio as determined by the stock market, leading to tax relief of CHF 42 million (previous year's tax burden: CHF 32 million).

The Swiss Mobiliar Group recorded a loss of CHF 174 million. This result compares with a profit of CHF 160 million in the previous year. 2001 has shown very clearly the extent to which our business is dependent on investment income and the importance attached to balanced results in all sectors of the insurance business. In previous years, income from investment business enabled us to produce an overall result that was positive, even when the underwriting results were less than satisfactory. The altered situation in the capital markets meant that this was not possible in 2001.

Balance sheet

The consolidated balance sheet total rose to CHF 11 335 billion (previous year: CHF 11 225 billion), representing an increase of CHF 110 million.

The largest item recorded under assets, that of investment assets, fell to CHF 10 299 billion (previous year: CHF 10 723 billion). Fixed-interest securities and equities were recorded on the balance sheet at market value for the first time, and real estate investments at current value. Comparisons with the previous year are possible thanks to

the restatement of the previous year's figures.

Current trends in the life insurance business, such as the more volatile outlook for returns and increasing life expectancy, have been taken into account in higher net technical provisions. These amount to a total of CHF 8.806 billion (previous year: CHF 8.237 billion). All these developments resulted in a reduction in consolidated capital and reserves from CHF 1.902 billion to CHF 1.548 billion. The traditionally high capital and reserves allocation fulfilled its function in difficult conditions: despite the reduction, capital and reserves is still equivalent to several times what is required for solvency, and thus guarantees the long-term solidity of the Group.

Non-life

Underwriting business

Gross non-life premiums written showed satisfactory movement overall. The slight decline in volumes for property and engineering insurance is set against a sharp increase in motor insurance, where a premium increase was necessary for actuarial reasons. Overall, we achieved a 3.6% rise in gross premiums written for non-life (previous year: 1.9%) to CHF 1.710 billion (previous year: CHF 1.650 billion). Net premiums earned amounted to CHF 1.598 billion (previous year: CHF 1.546 billion).

Net claims incurred were slightly higher than in the previous year. For motor

vehicle damage and personal injury in particular, claims costs have continued to rise. Because of the growth in premiums, the net loss ratio remained below the previous year's level at 69.3% (previous year: 70.0%).

Technical costs rose from CHF 496 million in the previous year to CHF 506 million. This increase is due mainly to rising agency and distribution costs. The gross expense ratio in this financial year was 29.6% (previous year: 30.1%).

The net combined ratio fell to 102.8% (previous year: 105.8%).

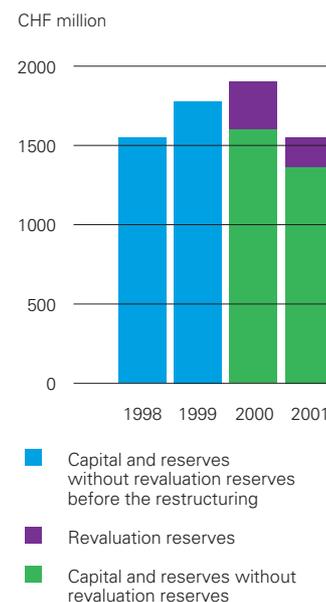
Investment business

The investment result was strongly affected by the negative movements on the financial markets. The loss of CHF 17 million compares with a gain of CHF 275 million in the previous year.

Income from capital investments was CHF 100 million below the previous year's figure at CHF 307 million. Earnings from securities, earnings from land and buildings, and other capital earnings attained the previous year's level. The significant reduction was due primarily to lower profits from disposals, and a lack of income from appreciation.

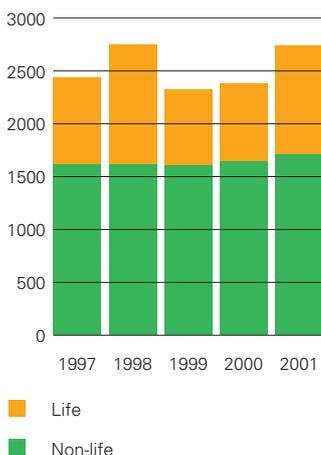
Expenditure on capital investment rose to CHF 320 million (previous year: CHF 147 million). This is attributable to written-down values and losses on the share portfolios, which reflect the general market trend in terms of sectors and regions.

Consolidated capital and reserves



Gross premiums written

CHF million



The figures for other financial income (CHF 119 million) and other financial expenses (CHF 122 million) have changed little compared to the previous year. These represent mainly exchange rate movements in the foreign currency portfolios, as well as associated hedging transactions to smooth out such effects.

Life

Underwriting business

The life business was marked by a sharp rise in gross premiums written. The main contributor to the overall growth of 40.4% was the increase in single premiums (+74.3%), coming predominantly from business introduced by our banking partners.

Expenditure on net benefits paid rose by CHF 237 million over the previous year's level, an increase of one third. This high growth was the result of adjustments to the policy reserve and the claims reserves in line with current market trends, and the sharp increase in single premiums.

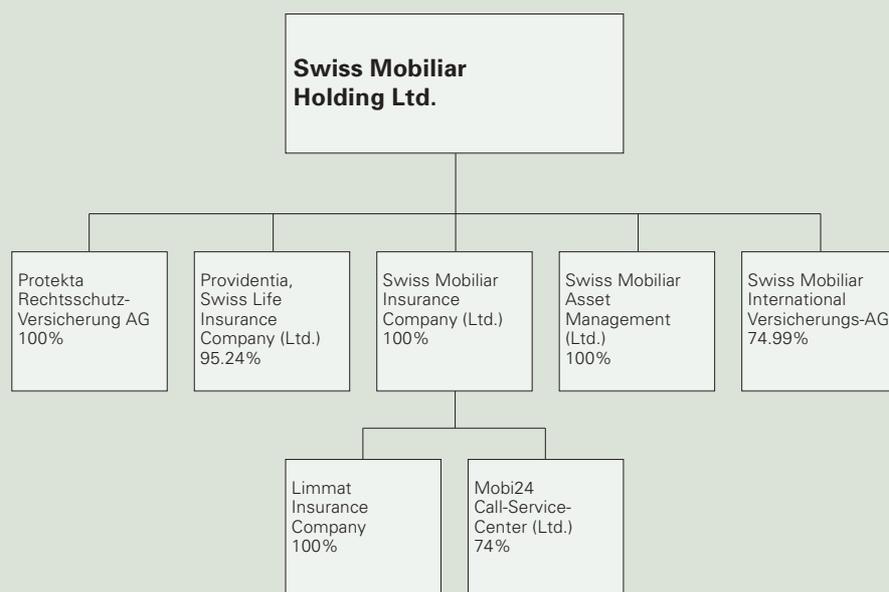
Technical costs rose by CHF 41 million compared with the previous year to CHF 133 million. High levels of new business, and the introduction of new products, resulted in considerably higher acquisition and administration costs. Furthermore, pensions obligations were calculated in accordance with the Swiss GAAP ARR 16 accounting standard for the first time, resulting in an increased burden. The gross expense

ratio rose from 12.6% to 13.0%, despite the strong growth in premiums.

Investment business

The loss on investment business for life insurance came to CHF 91 million (previous year's profit: CHF 109 million) under the negative influence of trends in the financial markets. Capital investments brought in earnings of CHF 134 million (previous year: CHF 177 million), and investment expenditure—again determined by significant writing down and losses on the share portfolios—amounted to CHF 214 million (previous year: CHF 60 million). Other financial income and expenses remained at the previous year's level.

Investments for the benefit of and at the risk of life insurance policyholders were affected by the same factors mentioned above. A loss of CHF 52 million compares with the previous year's profit of CHF 22 million. This entry has no effect on the Group's results.



Consolidated companies

		Holding in %		Share capital CHF thousands		Gross premiums written* CHF thousands	
		2001	2000	2001	2000	2001	2000
Switzerland							
Swiss Mobiliar Holding Ltd., Berne	H	100.00	100.00	200 000	200 000	–	–
Swiss Mobiliar Insurance Company, Berne	N	100.00	100.00	148 000	148 000	1 689 242	1 630 242
Mobi24 Call-Service-Center, Berne	N	74.00	74.00	200	200	–	–
Limmat Insurance Company, Zurich	N	100.00	100.00	10 000	10 000	289	1 941
Providentia, Swiss Life Insurance Company, Nyon	L	95.24	95.24	25 000	25 000	1 025 480	729 799
Protekta Rechtsschutz-Versicherung AG, Berne	N	100.00	100.00	1 500	1 500	19 305	17 340
Swiss Mobiliar Asset Management, Berne	A	100.00	100.00	500	500	–	–
		%		EUR thousands	DEM thousands	EUR thousands	DEM thousands
Germany							
Swiss Mobiliar International Versicherungsaktiengesellschaft, Cologne	N	74.99	74.99	5 113	10 000	480	772

A Asset Management
H Holding
L Life
N Non-life

* after eliminating inter-company business

Comments relating to the *Swiss Mobiliar Insurance Company* and *Protekta Rechtsschutz-Versicherung AG* in Berne can be found from page 64 onwards. The report on *Providentia*, *Swiss Life Insurance Company* in Nyon can be found from page 74 onwards.

Swiss Mobiliar Holding Ltd. has been the strategic management organization of the Swiss Mobiliar Group since 1 January 2000. It owns participations in insurance subsidiaries as well as other holdings.

The *Swiss Mobiliar International Versicherungsaktiengesellschaft* in Cologne provides insurance coverage to Swiss customers abroad, in line with its function. It does not write any local business.

Scope of consolidation

There was no change in the scope of consolidation from the previous year.

Non-life	Note	2001		2000	
		CHF thousands	CHF thousands	CHF thousands	CHF thousands
Gross premiums written	1	1 709 545		1 650 125	
Reinsurers' share		<u>- 105 339</u>		<u>- 104 142</u>	
Net premiums written		1 604 206		1 545 983	
Change in net reserves for unearned premiums	2	<u>- 6 281</u>		<u>- 299</u>	
Net premiums earned		1 597 925	1 597 925	1 545 684	1 545 684
Other technical income	4		14 265		698
Gross claims paid		1 102 808		1 152 130	
Reinsurers' share		<u>- 98 581</u>		<u>- 101 956</u>	
Net claims paid		1 004 227		1 050 174	
Change in claims reserves	2	<u>102 948</u>		<u>31 316</u>	
Net claims incurred		1 107 175	- 1 107 175	1 081 490	- 1 081 490
Share in surplus			- 15 691		- 16 430
Technical costs	3	506 033		496 125	
Reinsurers' share		<u>- 19 799</u>		<u>- 25 094</u>	
Net technical costs		486 234	- 486 234	471 031	- 471 031
Other technical expenses	4		- 47 454		- 66 838
Underwriting result – non-life			- 44 364		- 89 407
Investment income	5		306 778		407 381
Investment expense	6		- 320 367		- 146 593
Other financial income	7		118 760		124 242
Other financial expenses	8		<u>- 121 891</u>		<u>- 109 848</u>
Ordinary profit/loss before taxes – non-life			- 61 084		185 775
Extraordinary profit/loss	10		37 746		- 1 500
Taxes			<u>39 337</u>		<u>- 30 339</u>
Profit/loss after taxes – non-life			15 999		153 936

