



Geneva, September 24, 2019

Dear Members,

For several years, interest rates have been negative in many countries, including Switzerland, and this situation will continue. This means that banks charge interest when a class of customers, such as La Mutuelle, deposit funds in Swiss franc (CHF). For La Mutuelle, whose management policy has always favored the preservation of capital and the minimization of risk, this means:

1. That it is no longer possible to reinvest the maturing CHF bonds in the same type of investment, and that the proceeds of the repaid bonds are credited to a bank account,
2. That the members' assets, deposited in the bank accounts, incur a negative interest of - 0.75%.

The sums that La Mutuelle must pay in negative interest now amount to several hundred thousand CHF and have a considerable impact on expenses while revenues continue to fall.

The Investment Committee, with the help of its banking partners, has been trying for several months to find solutions to mitigate the significant impact of this burden without increasing the risk, but it must be admitted that to date no alternative involving a minimum risk was found.

In order to control the risk, the Board of Directors, after carefully studying various solutions, considers that it is now essential to limit the deposit of funds in CHF. Wishing to continue to maintain the attractiveness of the deposit account in CHF, the remuneration of which depends on the result of the financial year, the current limitation, i.e. a maximum payment of CHF 2,000 per month, remains unchanged. However, given that current account holdings in CHF do not currently receive any remuneration from La Mutuelle, the Board of Directors has decided, instead of the deduction of a negative interest, to temporarily freeze deposits to this account in order to avoid a significant increase in negative interest charges levied by banks. This freeze will in no way deprive the member of a benefit, the interest rate on the current account is 0%.

**The temporary payment deposit, only on the current account in CHF, applies with immediate effect** given the current situation. Any deposit that will be made to this account will now be rejected and returned to the sender, with the exception of deposits for members who have, for several months, a standing order in effect to credit both the current account and the deposit account in CHF. They have until **30 November 2019 at the latest, to change their standing order so that no more money is transferred into the current account in CHF. After this date, without action on their part, or if an increase in the amount of the standing order was to occur within the time limit, all funds will be returned to the sender, costs borne by her/him. The Board of Directors informs members that it will not accept any exceptions to this rule so that all members are considered equally.**

The Board of Directors insists that the measure taken does not deprive the depositors of a benefit, and follows the policy put in place by the Swiss National Bank to preserve the Swiss economy. When interest rates return to positive and banks stop charging a negative interest in La Mutuelle's accounts, which will probably take several years, this measure will be removed.

On behalf of members of the Board of Directors