

***IDA INSURANCE LIMITED, Valetta (Malta),
branch office Cham***

*Financial Statements
for the year ended 31 December 2022
and Independent Auditor's Report*

To the General Manager of

IDA INSURANCE LIMITED Valetta (Malta), Zweigniederlassung Cham

REPORT OF THE AUDITOR

As an audit firm under state supervision, we have audited the accompanying financial statements of IDA INSURANCE LIMITED, Valetta (Malta), branch office Cham, which comprise the balance sheet as at 31 December 2022, the income statement and the notes for the financial year ending on this date, pursuant to Art. 28 (2) of the Insurance Supervision Act (ISA) and with reference to the supplementary information for audit reporting of insurance companies in Annex 19 to FINMA Circular 13/3 concerning the “Preparation and audit of the financial statements of branches of foreign insurance companies” of 4 November 2020 (the guidelines).

Opinion

In our opinion, the financial statements of IDA INSURANCE LIMITED, Valetta (Malta), branch office Cham, as at 31 December 2022 comply in all material respects with the financial reporting provisions of the Swiss Code of Obligations, the requirements laid down by supervisory law (in particular, FINMASA, ISA, ISO, ISO-FINMA) and the guidelines.

Basis for opinion

We conducted our audit in accordance with Swiss law and the Swiss Standards on Auditing (SA-CH). Our responsibilities under those provisions and standards are further described in the “Auditor's Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The financial statements were prepared by the General Manager on the basis of the financial reporting provisions of the Swiss Code of Obligations and the guidelines laid down by supervisory law.

Without modifying our audit opinion, we note that the financial statements of IDA INSURANCE LIMITED, Valetta (Malta), branch office Cham, were drawn up on the basis of the principles specified above. The financial statements were prepared to comply the requirements of Art. 25 (4) ISA. As a result, these financial statements may not be suitable for another purpose.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

General Manager's Responsibilities for the Financial Statements

The General Manager is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of the Swiss Code of Obligations, the requirements laid down by supervisory law – in particular, the Financial Market Supervision Act (FINMASA), the Insurance Supervision Act (ISA), the Insurance Supervision Ordinance (ISO) and the Insurance Supervision Ordinance FINMA (ISO-FINMA), as well as the

supplementary information for audit reporting at insurance companies in Annex 19 to FINMA Circular 13/3 concerning the “Preparation and audit of financial statements of branches of foreign insurance companies” of 4 November 2020 (the guidelines) – and for such internal control as the General Manager determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the General Manager is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable matters related to going concern, and using the going concern basis of accounting unless the General Manager either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and SA-CH will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the General Manager’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with the General Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings.



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Zurich, 28 April 2023

Enclosures

- Financial statements (balance sheet, income statement and notes)

IDA Insurance Ltd., Valletta (Malta), Cham Branch

BALANCE SHEET AS AT DECEMBER 31	Notes	2022	2021
		CHF	CHF
ASSETS			
Cash and cash equivalents		606'804	582'723
Reinsurers' share in technical reserves	1.1	<u>15'972</u>	<u>29'148</u>
Total assets		622'776	611'871
Liabilities			
Gross technical reserves	1.1	359'522	315'396
Non-technical reserves		33'143	22'380
Insurance paybles	1.2	13'334	11'960
Other liabilities		1'568	3'283
Other liabilities to head office		211'272	245'148
Accrued expense and deferred income		<u>35'300</u>	<u>38'016</u>
Total liabilities		654'138	636'183
Capital / Organisational fund		270'000	270'000
Result carried forward		-294'312	-214'068
Result for the current period		<u>-7'051</u>	<u>-80'244</u>
Total Liaison account to head office	1.3	-31'363	-24'312
Total liabilities and liaison account to head office		622'775	611'871

IDA Insurance Ltd., Valletta (Malta), Cham Branch

INCOME STATEMENT for the years ended December 31	Notes	2022 CHF	2021 CHF
Gross written premiums		359'004	345'538
Reinsurers' share of written premiums		-30'700	-55'114
Net written premiums	2.1	328'304	290'424
Gross change in unearned premium reserves		-15'964	-15'054
Reinsurers' share of change in unearned premium reserves		-10'609	-1'315
Net earned premiums		301'731	274'054
Total income from insurance business		301'731	274'054
Gross claims paid		-60'056	-99'962
Reinsurers' share of claims paid		1'464	79
Gross change in claims reserves		-40'021	-45'295
Gross change in equalisation reserves		-3'022	3'631
Reinsurers' share of change in claims reserves		-1'558	-1'942
Net claims incurred		-103'193	-143'489
Acquisition cost and administrative expenses	2.2	-199'290	-215'861
Reinsurers' share of acquisition cost and administrative expenses		0	8
Net acquisition cost and administrative expenses		-199'290	-215'853
Other expenses from insurance business		-5'568	-5'976
Total expenses from insurance business		-308'050	-365'317
Other financial income		0	12'215
Other financial expenses		-363	-845
Operating result		-6'681	-79'893
Result before taxes		-6'681	-79'893
Direct taxes		-370	-352
Result after taxes		-7'051	-80'244