Consolidated profit and loss account

Life	Note	2001		2000*	
		CHF thousands	CHF thousands	CHF thousands	CHF thousands
Gross premiums written	1	1 025 480		729 798	
Reinsurers' share		- 12 154		- 9 163	
Net premiums written		1 013 326		720 635	
Change in net premium reserves	2	11 351		- 4 028	
Net premiums earned		1 024 677	1 024 677	716 607	716 607
Gross claims paid		407 300		363 950	
Reinsurers' share		- 7 851		- 4 984	
Net claims paid		399 449		358 966	
Change in net life insurance reserves	2	119 456		45 499	
Change in capital cover	2	345 959		177 829	
Change in provisions for unit-linked life insurance policies	2	68 322		113 847	
Net benefits paid		933 186	- 933 186	696 141	- 696 141
Surplus paid to policyholders			- 64 806		- 56 520
Change in provisions for future surpluses paid to policyholders			50 000		10 000
Technical costs	3		- 132 946		- 91 799
Other technical expenses	4		- 1 873		- 1 539
Investment income	5		133 861		177 103
Investment expense	6		- 213 526		- 59 980
Gains/losses on investments for the benefit of and at the risk of life insurance policyholders	9		- 51 781		21 836
Other financial income	7		17 237		22 969
Other financial expense	8		- 28 695		- 31 400
Ordinary profit/loss before taxes – life			- 201 038		11 136
Extraordinary profit/loss	10		- 557		- 2 428
Taxes			2 234		- 2 134
Profit/loss after taxes – life			- 199 361		6 574

* figures for the previous year restated

	Note	2001 CHF thousands	CHF thousands	2000 CHF thousands	CHF thousands
Recapitulation					
After-tax profit/loss for the year – non-life			15 999		153 936
After-tax profit/loss for the year – life			<u>- 199 361</u>		<u>6 574</u>
Profit/loss before minority interests			- 183 362		160 510
Minority interests			<u>9 484</u>		<u>- 339</u>
Consolidated profit/loss for the year			<u>- 173 878</u>		<u>160 171</u>

Consolidated balance sheet as at 31 December

	Note	2001 CHF thousands	2000* CHF thousands
Assets			
Investments	11	7 613 995	8 096 494
Investments for the benefit of and at the risk of life insurance policyholders	12	2 642 277	2 575 374
Tangible fixed assets		42 905	51 012
<i>Fixed assets</i>		10 299 177	10 722 880
Cash and cash equivalents		648 091	155 127
Accounts receivable	13	137 620	91 841
Other assets		48 806	39 906
Accrued income		201 232	215 361
<i>Current assets</i>		1 035 749	502 235
Total		11 334 926	11 225 115
Liabilities			
Technical provisions – non-life		3 416 508	3 320 563
Technical provisions – life		2 746 966	2 342 902
Technical provisions for unit-linked life insurance policies – life		2 642 277	2 573 955
<i>Net technical provisions</i>	14	8 805 751	8 237 420
Deposits received from reinsurers		2 544	2 947
Non-technical (financial) reserves	15	378 570	557 714
Long-term loans from affiliates		150 000	150 000
<i>Long-term liabilities</i>		531 114	710 661
Liabilities	16	333 926	276 557
Other liabilities		88 077	46 223
Deferred income		31 403	45 821
<i>Short-term liabilities</i>		453 406	368 601
<i>Borrowings</i>		9 790 271	9 316 682
<i>Minority interests</i>		- 3 683	5 984
Share capital		200 000	200 000
Capital reserves		575 000	575 000
Profit reserves		762 075	668 903
Revaluation reserves		185 379	298 501
Currency translation adjustments		- 238	- 126
Consolidated profit/loss for the year		- 173 878	160 171
<i>Consolidated capital and reserves</i>	17	1 548 338	1 902 449
Total		11 334 926	11 225 115

* figures for the previous year restated

	2001 CHF thousands	2000 CHF thousands
Consolidated profit/loss for the year after minority interests	– 173 878	160 171
Profit/loss for the year applicable to minority interests	– 9 484	339
Appreciation (–)/depreciation (+) on		
Investments	484 037	203 138
Fixed assets	24 540	30 494
Intangible assets	6 563	22 150
Non-consolidated companies	14 284	1 236
Land and buildings	16 984	5 444
Increase of/decrease in		
Technical provisions	568 334	381 613
Accounts receivable	– 45 780	– 32 536
Other assets	– 8 901	– 3 946
Accrued income	14 125	– 72 549
Liabilities	56 968	70 151
Non-technical (financial) reserves	– 135 150	– 77 191
Other liabilities	41 859	– 3 009
Deferred income	– 14 417	– 5 627
Cash flow from operating activities	840 084	679 878
Purchase (–)/sale (+) of		
Investments	– 128 188	– 911 438
Intangible assets	– 6 563	– 13 231
Fixed assets	– 16 433	– 49 093
Non-consolidated companies	– 100 969	– 291 443
Land and buildings	– 27 811	– 19 181
Cash flow from investing activities	– 279 964	– 1 284 386
Increase in share capital	0	150 000
Increase in capital reserves	0	575 000
Netting with profit reserves	0	– 13 126
Allocations to staff pension schemes/Jubilee Foundation*	0	– 2 900
Allocations to the policyholders' surplus fund	– 55 000	– 150 000
Dividend payment	– 12 146	– 668
Cash flow from financing activities	– 67 146	558 306
Change in cash and cash equivalents	492 974	– 46 202
Total cash and cash equivalents – previous year	155 127	201 400
Total cash and cash equivalents – year under review	648 091	155 127
Currency translation adjustments	10	71
Change in cash and cash equivalents	492 974	– 46 202

* no cash flow for 2001 as reporting is now at the level of the Mutual Company (not in the scope of consolidation)

Accounting principles

The consolidated financial statements were prepared on the basis of Swiss GAAP ARR and in compliance with Swiss law. The first-time application of ARR 16 means that the effects of pension obligations on the business are now stated.

Consolidation principles

Scope of consolidation

The consolidated financial statements include companies in which Swiss Mobiliar Holding Ltd. directly or indirectly holds more than 50% of the share capital or voting rights. They do not include the Mutual Company, which is the overall holding company.

Non-operational and insignificant majority holdings in the service and real estate sector are not included in the consolidated financial statements. This has no material impact on the representation of the Group's financial position, the results of operations and the cash flows. The non-consolidated majority interests are included in investments at their acquisition cost less necessary depreciation. The non-consolidated real estate company is recorded in land and buildings.

Companies in which the Swiss Mobiliar Group has an interest of between 20% and 50% are accounted for using the equity method. If the Swiss Mobiliar Group has an interest of less than 20% in a company to create a business relationship, this is recorded in investments at acquisition cost less necessary depreciation.

An overview of the consolidated and non-consolidated Group companies can be found on pages 36 and 53 respectively of this Annual Report.

Consolidation method

The assets and liabilities and income and expenses of Group companies are consolidated using the full consolidation method after elimination of inter-company transactions. The shares of minority shareholders in the profit/loss for the year and capital and reserves are shown as separate items in the consolidated financial statements.

Balance sheet date

The Group financial statements are closed on 31 December and are based on the audited financial statements of the Group companies as at that date.

Capital consolidation

Capital consolidation is based on the purchase method used. The capital and

reserves of Group companies, determined using uniform guidelines, are offset at book value on the basis of initial consolidation as at 1 January 1998 or at the time of acquisition. The accounting differences arising at the time of initial consolidation are offset against profit reserves.

Currency translation

Foreign currency items in the financial statements (balance sheet, profit and loss account and cash flow statements) of the individual Group company (Germany) are translated at year-end rates. The resultant translation adjustments are taken to reserves.

The relevant exchange rates for consolidation purposes (including valuation of securities) are:

			2001	2000
			CHF	CHF
Germany	DEM	100	75.63	77.93
Euro zone	EUR	1	1.48	1.52
France	FRF	100	22.55	23.24
UK	GBP	1	2.42	2.44
Italy	ITL	100	0.08	0.08
Netherlands	NLG	100	67.12	69.17
Austria	ATS	100	10.76	11.08
USA	USD	1	1.67	1.61

Inter-company profits

Inter-company profits have been eliminated.

Valuation policies

Items are valued individually and according to uniform criteria. Fixed-interest securities, equities and real estate investments are stated for the first time at their market or current value. Figures for the previous year have been restated correspondingly.

Fixed-interest securities: Fixed-interest securities are posted at market value. The difference between the market value and the amortized-cost value, after deducting deferred taxes, is posted to revaluation reserves. The change in the amortized-cost value in the reporting period is posted to income or expenses.

Equities: Equities are stated at market value, with the positive difference between the market value and acquisition cost posted to revaluation reserves, after deducting deferred taxes. If the market value is lower than the acquisition cost, the difference is accounted for in income or expenses. Subsequent increases in value up to the acquisition cost are also posted to income or expenses. Options that have not expired are deducted from the corresponding underlying business.

Real estate

Real estate investments: Real estate investments are posted at current value, based on estimates by expert valuers. The positive difference between the current value and the cost of acquisition is posted to revaluation reserves, after deducting deferred taxes. If the current value is lower than the cost of acquisition, the depreciation is posted to the profit and loss account accordingly.

Office premises: This item solely comprises the headquarters of the Swiss Mobiliar Insurance Company, Providentia Swiss Life Insurance Company and Protekta Rechtsschutz-Versicherung AG. These are stated at the cost of acquisition less the necessary depreciation or the current value, whichever is the lower, depreciated over their remaining useful life.

Loans/mortgages: These are stated at nominal value less accumulated depreciation.

Capital investments for the benefit of and at the risk of life insurance policyholders: These are stated at market value.

Derivative financial instruments: Derivative financial instruments include forward exchange contracts, as well as share index futures certificates. Forward exchange contracts are negotiated on an individually OTC basis and are used to hedge exchange rate fluctuations. Standard option contracts, share index certificates and futures are exchange traded and are used for investment purposes. For details of the contract volume and replacement value, please see the notes to the balance sheet. Like the underlying business, derivatives are valued at the lower of cost or market.

Intangible assets: Intangible assets are only capitalized in the balance sheet if they comply with the requirements under Swiss GAAP ARR.

The cost of acquiring new business is charged to income as incurred.

Fixed assets: These are depreciated over their average useful life using the straight-line method with respect to the cost of acquisition. The useful life of the various fixed assets has been fixed as follows:

Furniture/equipment/vehicles	5 years
Computer equipment	4 years

Cash and cash equivalents: Cash and cash equivalents comprise cash, balances in postal and bank accounts and sight and deposit accounts with a maximum residual term of 90 days. These are carried at nominal value.

Accounts receivable and other assets/accounts payable and other liabilities: These items are stated at nominal value. These items are based on the rules applying to the annual statements in each country. Adequate ac-

count is taken of credit risks. The necessary write-downs on accounts payable are undertaken as required, i.e. doubtful debts are written down individually.

Technical reserves: These are valued prudently on an individual basis, i.e. per insurance contract or claim on the basis of the anticipated liabilities to policyholders and claimants and/or on a mathematical/actuarial basis using the procedure approved by the state supervisory authorities.

Taxes: Impacting the current year financial results are taxes paid and owed. Deferred taxes are calculated for temporary differences, which result from different valuations for financial and for tax purposes. The applied tax rate of 28% represents the expected tax rate.

Employee pension benefits: The Group companies have independent employee pension schemes in accordance with Swiss law. These are financed by means of employee and employer contributions. Present and former employees, or their survivors, receive old-age, disability and death benefits according to the Regulations of the scheme. For the purposes of the consolidated financial statements, the future obligations are defined in accordance with Swiss GAAP ARR 16: the cash value of the benefits accrued on the basis of past and future expected years of service, the expected increase in salary and annuity adjustments are calculated according to the projected unit credit method. The net periodic pension costs are disclosed in the Group annex. Assets-side differences between assets and pension obligations are only posted in the Group annex. Liabilities-side differences are not offset against assets and are stated as income or expenses.

Group annex

Notes to the profit and loss account

1 Overview of premium income by sector

	2001 CHF thousands	2000 CHF thousands
Gross premiums written – non-life	1 709 545	1 650 125
<i>Direct business</i>	1 657 987	1 589 827
Fire and other property insurance	720 074	725 751
Liability insurance	144 586	135 766
Motor vehicle insurance	475 447	431 514
Marine, transport and aviation insurance	6 077	6 435
Credit and deposit insurance	1 666	1 431
Accident and health insurance	283 571	265 017
Other policies	26 566	23 913
<i>Indirect business (reinsurance accepted)</i>	51 558	60 298
Gross premiums written – life	1 025 480	729 798
<i>Direct business</i>	1 025 480	729 798
Life	741 997	535 523
Life policies where the policyholder bears the investment risk	283 483	194 275
<i>Indirect business (reinsurance accepted)</i>	0	0
Gross premiums written	2 735 025	2 379 923
<i>Direct business</i>	2 683 467	2 319 625
Non-life	1 657 987	1 589 827
Life	1 025 480	729 798
<i>Indirect business (reinsurance accepted)</i>	51 558	60 298
Non-life	51 558	60 298
Life	0	0
Geographical breakdown of gross premium income from direct business	2 683 467	2 319 625
Switzerland/Principality of Liechtenstein	2 682 758	2 317 462
Germany	222	235
Rest of Europe	487	1 928

2 Technical provisions

	2001 CHF thousands	2000 CHF thousands
<i>Change in reserves for unearned premiums – non-life</i>		
Gross	7 347	– 2 040
Reinsurers' share	– 1 066	2 339
Net	6 281	299
<i>Change in reserves for loss and loss adjustment expenses – non-life</i>		
Gross	41 410	14 555
Reinsurers' share	61 538	16 761
Net	102 948	31 316
<i>Change in reserves for unearned premiums – life</i>		
Gross	– 11 351	4 028
Reinsurers' share	0	0
Net	– 11 351	4 028
<i>Change in life insurance reserves – life</i>		
Gross	119 456	30 130
Reinsurers' share	0	15 369
Net	119 456	45 499
<i>Change in future life policy benefits – life</i>		
Gross	345 959	177 829
Reinsurers' share	0	0
Net	345 959	177 829
<i>Change in provisions for unit-linked life insurance policies – life</i>		
Gross	68 322	113 847
Reinsurers' share	0	0
Net	68 322	113 847

3 Technical expenses

	2001 CHF thousands	2000 CHF thousands
Technical expenses	638 979	587 924
<i>Non-life</i>	506 033	496 125
<i>Life</i>	132 946	91 799
<i>Technical expenses – non-life</i>		
Agency and other selling expenses	312 223	300 758
Commission payments for indirect business	15 291	18 933
Administrative expenses	171 765	168 834
Staff pension schemes	6 754	7 600
<i>Technical expenses – life</i>		
Agency and other selling expenses	57 895	37 700
Administrative expenses	60 011	49 668
Staff pension schemes	15 040	4 431

Technical expenses consist of personnel expenses of CHF 192.1 million (previous year: CHF 184.3 million). This amount does not include personnel expenses for the legally independent general agencies of the Swiss Mobiliar Insurance Company.

4 Other technical income/expenses

	2001 CHF thousands	2000 CHF thousands
Other technical income	14 265	698
<i>Non-life</i>	14 265	698
<i>Life</i>	0	0
<i>Other technical income – non-life</i>	14 265	698
Change in other technical provisions	13 056	0
Other technical income	1 209	698
Other technical expenses	49 327	68 377
<i>Non-life</i>	47 454	66 838
<i>Life</i>	1 873	1 539
<i>Other technical expenses – non-life</i>	47 454	66 838
Cantonal fire insurance charges and contributions for loss prevention	15 077	15 542
Change in other technical reserves	0	6 368
Depreciation of intangible assets	6 563	13 231
Depreciation of tangible fixed assets	22 667	28 955
Other technical expenses	3 147	2 742
<i>Other technical expenses – life</i>	1 873	1 539
Depreciation of tangible fixed assets	1 873	1 539

5 Investment income

	2001 CHF thousands	2000 CHF thousands
Investment income	440 639	584 484
<i>Non-life</i>	306 778	407 381
<i>Life</i>	133 861	177 103*
<i>Income from securities</i>	248 118	250 221
<i>Non-life</i>	175 399	173 075
<i>Life</i>	72 719	77 146
<i>Income from land and buildings</i>	60 333	59 869
<i>Non-life</i>	43 051	42 314
<i>Life</i>	17 282	17 555
<i>Income from non-consolidated companies</i>	2 481	411
<i>Non-life</i>	2 346	261
<i>Life</i>	135	150
<i>Interest on funds deposited with reinsurers</i>	924	1 070
<i>Non-life</i>	924	1 070
<i>Life (bancassurance)</i>	0	0
<i>Income from write-ups</i>	6 751	20 881
<i>Non-life</i>	5 382	19 273
<i>Life</i>	1 369	1 608
<i>Profit from the sale of investments</i>	81 058	217 098
<i>Non-life</i>	48 493	144 040
<i>Life</i>	32 565	73 058
<i>Other investment income</i>	40 974	34 934
<i>Non-life</i>	31 183	27 348
<i>Life</i>	9 791	7 586
<i>Reclassifications were carried out in 2001; the figures for 2000 have been restated accordingly.</i>		
<i>Life (Annual Report 2000)</i>		221 686
<i>Reclassifications:</i>		
<i>– Gains/losses on investments for the benefit of and at the risk of life insurance policyholders (reclassification: Interest on funds deposited with reinsurers, bancassurance)</i>		– 42 540
<i>– Other financial income</i>		– 2 043
<i>Life (Annual Report 2001)</i>		177 103*

6 Investment expenses

	2001	2000
	CHF thousands	CHF thousands
Investment expenses	533 893	206 573
<i>Non-life</i>	320 367	146 593
<i>Life</i>	213 526	59 980*
<i>Expenses relating to real estate</i>	17 189	17 245
<i>Non-life</i>	8 839	8 175
<i>Life</i>	8 350	9 070
<i>Write-downs on investments</i>	396 297	162 928
<i>Non-life</i>	256 515	118 607
<i>Life</i>	139 782	44 321
<i>Losses on the sale of investments</i>	108 664	12 201
<i>Non-life</i>	46 789	8 986
<i>Life</i>	61 875	3 215
<i>Asset management expenses</i>	9 789	14 199
<i>Non-life</i>	6 270	10 825
<i>Life</i>	3 519	3 374
<i>Other investment expenses</i>	1 954	0
<i>Non-life</i>	1 954	0
<i>Life</i>	0	0
<i>Reclassifications were carried out in 2001; the figures for 2000 have been restated accordingly.</i>		
<i>Life (Annual Report 2000)</i>		85 169
<i>Reclassifications:</i>		
<i>– Other financial expense</i>		– 24 759
<i>– Gains/losses on investments for the benefit of and at the risk of life insurance policyholders</i>		
<i>(reclassification: Interest on funds deposited with reinsurers – bancassurance)</i>		– 430
<i>Life (Annual Report 2001)</i>		59 980*

7 Other financial income

The other financial income includes realized/unrealized price gains on foreign currency positions as well as interest income from current accounts and lendings to non-consolidated companies.

8 Other financial expenses

The other financial expenses relate to realized/unrealized losses on foreign currency positions and other interest expenses.

9 Gains/losses on investments for the benefit of and at the risk of life insurance policyholders

	2001 CHF thousands	2000 CHF thousands
<i>Gains/losses on investments for the benefit of and at the risk of life insurance policyholders</i>	- 51 781	21 836*
Income from deposits/funds	74 649	67 646
Realized gains from the sale of funds	3 789	9 359
Unrealized gains from the sale of funds	1 713	5 540
Realized losses from the sale of funds	- 941	- 240
Unrealized losses from the sale of funds	- 130 991	- 60 469
<i>Reclassifications were carried out in 2001; the figures for 2000 have been restated accordingly.</i>		
<i>Life (Annual Report 2000)</i>		- 20 274
<i>Reclassifications:</i>		
- <i>Investment income</i>		42 540
- <i>Investment expenses</i>		- 430
<i>Life (Annual Report 2001)</i>		21 836*

10 Extraordinary result

	2001 CHF thousands	2000 CHF thousands
Extraordinary result	37 189	- 3 928
<i>Non-life</i>	37 746	- 1 500
<i>Life</i>	- 557	- 2 428
<i>Extraordinary result – non-life</i>	37 746	- 1 500
Extraordinary income	37 746	0
Extraordinary expense	0	- 1 500
<i>Extraordinary result – life</i>	- 557	- 2 428
Extraordinary income	82	277
Extraordinary expense	- 639	- 2 705

11 Investments

	2001 CHF thousands	2000 CHF thousands
<i>Investments</i>	7 613 995	8 096 494*
Fixed-income securities	3 729 566	4 350 803
Equities	2 036 253	1 977 207
Real estate investments	680 051	671 550
Property under construction	10 700	6 078
Office premises	206 859	220 206
Mortgages	495 369	461 247
Loans	240 587	277 924
Non-consolidated companies	186 611	99 926
Funds deposited with ceding companies	27 999	31 253
Fixed-term deposits and other investments	0	300
excl. cash and cash equivalents	648 091	155 127
Historical values (acquisition cost)		
Fixed-interest securities	3 784 916	4 393 707
Equities	2 351 786	1 855 242
Real estate investments	729 070	706 514
<i>Reclassifications were carried out in 2001; the figures for 2000 have been restated accordingly.</i>		
<i>Group (Annual Report 2000, though already stated at market/current values)</i>		
		9 108 789
<i>Reclassifications:</i>		
<i>– Investments for the benefit of and at the risk of life insurance policyholders</i>		
		– 1 012 295
<i>(reclassified as bancassurance products)</i>		
<i>Group (Annual Report 2001)</i>		
		8 096 494*

Derivatives

CHF thousands	Contract volumes		Positive replacement value		Negative replacement value	
	2001	2000	2001	2000	2001	2000
Currencies						
– Hedging	783 812	414 275	0	19 225	9 068	0
Other derivative instruments						
– Hedging	240 912	0	0	0	0	0
– Other purposes (investment)	74 899	69 691	43 579	43 409	1 697	302
Total	1 099 623	483 966	43 579	62 634	10 765	302

Derivative financial instruments at the balance sheet date consist of the following:

Currencies

- Forward exchange contracts (for hedging purposes)

Other derivative instruments

- Share index futures (for hedging purposes)
- Call and put options on equities and share index futures certificates (other purposes)

Fixed assets/non-consolidated companies

CHF thousands	Real estate investments	Property under construction	Office premises	Total land and buildings	Tangible assets	Non-consolidated companies
Net book value at 31.12.1999	545 805	3 513	222 977	772 295	32 787	134 316
Acquisition values or current values						
As at 31.12.1999 (acquisition values)	695 800	3 513	328 755	1 028 068	146 490	137 387
Additions	17 579	5 737	245	23 561	49 292	0
First-time inclusion at current values	117 123	0	0	117 123	0	0
Disposals	- 2 788	- 1 687	0	- 4 475	- 275	- 23 890
Changes to the scope of consolidation	- 5 321	0	0	- 5 321	- 373	- 10 500
Reclassifications	1 244	- 1 485	241	0	0	0
As at 31.12.2000 (acquisition values or current values)	823 637	6 078	329 241	1 158 956	195 134	102 997
Accumulated depreciation						
As at 31.12.1999	- 149 995	0	- 105 778	- 255 773	- 113 703	- 3 071
Regular depreciation	- 2 844	0	- 3 257	- 6 101	- 30 505	0
Disposals	752	0	0	752	86	0
Changes to the scope of consolidation	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
As at 31.12.2000	- 152 087	0	- 109 035	- 261 122	- 144 122	- 3 071
Net book value at 31.12.2000	671 550	6 078	220 206	897 834	51 012	99 926
Acquisition values or current values						
As at 31.12.2000	823 637	6 078	329 241	1 158 956	195 134	102 997
Additions	22 927	5 849	633	29 409	17 085	101 813
Changes in current values	- 11 051	0	0	- 11 051	0	0
Disposals	- 371	- 1 227	0	- 1 598	- 652	- 844
Changes to the scope of consolidation	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
As at 31.12.2001 (acquisition values or current values)	835 142	10 700	329 874	1 175 716	211 567	203 966
Accumulated depreciation						
As at 31.12.2000	- 152 087	0	- 109 035	- 261 122	- 144 122	- 3 071
Regular depreciation	- 3 094	0	- 13 980	- 17 074	- 24 540	- 15 128
Disposals	90	0	0	90	0	844
Changes to the scope of consolidation	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
As at 31.12.2001	- 155 091	0	- 123 015	- 278 106	- 168 662	- 17 355
Net book value at 31.12.2001	680 051	10 700	206 859	897 610	42 905	186 611

Intangible assets have no net book value at year end; additions are not capitalized. They are not recorded in this table.

Fire insurance value

	2001 CHF thousands	2000 CHF thousands
Fire insurance value of fixed assets/real estate	1 193 440	1 139 071

Non-consolidated companies

	Holding in %		Share capital in thousands of national currency 2001	Share capital in thousands of national currency 2000
	2001	2000		
Direct holdings of Swiss Mobiliar Holding Ltd. (parent company)				
Protekta Allgemeine Versicherungsgesellschaft, Berne	100.00	100.00	CHF 100	CHF 100
Protekta Lebensversicherungsgesellschaft, Berne	100.00	100.00	CHF 100	CHF 100
Gothaer Rückversicherung AG, Cologne	3.00	3.00	EUR 25 565	DEM 50 000
Eureko Alliance Partners Company B.V. (EurAPCo), Amsterdam	11.43	11.43	EUR 199	EUR 199
Eureko B.V., Amsterdam	1.15	1.33	EUR 241 253	EUR 208 461
– of which with voting rights	1.25	1.47	EUR 220 805	EUR 188 955
Friends Provident plc, Dorking	1.04	0	GBP 171 041	Mutual Company
			CHF thousands	CHF thousands
Holdings of subsidiaries				
Protekta Risiko-Beratungs-AG, Berne	100.00	100.00	100	100
Proviservice AG, Nyon	100.00	100.00	100	100
Union Trust Company Ltd., Zurich	100.00	100.00	200	200
Parkhaus Kesselturm AG, Lucerne (included in 2000 under "Equities")	23.00	23.00	2 825	2 825
Plenaxx.com AG, Berne	0	24.75	5 000	5 000
Trees AG, Berne	0	100.00	80	80
The following real estate company is included under land and buildings				
Immo-Verwaltungs-AG, Vaduz	100.00	100.00	250	250

12 Investments for the benefit of and at the risk of life insurance policyholders

	2001 CHF thousands	2000 CHF thousands
Market values	2 642 277	2 575 374*
Historical values	2 578 648	2 398 880*
<i>Reclassifications were carried out in 2001; the figures for 2000 have been restated accordingly.</i>		
<i>Life (Annual Report 2000)</i>		
Market values		1 548 186
Reclassifications:		
– Investments		1 012 295
– Other assets		14 893
Life (Annual Report 2001)		2 575 374*
<i>Historical values</i>		
Reclassifications:		
– Investments		1 012 295
– Other assets		14 893
Life (Annual Report 2001)		2 398 880*

13 Accounts receivable

	2001 CHF thousands	2000 CHF thousands
Accounts receivable	137 620	91 841
Due from policyholders	38 615	46 162
Due from insurance companies	58 472	23 353
Due from reinsurance business	33 190	15 748
Due from agents/brokers	5 098	3 865
Due from non-consolidated companies	2 245	2 713

14 Technical provisions

	2001 CHF thousands	2000 CHF thousands
Gross	9 004 040	8 496 013
Reinsurers' share	– 198 289	– 258 593
Net	8 805 751	8 237 420
Net technical provisions	8 805 751	8 237 420
<i>Net technical provisions – non life</i>	3 416 508	3 320 563
Premium reserve	665 253	658 974
Claims reserves	2 376 923	2 274 758
Payments to policyholders	37 928	35 453
Catastrophe reserve	170 000	170 000
Reserves for longevity risk (health insurance)	46 431	47 623
Other technical reserves	119 973	133 755
<i>Net technical reserves – life</i>	2 746 966	2 342 902
Unearned premium reserve	34 110	45 461
Claims reserves	877 155	757 699
Capital cover (previous year has been restated)	1 795 701	1 449 742
Provisions for future surplus paid to policyholders	40 000	90 000
<i>Technical provisions for unit-linked life insurance policies – life (previous year has been restated)</i>	2 642 277	2 573 955

15 Non-technical (financial) reserves

	2001 CHF thousands	2000 CHF thousands
<i>Non-technical (financial) reserves</i>	378 570	557 714
Policyholders' surplus fund	137 822	156 511
Pension obligations	10 007	0
Taxes	4 456	17 603
Deferred taxes	158 901	246 984
Other provisions	67 384	136 616

16 Liabilities

	2001 CHF thousands	2000 CHF thousands
<i>Liabilities</i>	333 926	276 557
Liabilities relating to insurance business	330 414	268 278
Liabilities relating to reinsurance business	3 432	1 981
Liabilities to non-consolidated companies	80	6 298

Liabilities relating to insurance business include pre-paid premiums to the value of CHF 295.2 million (previous year: CHF 238.3 million).

17 Capital and reserves

CHF thousands	Share capital	Capital reserves	Profit reserves	Revaluation reserves	Currency translation adjustments	Capital and reserves
As at 31.12.1999	0	0	1 746 302		- 21	1 746 281
Changes in the scope of consolidation	200 000	575 000	- 924 499			- 149 499
Allocations to staff pension schemes			- 2 900			- 2 900
Allocations to policyholders' surplus fund			- 150 000			- 150 000
First-time inclusion of revaluation reserves*				298 501		298 501
Currency translation adjustments					- 105	- 105
Consolidated profit/loss for the year			160 171			160 171
As at 31.12.2000	200 000	575 000	829 074	298 501	- 126	1 902 449
Dividends to Swiss Mobiliar Mutual Company			- 12 000			- 12 000
Allocations to policyholders' surplus fund			- 55 000			- 55 000
Change in revaluation reserves				- 113 122		- 113 122
Currency translation adjustments					- 111	- 111
Consolidated loss for the year			- 173 878			- 173 878
As at 31.12.2001	200 000	575 000	588 196	185 379	- 237	1 548 338

The share capital of Swiss Mobiliar Holding Ltd. consists of 2 million registered shares with a nominal value of CHF 100 which are wholly owned by the Swiss Mobiliar Mutual Company.

The capital reserves correspond to the additional paid-in capital from Swiss Mobiliar Holding Ltd.

* First-time inclusion of revaluation reserves: The fixed-interest securities and equities are stated at market value and the real estate investments at current value (previous year 2000 has been restated).

Details on the pension schemes

	2001	2000
Actuarial assumptions		
Technical interest rate	3.75%	3.75%
Long-term return	5%	5%
Average salary increase	2%	2%
Annuity adjustments	2%	2%
Number of insured employees (active)	1 838	1 636
	CHF thousands	CHF thousands
Pension plans with assets-side differences*		
Pension assets separated into foundations	553 855	571 818
– of which employer contribution reserves (2001: 4 920; 2000: 6 671)		
Pension obligations (dynamic calculation)	– 367 473	– 362 367
Surplus cover	186 382	209 451
Pension assets not attributable to the employer	– 93 191	– 104 726
Deferred taxes	– 26 093	– 29 323
Total assets-side amount (not reported in the balance sheet)	67 098	75 402
Pension plans with liabilities-side differences*		
Pension assets separated into foundations	116 091	116 589
Pension obligations (dynamic calculation)	– 126 098	– 116 885
Total liabilities-side amount (reported for the first time in 2001, previous year has not been restated)	– 10 007	– 296
Expenditure from pension obligations as per Swiss GAAP ARR 16*		
Difference	2001 assets	2001 liabilities
Employer expenditure from pension obligations (dynamic calculation)**	14 286	– 4 648
Employer contributions	4 819	5 489
Allocations from 2001 appropriation of profit of the Swiss Mobiliar Mutual Company	1 000	400
Off-balance-sheet (pre-paid) pension costs	20 105	1 241

* Pension obligations and the increase thereof appear as “–”

** positive = income; negative = expense

Other details

	2001	2000
	CHF thousands	CHF thousands
Off-balance-sheet items		
Contingent liabilities	5 105	35 760
Other liabilities not stated on the balance sheet	18 387	9 673
Loan subject to subordination clause	68	–

The contingent liabilities are underlying shares on option transactions at their book value.

Transactions with related parties

Interest on a loan of CHF 150 million from the Swiss Mobiliar Mutual Company to Swiss Mobiliar Holding Ltd.	9 375	9 375
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Events after the balance sheet date

In a press release issued on 13 February 2002 it was announced that Providentia, Swiss Life Insurance Company is to cease managing its own collective pension foundations in the future and that its existing portfolio will be transferred to selected partners.

Group Auditors' report

Report of the group auditors
to the general meeting of
Swiss Mobiliar Holding Ltd.
Berne

As auditors of the group, we have audited the consolidated financial statements (balance sheet, income statement, statement of cash flows and notes, pages 35 to 56) of Swiss Mobiliar Holding Ltd. for the year ended 31 December 2001.

These consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP ARR and comply with the Swiss law.

We recommend that the consolidated financial statements submitted to you be approved.

Berne, 21 March 2002

PricewaterhouseCoopers Ltd.

Lukas Marbacher

Jürg Reber



Security is a basic human need. In the modern world, our policyholders are made to feel insecure by potential risks such as changes and unpredictable events in nature, acts of violence, loss of mobility and means of communication, and of course the need to provide for the future in the context of increasing life expectancy and rising health costs. In material terms at least, we can replace their possessions in the event of natural disasters, theft, burglary and accidents. We can also cover the consequences of business interruption. It is more difficult in the case of acts of violence and vandalism, which give rise to feelings of insecurity and powerlessness. But insurance can at least help to ease those feelings.

Yet insurance products alone are not enough to give clients a real sense of security. It is equally important for them to receive personal attention, good advice, and help and support in the event of a claim. Meeting these expectations of my clients is a daily challenge for me.

Marco Ferrari
Swiss Mobiliar General Agent, Lugano







Brief portrait

Swiss Mobiliar is one of Switzerland's largest non-life insurers and has been the leader in property insurance for decades. Founded 175 years ago, it was the first privately owned Swiss insurance company. The company takes the form of a mutual, and this is at the root of its independent business philosophy: Swiss Mobiliar strikes a balance between benefit for the customer, continuity of the business and the interests of its employees, while taking account of the economy at large, the public good and the environment.

As a leading provider of protection and pension-related services, it offers comprehensive solutions to cover all security needs. These complete solutions are characterized by high quality and good value for money. With a network of about a hundred general agencies, spread over all parts of the country, Swiss Mobiliar focuses on personal contact with the customer: it builds on professionalism and grants its agents and advisors maximum authority, ensuring that they are close to their customers for both sales and claims settlement. Swiss Mobiliar's head office in Berne is where all the different elements of this far-flung network come together. About 1000 people work in this service centre, supporting the general agencies.

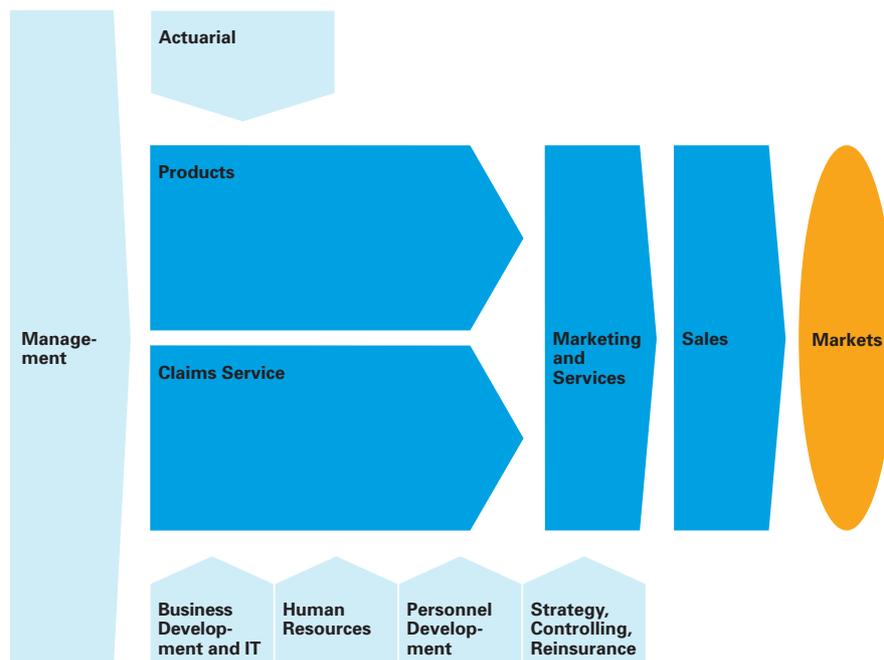
Protekta Rechtsschutz-Versicherung AG is run by the Non-Life Insurance division. It is a well-known and successful specialist on the Swiss market for comprehensive legal protection for individuals and companies.



Swiss Mobiliar
Insurance & Pensions

Protekta
Legal protection insurance

Structure



Swiss Mobiliar

Chief Executive Officer

Christian Wegmüller, Member of the Group Executive Board

Members of the Executive Board

Hans Ammeter, Dr phil. nat.	Chief Actuary
André Blanchard, lic. iur.	Sales
Peter Hasler, Attorney	Claims
Bruno Kuhn, Attorney	Products
René Rippstein, lic. rer. pol.	Marketing and Services
Markus Sievers, dipl. math. ETH	Business Development

Member of Senior Management

Hanspeter Aebischer; Christoph Aisslinger, Dr iur.; Albert Andrist; Raphael Arn; Werner Bösigler; Walter Bühlmann; Dieter Buser (until 31 March 2002); Heinz Buser; Bruno Ehrler, Dr oec. HSG; Peter Galliker, Attorney; Roland Grossrieder; Thomas Harnischberg, Attorney (from 1 March 2002); Claude Helfer (until 30 June 2002); Martin Kurz, Dr oec.; Silvan Meier; André Meyer; Gaspere Nadig, lic. iur.; Daniel Odermatt, Dr rer. pol. (until 31 March 2002); Konrad Reif, Attorney; Hans Sahli; Urs Schär, lic. rer. pol.; Peter Schärer; Andreas Scheurer, Attorney; Christian Schindler; Martin Sedlmayer; Bruno Spicher; Erich Streit; Urs Wiederkehr; Heinz R. Wittwer

Executive Board of other companies

Rolf Günter, Attorney	Protekta
	Rechtsschutz-Versicherung AG
Roland Lüthi	Mobi24 Call-Service-Center

Key figures

Swiss Mobiliar

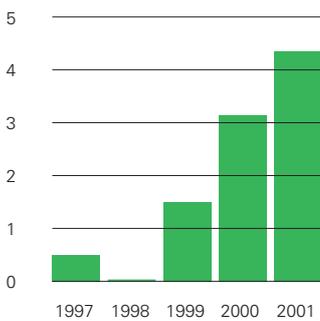
	2001 CHF million	2000 CHF million	Change in %
Gross premiums written	1 689.9	1 630.8	+ 3.6
Net premiums earned	1 579.2	1 523.0	+ 3.7
Net claims incurred	1 099.1	1 072.7	+ 2.5
Net claims ratio	69.6%	70.4%	
Gross cost ratio	29.0%	29.9%	
Net combined ratio	102.5%	106.7%	
Net technical provisions	3 349.4	3 249.7	+ 3.1
Underwriting result (loss)	- 39.8	- 102.0	- 61.0
Investment result	- 30.0	255.5	- 111.7

Protekta

	2001 CHF million	2000 CHF million	Change in %
Gross premiums written	19.3	17.3	+ 11.6
Net premiums earned	18.4	16.6	+ 10.8
Net claims incurred	10.0	9.4	+ 6.4
Net claims ratio	54.3%	56.6%	
Gross cost ratio	39.4%	37.0%	
Net combined ratio	97.3%	96.4%	
Net technical provisions	39.5	38.1	+ 3.7
Underwriting result	0.5	0.6	- 16.7
Investment result	0.3	4.4	- 93.2

Portfolio development
Direct business
Gross premiums written

Growth in percent



Market and environment

Premium volumes in the Swiss non-life insurance market rose in 2001 by an estimated total of 3%. This was due mainly to rate adjustments which the insurers were obliged to make because of rising claims costs.

Insurance business was stimulated by economic trends favouring investment, which in turn gave rise to an increased demand for insurance. High levels of market saturation remained evident. The associated competitive pressure forcing players out of the market led in some classes to further reductions in premium levels.

Only continually rising loss ratios led to the first unavoidable upward rate adjustment.

In the reinsurance market in particular, the events of 2001 produced responses. Insurance cover, and especially reinsurance costs, were reviewed and increased in view of previously unexpected risk dimensions.

The benefits paid out by the insurance industry were high. While there were no natural catastrophes such as were seen in the previous two years, claims expenditure for motor vehicle damage, personal injury and liability losses increased once again. On the costs side, the continued sharp rise in IT expenditure, and the cost of maintaining a presence in the competitive marketplace, made their mark.

The Swiss insurance industry recorded a decline in earnings, and had to accept severe losses of profit. The investment results were shaped in particular by falling rates of return on bonds, and the negative trends in the stock market.

Strategy implementation

Swiss Mobiliar's customer relationships are founded in particular on its position as the market leader in property insurance. We are focusing our attention on providing our customers with all-round advice, including advice on providing for the future.

An innovative and comprehensive insurance solution for small and medium-sized businesses was launched under the name of MobiPro Multirisk. This is based on a concept new to the Swiss market, which takes into account the different needs of individual sectors of the economy. A single policy comprises all the important business insurance covers, and many additional services are included, such as the free legal protection information service, JurLine. We have developed this new product in a way consistent with the viewpoint of an SME.

We provide security not only through our products, but also with more extensive offerings and services. We see ourselves as advisors offering solutions and supporting policyholders in the event of a claim. We analyse risks and show our customers how to deal with them. This special advice for industrial, commercial and service companies is provided with the help of our subsidiary Protekta Risiko-Beratungs-AG. Our alarm and intervention system offers additional protection for property against robbery and damage. It makes people more secure, whether within their own four walls or when away from their home, holiday home, business, office or surgery.

Premiums and portfolios

Overall, premiums rose by 3.6%, placing us higher than the market as a whole. In direct business, gross premiums written rose by 4.3%. Once again the insurance portfolio developed positively, especially in volume business.

Premium volumes for *property and engineering insurance* remained slightly below the previous year's level (-0.75%). Rates fell even further, in both household and business insurance. In household insurance this was offset by higher sums insured. The main cause of the slightly lower premium volumes is therefore business insurance, where we have to accept some loss of business when the conditions are not satisfactory.

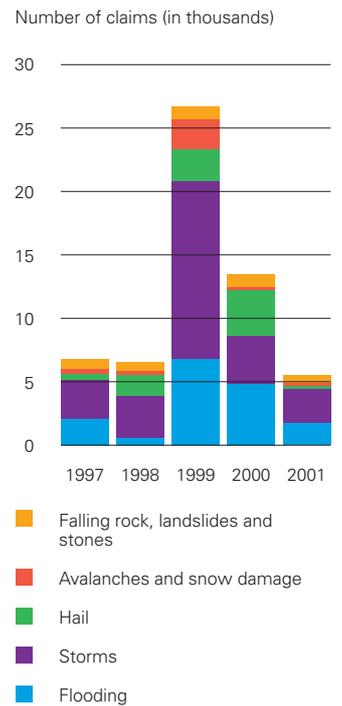
In *motor insurance* we achieved high premium growth of a good 10%, and were able to extend our position further. While the major price war since the deregulation of this market meant that consumers enjoyed considerably lower premiums, most rates are now obviously inadequate from an underwriting point of view. The first upward adjustments were needed on actuarial grounds.

Claims

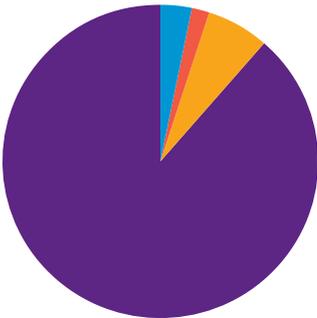
Net claims expenditure was high, despite the fact that there were no exceptional natural losses. The figure was 2.5% higher than in 2000, bringing it above the average from earlier years.

In *property and engineering insurance*, after the high natural losses of the two previous years, we recorded a decline in the net loss ratio as expected, by a good eight percentage points, giving rise to a favourable result. Two-thirds of fire claims were caused by lightning. As regards natural losses, more than two-thirds of the claims incurred were due to flooding and inundation in the spring of 2001. In theft insurance, a quarter of claims—accounting for 60% of total claims incurred—were attributable to burglary.

Catastrophe insurance



Assistance provided to Swiss Mobiliar customers



- Technical/breakdown assistance in Switzerland, 88.6%
- Technical/breakdown assistance Europe, 6.4%
- Personal assistance in Switzerland, 1.8%
- Personal assistance abroad, 3.2%

Higher doctors' fees and hospital charges and individual losses in excess of CHF 100 000 had a major effect on the *motor insurance* result. However, the poor underwriting result in this class is more particularly a consequence of setting premiums too low. A quarter of claims, but 60% of total claims costs under comprehensive motor insurance, were due to collisions.

Indirect business

Swiss Mobiliar continues to write almost exclusively reciprocal business, that is, business which is offset by part of its reinsurance cession. As a result of the reduction in this ceded business, there has been an inevitable decline in the volume of net premiums earned from indirect business, from CHF 60.7 million to CHF 55.1 million. The result is not satisfactory.

Legal protection

Protekta Rechtsschutz-Versicherung AG had a successful year. It was able to increase its premium volumes by 11.6%, thus exceeding its target. Investment in customer service and sales support is paying off. JurLine is a new service which gives customers access to legal information by telephone. 2001 was characterized by high levels of investment in renewing IT systems. This project, which has already led to productivity improvements, was completed in a very short time. The financial result is disappointing compared to the previous year.

Innovation, security from a single source

Although insurance is our core business, our image of ourselves as a security service provider goes much further than that. Avoiding losses is our prime area of interest. We therefore offer prevention and security services in the form of:

- advice modules, including on the Internet, for the identification of risks
- an advice service provided by Protekta Risiko-Beratungs-AG engineers
- legal information
- security products combined with services such as MobiCasa Plus

When a claim occurs, we offer help with loss management and loss minimization. Depending on the needs and wishes of our customers, our specialists will advise them about reinstatement, and will recommend or introduce specialist suppliers.

Over the last year, our Mobi24 call centre took around 130 000 calls, some 100 000 of which came from customers of Swiss Mobiliar. Together with our local general agencies, we are thus able to guarantee a 24-hour service for queries, reports, proposals, and claims, and to provide help with vehicle breakdowns, travel problems and alarm incidents. To achieve this, Mobi24 works together with the police, Swiss Air Rescue, and a network of local garages. Mobi24 also successfully provides expertise and services to customers of other insurers.

Costs, investment

Our expertise in providing advice on pensions and life insurance was further extended in 2001, focusing in particular on the needs of trade and medium-sized businesses. There was also significant investment in the renewal of infrastructures (IT platform, network, operating systems, e-business) and in the corresponding skills.

Customer-friendly distribution network at home and abroad

About a hundred general agencies act as local service centres. They have well-trained insurance advisors, supported by in-house specialists in life/pensions and trade/SMEs, as well as claims specialists who are able to settle more than 90% of claims themselves. This gives Swiss Mobiliar a customer-friendly, local organizational structure which is highly prized by customers, and which proves itself in particular in the event of a claim.

Swiss Mobiliar also offers insurance protection for its Swiss customers with business activities or property abroad, through expert partners based in the country concerned. This business is not shown separately in the accounts, since it is handled mainly via our partners in EurAPCo.

Distribution of surpluses

Our mutual structure enables us to distribute surpluses to our customers. In 2001, we paid out around CHF 100 million to MobiCasa and MobiCar policyholders. This exceptionally high distri-

bution to mark the company's anniversary demonstrates once again how our primary focus is on providing benefit for our customers.

Investment business

Current investment income remained below expectations due to the unfavourable situation in the capital markets. Corrective price movements have had a marked effect on the book value of our share portfolios.

Personnel

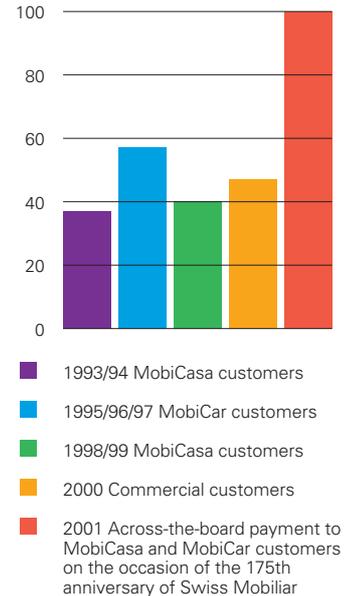
The number of full-time posts at Swiss Mobiliar (incl. Protekta, Mobi24 and Broker Management) was 3427 at the end of the year under review. This figure includes 322 trainees. The workforce was increased by the targeted addition of specialists in life insurance and in advising on trade and SMEs, as well as the trainee posts.

Outlook/projects

Swiss Mobiliar intends to play an active role in shaping changes in the market and the business environment. We are therefore investing in products, skills and services, as well as in upgrading our IT applications.

Payments from the surplus fund

CHF million





Health, human relationships and a clear job situation are things which cannot be valued highly enough. Yet the risk of being confronted with changes for any reason is always there. The way of life to which we are accustomed can change abruptly as a result of illness, unemployment or death. In many cases, emotional losses are accompanied by financial worries.

By making clever provision for the future in good time, the resulting financial needs, such as paying a mortgage, funding study, or adding to an inadequate widow's pension, can be tackled. The very certainty that you have done what is necessary to protect your loved ones is calming in itself. But there is also a need to provide for a long life: that retirement you've been dreaming of soon becomes a nightmare if your old-age pension is insufficient. The sooner our clients start thinking about pensions, the easier it is to arrange and fund them. We are called Providentia because of the Latin word *providere*, meaning "to see into the future". And that is exactly what we do.

Peter B. Egli
Providentia General Agent, Lucerne







Brief portrait

Providentia was founded in 1946 and pioneered the introduction of term insurance. This proved to be a wise move: today this type of insurance accounts for about 60% of all life insurance in Switzerland—and Providentia is still one of the leading providers.

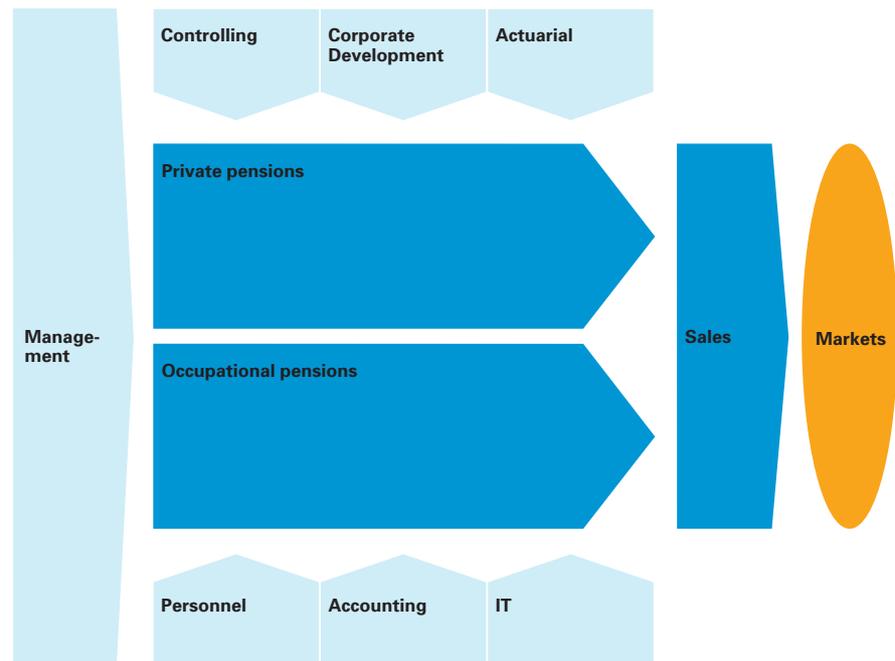
Providentia pioneered the development of employee benefits plans, i.e. the combination of an in-company savings fund and reinsurance to cover death and disability. Providentia has traditionally been a leading player in the field of collective insurance in Switzerland.

With its wide-ranging experience and professionalism, the company is a strong partner and competent advisor for group foundations, banks, pension funds and associations. Working together with major banks as well as cantonal and regional banks in Switzerland, Providentia has successfully launched bancassurance products to cater for personal pension (3rd tier) requirements.

Since 1997, Providentia has been the exclusive partner of Swiss Mobiliar in the life insurance sector. Since then, under the MobiLife brand name, it has developed flexible and cost-effective insurance solutions for sale via the Swiss Mobiliar agency network, mainly for individuals and small and medium-sized enterprises.



Providentia
Life insurance

Structure**Chief Executive Officer**

Daniel Greber, dipl. math. ETH, Member of the Group Executive Board

Members of the Executive Board

Gottfried Rey, Dr phil. nat.	Deputy CEO
Jean-Michel Hainard, lic. phil. nat.	Key Account Management
Claude Kuhne	Sales
Martin Meyer, lic. iur.	Occupational pensions
Robert Müller	Private Pensions

Members of Senior Management

René Dettwiler (until 30 June 2002); Nicole Flach, Dr phil. nat.; Heinz Geiser; Alessandro Jori, Dr phil. nat.; Reto Keller, lic. oec. publ.; Stefan Koch, lic. oec. publ.; Bernhard Maeder; Véronique Manavi, lic. iur., Attorney; Rudolf Noser (until 30 June 2002); Christian Schnell; Urs Suter; Heinrich Türlér, Dr phil. nat.; Hans Voser; Andreas Wortmann, dipl. Ing. ETH

Key figures

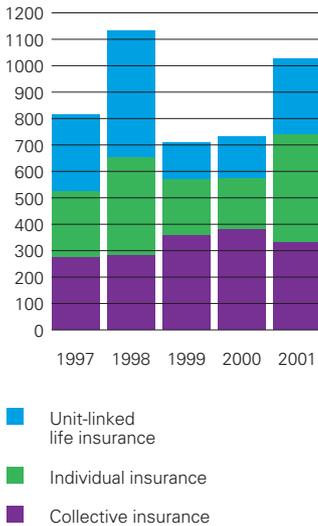
Providentia

	2001	2000*	Change
	CHF	CHF	in %
	million	million	
Annual premiums (regular premiums)	366.5	351.8	+ 4.2
Single premiums (one-off capital deposits)	659.0	378.0	+ 74.3
Gross premiums written	1 025.5	729.8	+ 40.4
Net premiums earned	1 024.7	716.6	+ 43.0
Benefits paid	407.3	363.9	+ 11.9
Surplus distributed to policyholders	64.8	56.5	+ 14.7
Gross expense ratio	12.0%	12.5%	
Net technical provisions, of which	5 389.2	4 916.9	+ 9.6
– net value of policies	1 795.7	1 449.7	+ 23.9
– provisions for unit-linked life policies	2 642.3	2 574.0	+ 2.7
– provisions for future surplus distributions to policyholders	40.0	90.0	– 55.6
Capital investments, of which	5 018.6	5 067.3	– 1.0
– investments held for the benefit of and at the risk of life policyholders	2 642.3	2 575.4	+ 2.6

*previous year restated

Development of premium income

CHF million

**Market and environment**

The terms offered by traditional endowments and annuities for private pensions became distinctly attractive during the course of the year as compared with other investment options, and stimulated demand. There was great competitive pressure on product ranges—even though the unfavourable trends in the capital markets were already visible, allowing only more modest margins. High payments on survival were still guaranteed, and promises of surplus payments were also made. In many cases, these promises might no longer be kept, due to falling returns on investments.

The statutory requirements for occupational pensions were no longer in step with reality in 2001. A minimum rate of return of 4% on pension assets, an annuity conversion rate of 7.2%, and the unsatisfactory movements of the financial markets, mean that it is now virtually impossible for participants in the market to conduct Federal Pensions Law business in such a way as to cover their costs. This is a particular problem for group foundations.

Strategy

Providentia wants to define itself in the Swiss market as a quality insurer offering innovative, simple and transparent products which bring greater benefit to customers. We want to develop in a way that is income-oriented and risk-aware. In doing this, we are relying on our traditional strengths in risk busi-

ness as recognized by the market, and making use of the considerable cross-selling potential of the Swiss Mobiliar Group.

Providentia wants to be a safe partner for its customers over the long term. This means that we must adapt our strategy in line with developments, such as the reduced expectation of returns in the prevailing market conditions. In the private pensions sector, we offer our customers solutions in which the financial risk remains at a manageable level. Our primary emphasis is on consistent advice on pensions and risk, whether through our own products or those of other providers. Our product range gives absolute priority to term insurance products, along with asset/liability-linked products. Our own endowments must also bring in an appropriate rate of return from the company's point of view. In bancassurance, Providentia offers insurance-related services as the partner of various banks.

In occupational pensions, Providentia's primary focus is on reinsuring pension funds. In this traditional area of business, we are a leading player in the Swiss market. We intend to continue making our experience and professionalism available to the pension funds of medium-sized and larger businesses, group and community foundations, bank foundations and the pension funds of associations. We are continuing to provide comprehensive staff

pensions solutions for customers of the Swiss Mobiliar Group, and are also seeking cooperative arrangements with partners to enable us to meet customer needs.

Additional services going beyond the range of insurance products are offered where they are cost-effective, and subject to our high quality standards, either directly or through Providentia's partners.

Premiums

Premium income rose by 40%. Both annual premiums and single premiums have increased overall. However, the increases were very different in the individual classes. We are particularly pleased with the overall premium increase of 74% in individual MobiLife policies, which is attributable mainly to the sale of Swissca unit-linked life insurance products, and the time limit on the ProvilInvest Plus offer. In collective insurance, overall premiums declined by 13%. In bancassurance, premiums rose overall by 236% as a result of the exceptionally large increase in single premiums.

21% of total premiums were annual premiums for whole-life insurance, 15% were annual premiums for incapacity insurance, and 64% were single premiums.

Benefits paid to policyholders

Benefits paid amounted to a total of CHF 407.3 million, as compared with CHF 363.9 million in the previous year. The surplus distribution is dependent on risk experience, investment income and costs. In 2001 we were able to pay out CHF 64.8 million in surplus distributions to policyholders. The 14.7% increase over the previous year reflects the better risk experience, mainly in collective insurance.

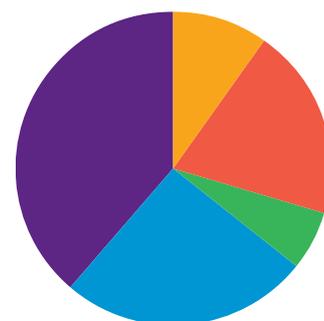
Risk experience

The risk experience for whole life insurance was once again better than accounting principles led us to expect. The loss ratio rose slightly year-on-year. In incapacity insurance, the burden of claims fell by 11% compared with the previous year; in collective insurance it fell by 8%, and in individual insurance by 27%. The introduction of sector-based rating allowed us to reduce the loss ratio to 78% of premiums (previous year: 90%).

Portfolio growth

In individual insurance, the whole-life portfolio grew by 13.3% to CHF 16.1 billion, and the incapacity insurance portfolio grew by 9.4% to CHF 8.8 billion.

Insurance benefits paid

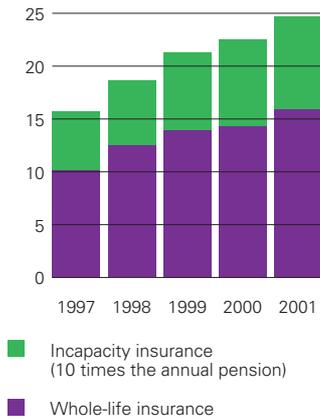


- Whole-life insurance, 9.8% +2.3%*
- Incapacity, 19.8% +4.1%*
- Survival, 6.1% +16.2%*
- Bancassurance, 25.6% +71.4%*
- Surrenders, 38.7% -2.5%*

*Change since previous year, total +11.9%

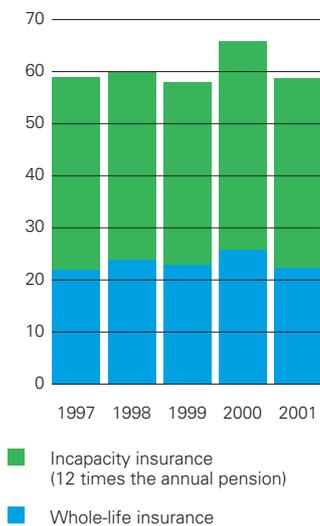
Development of insured benefits (individual insurance)

CHF billion



Development of insured benefits (collective insurance)

CHF billion



The collective insurance portfolio declined again year-on-year, and now includes 8 447 staff and management pension policies. In whole-life insurance, the decline was 13.5%, and in incapacity insurance it was 10.7%. The reason for the shrinking portfolio lies mainly in the loss of two significant reinsurance contracts from bank group foundations.

Individual insurance

In private pensions, we were able to increase new business once again in the form of term insurance products for death and incapacity. All our distribution partners contributed to this outcome.

The Swiss Mobiliar field organization had a great deal of success with the Mobilife range, with the attractive Invest Plus and Invest Fund products in particular meeting with high levels of demand.

But the bancassurance area also saw a marked increase in new business through our partners in the banking sector.

Collective insurance

Business customers were notified individually in 2001 about the introduction of sector-based rating within the existing portfolio. In comparison with the previous year, we were able to double new occupational pensions business in terms of premiums. A total of 1331 new policies were taken out (previous year: 957), including new policyholders joining our group foundations.

Innovative products and services

In accordance with the planned intensification of Providentia's activities in the risk insurance area, we once again launched new personal and occupational pensions products in the year under review: for private individuals, the ProviLife Topfit whole-life insurance products, the first of their kind in the Swiss market, which favour healthy and health-conscious people. Another completely new product is ProviRe Preferred, with net premiums guaranteed for three years—a simple and transparent reinsurance product for pension funds and group foundations.

Costs

The increase in costs is attributable primarily to distribution costs and project costs. The expense ratio as a percentage of our core business rose slightly as a result.

Sales

We are able to get close to our customers thanks to our various distribution partners who, through their regional roots, can guarantee the ideal conditions for comprehensive advice and customer care. About 100 Swiss Mobiliar general agencies offer products to private customers and businesses employing up to 10 people under the Mobilife range, which was extended once again in the year under review.

Revenue-oriented and unit-linked life insurance products, which remain fashionable in comparison with traditional life insurance products, are sold via cantonal and regional banks. Traditional endowments, annuities and term insurance products are also available through UBS.

Independent brokers are as important as ever, and are demanding ever higher product and service quality from their partners. In order to meet their expectations, Broker Services in Zurich and Nyon have intensified their collaboration with this distribution channel.

Our own financial planning centres in Berne and Zurich offer personalized pensions solutions to the Swiss Mobiliar Group's high-net-worth individual customers.

Investment business

Falling interest rates and the down-trend on the financial markets have caused Providentia's investment income to suffer too. Because of the sharp decline in earnings and the need to revalue investments, this business shows a negative result.

Personnel

At the end of the year under review, the company employed a total of 446 staff in office-based and field posts (full-time), including ten trainees.

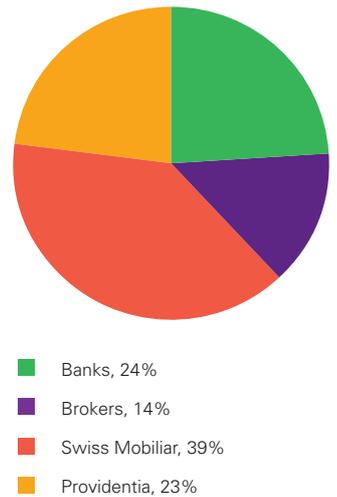
Outlook/projects

Our concentration on term insurance products, Providentia's recognized core area of expertise in the market, and on unit-linked life insurance in the private pensions sector, form the basis for risk-aware and income-conscious growth. Our own unit-linked life insurance products for the mass market, introduced on 1 January 2002, will be joined by pure investment funds over the course of the year.

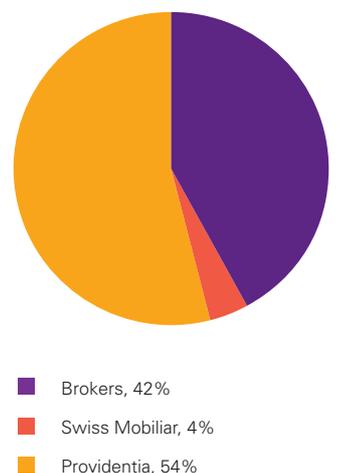
Based on the way our pioneering ProviRe Preferred product has been received by pension fund experts and brokers, we can expect to see growing interest on the part of semi-autonomous pension funds and group or community foundations, which should result in new business.

The creation of a centralized customer service function for personal pensions will ensure a marked improvement in service quality, which will benefit our customers primarily, but also all of our distribution partners.

New individual policies by sales channel



Gross premiums written for collective policies by sales channel





The desire to eliminate every possible risk was never realistic, and might look even more precarious following the events of 2001. Values such as personal freedom, security and mobility have been called into question. As well as the personal trust that our clients place in us, the soundness of the business itself is important in our industry. Major losses amounting to billions reminded us in 2001 of the extent of the risks borne by insurers. The policyholders' money entrusted to us must therefore be invested safely and well.

Well-qualified specialists ensure that the vital assets belonging to Swiss Mobiliar and our clients are managed in the best possible way, and that investments meet the company's high security standards. Last but not least, because we are able to meet our obligations quickly in the event of a loss, the latest public survey once again found we were the best when it comes to trustworthiness, value for money and swift claims settlement.

Pius Deflorin
Swiss Mobiliar General Agent, St. Moritz



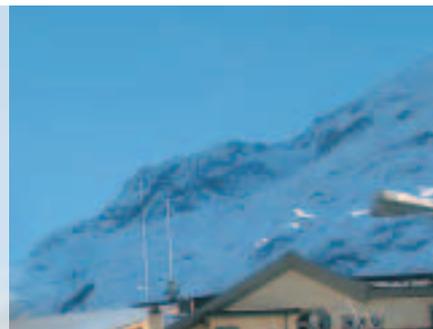




Brief portrait

The Asset Management division was established in 1999 as a legally autonomous public limited company. This wholly owned subsidiary of Swiss Mobiliar Holding Ltd. administers and manages the capital investments and real estate owned by Group companies and their pension funds. The division's range of services also include logistics, security and infrastructure-related tasks.

The division's activities are focused on sustained investment gains, and are designed to make a substantial contribution to the financial success of the Group as a whole. The standard of quality of its services, workflows and investment processes is correspondingly high.



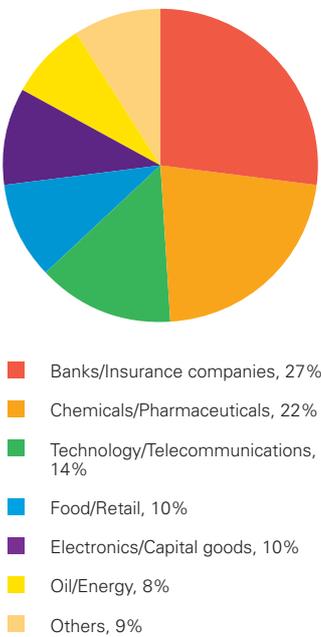
Following the complete centralization of Asset Management in the 2001 financial year, this division now manages assets of some 10 billion Swiss francs, held in traditional types of investment. The Group's investment policy encourages the maintenance of high standards of security. Long-term investment strategies, determined for the whole Group according to the characteristics of the sectors concerned and the overall risk situation, form part of a continuously refined asset/liability management approach.

Asset Management

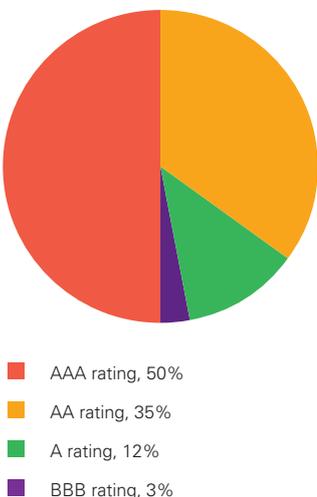
Roland Frey
Beat Kunz
Urs Wirth
Daniel Luder, lic.rer.pol.

CEO and Member of the Group
Executive Board
Investments
Real Estate
Risk Management and Controlling

Equities held by sector



Proportion of bonds held by rating category



Integration and consolidation

The Asset Management division entered a phase of consolidation and expansion in the 2001 financial year with the completion of the total centralization of the asset management function. In order to utilize synergies, we have standardized working processes, revised portfolio structures, filled personnel gaps and introduced identical management principles and reporting standards for all internal customers. A business strategy has been defined for this new division as a basis for future planning. Other important topics over the course of the year were the establishment of a real estate portfolio management system with integrated benchmarking, and preliminary work in advance of the launch of our own fund range for pensions. Overall, our activities in the 2001 financial year are resulting in a well-structured, excellent quality starting point for a significant and sustained contribution to profits in the future.

The investment process

Investment activities are based on a top-down process founded on the Group's investment policy. This has a long-term focus and is based on a cen-

trally controlled asset/liability management system, which takes into account actuarial risks to ensure the optimum allocation of assets to various types of investment such as equities, bonds, mortgages and real estate. The investment strategy is determined by this annual allocation of funds. Management principles for each investment instrument, and a quarterly macroeconomic market analysis, form the basis for our investment tactics. Financial derivatives are also used within a system of limits.

Risk management and controlling

Our risk management system, which is independent of portfolio management, guarantees the maintenance of high standards of security. With the help of state-of-the-art tools, specialists ensure professional risk assessments and structured investment processes within our investment policy. The risks assumed through financial derivatives are continually identified and monitored. Risk Management also reports regularly to the Board of Directors and the Board of Trustees who represent the client, and assesses the quality of our investment activities against international performance standards.

Market environment, general situation

In a period of increasing volatility and uncertainty, all the world's major stock markets had to accept some substantial losses in 2001. The end of the technology boom had already become apparent in the previous year, and was now making its effects felt in the real economy too. The major economic powers slid into a recession, which caused the central banks to lower interest rates considerably in the first half of the year, and even more so following the terrorist attacks on 11 September. This caused interest rates on the money markets to fall to an all-time low, and gave rise to price gains on the capital markets, where borrowers with high credit ratings were particularly sought-after. The Swiss franc benefited once again from its role as a refuge currency, gaining further against the euro in particular. Although the US dollar fell heavily in the second half of the year, it is once again above the previous year's level.

Investment structure and investment behaviour

In the year under review, we continued to internationalize and diversify our portfolio, with the range of investments being shaped increasingly by our concentration on clarity and quality. Large portions of our foreign currency holdings are now strategically protected, and the risk in euro- and dollar-denominated bonds is significantly reduced. With real estate, we are involved predominantly in direct investment, firstly in property held

purely for investment purposes, and secondly for business use. As well as achieving stable returns, these investments also provide potential for reciprocal business in return for work contracts placed with insurance customers.

The performance figures for each investment instrument achieved values in the range of the defined benchmarks. Overall performance, calculated across all investment categories and for all of the Swiss Mobiliar Group's portfolios, is -2.6% for the 2001 financial year, and is thus considerably below the figure predicted at the beginning of the year. With the exception of equities, which moved in a negative direction, all investment categories were able to deliver their forecasted levels of contribution.

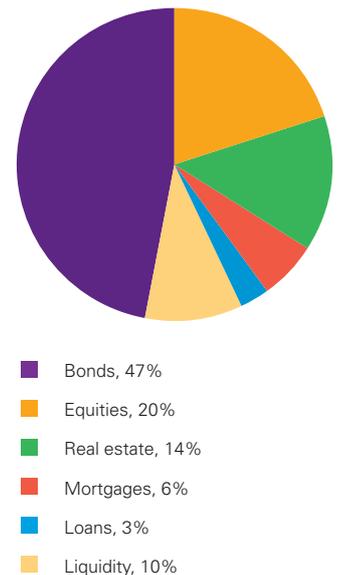
Personnel

At the end of the year, the Asset Management division employed 78 staff at its Berne, Nyon and Zurich locations. The wide range of tasks are carried out by a great variety of specialists and professionals, guided by shared values that apply across functional boundaries: the new strategy defines key values such as marketability, expertise and reliability.

Outlook

The targets and measures for the 2002 financial year concentrate on the areas of stable results and rising profits, as well as on the further optimization of structures and processes.

Assets by investment category



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Aarau
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Baden
Marc Périllard

Lenzburg
Markus Fisler

Muri (Freiamt)
Martin Egli

Reinach
Andreas Huber

Rheinfelden
Werner Schneider

Zofingen
Beat Herzog

Appenzell A.-Rh.

Herisau
Ueli Fischer

Trogen
Adrian Künzli

Appenzell I.-Rh.

Appenzell
Hans Fritsche

Basel-Town

Basel
Hans-Ulrich Flückiger

Basel-Country

Aesch
Roland Hohl
Liestal
Alfred Guggenbühl

Berne

Belp
Christoph Schmutz

Ostermundigen (Berne-East)
Beat Klossner

Berne (Berne-City)
Bruno M. Aellig

Berne (Berne-West)
Heinz Etter

Biel/Bienne
Daniel Tschannen

Burgdorf
Reto Pedrett

Fraubrunnen
Urs Sonderegger

Frutigen
Peter von Känel

Herzogenbuchsee
Maxime Borgeaud

Huttwil
Markus Leuenberger

Ins
Bernhard Hubacher

Interlaken
(*Interlaken-Oberhasli*)
André Mischler

Langenthal
Bernhard Meyer

Laupen
Max Baumgartner

Lyss
Ulrich Hadorn

Moutier
Eric Veya

Spiez
Ernst Sigrist

St-Imier
Eric Veya

Thun
Herbert Sonderegger

Worb (Emmental)
Ulrich Brechbühl

Zweisimmen
(*Saenenland-Obersimmental*)
Thomas Trachsler

Fribourg

Bulle
Gérard Ecoffey

Düdingen
Aldo Del Monaco

Estavayer-le-Lac
(*de la Broye*)
Dominique Torche

Fribourg
Robert Dupont

Murten
Paul Scherzinger

Geneva

Geneva
René Magnin

Glarus

Glarus
Franz Alberti

Grisons

Chur
Valentin C. Spescha

St. Moritz
Pius Deflorin

Jura

Delémont
Denis Hostettler

Porrentruy
Marianne Chapuis

Lucerne

Hochdorf
Christoph Blum, lic. iur.

Lucerne
Dominic Frosio

Sursee
Herbert Heini

Willisau
Pius Meyer-Engeler

Neuchâtel

La Chaux-de-Fonds
Marc Monnat

Fleurier
Daniel Hugli

Le Locle
Daniel Hugli

Neuchâtel
Pierre-André Praz

Nid- and Obwalden

Sarnen
Alfred Tschanz

Schaffhausen

Schaffhausen
Gerhard Schwyn

Schwyz

Lachen
Roland Egli, lic. oec.

Schwyz
Stephan Annen-Holdener,
lic. iur.

Solothurn

Balsthal
Marc Bloch, lic. iur.

Olten
Fabian Aebi-Marbach

Solothurn
Hans Jürg Haueter

St. Gallen

Altstätten
Werner Engler

Buchs
Rainer Kostezer

Flawil
Ruedi Germann

Rapperswil
Rolf Landis, lic. oec.

Rheineck
Jakob Engler

Rorschach
Hanspeter Scholl

Sargans
Martin Zünd

St. Gallen
Gian Bazzi

Wil
Thomas Broger

Thurgau

Arbon
Bruno Erismann

*Bischofszell
(Oberer Thurgau)*
Edwin Hugelshofer

Frauenfeld
Eugen Haag, Dr oec.

Kreuzlingen
Roland Haselbach

Sirnach
Ernst Nüesch

Weinfelden
Fredy Lüthy

Ticino

Bellinzona
Franco R. Ferrari

Lugano
Marco Ferrari

Uri

Altdorf
Richard Zraggen

Valais

Brig
Herbert Dirren

Martigny
Maurice Deslarzes

Monthey
Pierrot Udry

Sion
Pascal Rey

Vaud

Lausanne
Pierre-Alain Wyr

Nyon
Etienne Desarzens

Vevey
Yves Rupp

Yverdon-les-Bains
Carlo Fracheboud

Zug

Zug
Klaus Willimann

Zurich

Affoltern a. A.
Robert Marty

Bülach
Max Suter

Dielsdorf
Peter Tobler

Dietikon (Limmattal)
Urs Misteli

Horgen
Thomas Schinzel

Meilen
Dario Landis, lic. oec.

Pfäffikon
Ueli Müller

Uster
Jean-Jacques Gueissaz

Wetzikon
Urs J. Fischer

Winterthur
Erwin Kurmann

Zurich
Arthur H. Bär

Principality of Liechtenstein

Vaduz
vacant

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Luzi Gees

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Michel Rendu

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Régis Dubied

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Allfinanz

Combination of banking and insurance services. Also called bancassurance.

Asset/liability management

An approach that adjusts assets and liabilities to ensure that an insurance company can safely meet its contractual obligations in terms of benefits at all times.

Bancassurance

See Allfinanz.

Bancassurance products

Financial products from a (banking) partner, for example investment funds, combined with risk coverage by the insurance company.

Benefits

The amount payable upon occurrence of the insured event, as defined in the insurance contract.

Capital and reserves

The company's assets after deduction of all debts.

Claims reserve

Given that not all claims can be paid and settled in the same business year in which they occur, a reserve must be set aside under balance sheet liabilities. The change in the net claims reserve is posted in the profit and loss account.

Combined ratio

The sum total of claims incurred, surpluses distributed, technical costs and other operating expenses is divided by net premiums written. The resulting benchmark is used to assess the course of business in non-life insurance.

Consolidation/Consolidated annual statements

The combination of the balance sheets and profit and loss accounts of all companies belonging to the same corporate group to form a single set of statements, in which all assets and liabilities are evaluated according to uniform criteria and intra-group influences are eliminated.

**Derivatives/
derivative financial instruments**

Financial instruments, such as options, futures, interest rate swaps or currency swaps, which entail specific rights and obligations.

Direct business

This refers to all insurance contracts except those in the reinsurance business.

Distribution of surpluses to the insureds

A special benefit from Swiss Mobiliar. Different customer segments receive such payments each year. See also Policyholders' surplus fund.

Fund/Investment fund

Investments managed professionally by banks and insurance companies for a large number of customers on the principle of distribution of risk.

Gross expense ratio

The technical costs with respect to gross premiums written, before deducting the reinsurer's share.

Gross premiums written

The premiums written in the year under review, before deducting the reinsurer's share and before considering the unearned premium reserve.

Group/Group companies

The merging of the capital of several companies to form a single economic unit. All companies of the group report to a single top management.

Indirect business

Very often the primary insurer does not bear the entire risk itself. Like most companies operating in direct business, the Swiss Mobiliar Group also acts as a reinsurer and takes on part of the risk from other primary insurers. This is referred to as indirect business.

Insurance contract

Together with the General Terms and Conditions, this defines the benefits payable to the policyholder or to third parties as well as the insured events themselves. The policyholder pays a premium for such insurance cover.

Investments for the benefit of and at the risk of life insurance policyholders

See Unit-linked life insurance.

Life insurance

Insurance against the economic risks in the case of premature death or disability or in the case of survival.

Net claims incurred

The sum total of all net insurance benefits paid, taking into account the change in the claims reserve.

Net loss ratio

The ratio of net claims incurred to net premiums earned.

Net premiums earned

The net premiums written during the year under review, taking the unearned premium reserve into account.

Net premiums written

If a risk is reinsured, the reinsurer receives a pro-rata premium. Net premiums written are thus the gross premiums written minus the premiums passed on to the reinsurer.

Policy reserve

An actuarial provision in life insurance. It is calculated on the basis of official regulations and, together with future premiums, is used to safeguard the insureds' entitlement to benefits.

Policyholder surpluses

These are distributed by life insurance companies to their customers upon maturity of the policy if the actual claims experience, cost experience and interest income turn out to be more positive than had been conservatively expected. In the non-life business, surpluses are distributed in accordance with the insurance contract, e.g. in group health insurance.

Policyholders' surplus fund

Due to the mutual basis of the Swiss Mobiliar Group, part of the profit is allocated to this fund. Different customer segments in non-life thus benefit from such payments each year. This is a special benefit provided by Swiss Mobiliar.

Premium

Payment made by the policyholder to the insurance company for insurance cover provided.

Provisions

A balance-sheet estimate of future liabilities.

Provisions are used for accrual of income in terms of time.

Reinsurance premiums

Payment made by the primary insurer to the reinsurer for risks assumed.

Reinsurer

Insurance company that assumes part of the risks underwritten by the primary insurer.

Risk management

Risk management refers to the handling of (corporate) risks, i.e. the methods used to keep risks at an appropriate level.

For instance, insurance companies assume some of the financial risks of their customers through the transfer of risk.

Single premium

A life insurance payment made in the form of one premium paid at the start of insurance.

Technical costs

All expenses incurred in underwriting operations.

Technical provisions

Unearned premium reserves, policy reserves, claims reserves, catastrophe reserves and other operating provisions entered under balance sheet liabilities.

Total business

This encompasses both the direct and indirect insurance business.

Unearned premium reserve

The starting date and the term of many contracts do not coincide with the business year. Premium parts for the insurance period falling into the next business year have not yet been earned and are thus posted as liabilities in the balance sheet, under technical reserves.

Unit-linked life insurance

Life insurance policies for which the savings assets are invested for the benefit of and at the risk of the customer. These are usually fund products. In choosing a particular fund, the policyholder determines the risk profile of the investment.

Vested benefit

Cash benefit that is paid out in life insurance upon premature termination of the insurance contract (surrender). The amount paid before the insured event occurs is equivalent to the customer's credit balance accrued.