IDA Insurance Ltd., Valletta (Malta), Cham Branch

Notes to the financial statements

General Information

General Information:	IDA Insurance Ltd., Valletta (Malta), Cham branch ("the Branch"), is the Swiss branch of IDA Insurance Ltd., incorporated in Valletta (Malta).
Legal form, registered office and capital:	The Branch was established as a branch of the head office in Malta, domiciled in Cham. At foundation, an organisational fund of CHF 270'000.- was established for the Branch.
Information on full-time positions on annual average:	The Branch has an annual average of 0 employees.

Key accounting and valuation principles

Principles of financial reporting:	The annual accounts for the Branch have been prepared in accordance with Swiss law. The main accounting and valuation principles used, which are not already specified by the Code of Obligations, are described as follows.
Foreign currency items and translation for presentation purposes:	The Branch's functional and reporting currency is CHF. For transactions in foreign currencies the Branch uses the average exchange rate of the year. Balance sheet positions held in foreign currencies are translated into CHF at the closing exchange rate. The liaison account to the head office is translated at historical FX rate.

	Reporting year	Previous year
Assets and liabilities (closing rate)	0.9855	1.0343
Premium and claims (average rate) (1 EUR = x CHF)	1.0052	1.0814

	Reporting year	Previous year
	CHF	CHF
Accrual of the audit fee:	35'300	38'016

Cash and cash equivalents: The cash and cash equivalents includes cash holdings. These are recorded at their nominal value.

Technical reserves: In conformity with FINMA's Circular 08/42 "Technical Provisions - non-life insurance", the technical provisions must be at least equal to their market value. Therefore, the statutory reserves are calculated as the maximum between the technical reserves and the market consistent reserves.

The technical reserves are the sum of the best estimate reserves and the equalisation reserves, according to the Branch's reserving guideline.

The best estimate reserves are given by the sum of the unearned premium reserves, the case reserves and the actuarial IBNR reserves:

- The unearned premium reserves are computed *pro rata temporis*;
- The case reserves are determined by the Branch's loss adjusters;
- In the absence of claims statistics for TPL and LEx the Branch sets up actuarial IBNR reserves based on the Head Office worldwide loss ratios. For Acc we use Swiss claims statistics.

The best estimate reserves are merely the expectation value of a random variable whose realisation is subject to random fluctuations.

According to the Branch's reserving guideline, they should therefore be complemented with equalisation reserves, which serve as a buffer to absorb the volatility of the claims. These are taken as a capped fixed percentage of the technical results.

The equalisation reserves are built up after profitable years, and they are released after unprofitable years or in the event, large losses or adverse developments significantly upset the balance sheet. They can neither become negative nor exceed a given ceiling.

The market consistent reserves are built out of the sum of the discounted best estimate reserves and the market value margin. Both amounts are calculated with the help of a *pro forma SST*.

Premiums: Premiums are recorded at inception of a contract and earned in accordance with the "pro rata temporis" method over the contract period.

1.1 Technical reserves

	Reporting year CHF	Previous year CHF
Gross unearned premium reserves	191'078	183'785
Reinsurers' share of unearned premium reserves	-15'972	-27'544
Net unearned premium reserves	175'106	156'240
Gross claims reserves	109'753	73'185
Reinsurers' share of claims reserves	-	-1'603
Net claims reserves	109'753	71'582
Equalisation reserves	58'691	58'427
Total gross technical reserves	359'522	315'396
Total reinsurers' share of technical reserves	-15'972	-29'148
Total net technical reserves	343'549	286'248

1.2 Insurance payables

	Reporting year CHF	Previous year CHF
Liabilities to policyholders	13'334	11'960
Total Insurance payables	13'334	11'960

1.3 Liaison account to the head office

	Reporting year CHF	Previous year CHF	Change (%)
Initial state	-24'312	55'932	-143%
Result for the current period	-7'051	-80'244	-91%
Final state	-31'363	-24'312	29%

2.1 Premium

	Reporting year CHF	Previous year CHF
Premium accident	276'466	260'832
Reinsurers' share of Premium accident	-	-
Premium third party liability	62'714	63'611
Reinsurers' share of Premium third party liability	-30'700	-55'114
Premium legal expenses	19'824	21'095
Total Premium	359'004	345'538
Total Reinsurers' share of Premium	-30'700	-55'114
Net Premium	328'304	290'424

2.2 Acquisition cost and administrative expenses

	Reporting year CHF	Previous year CHF
Acquisition cost	45'109	43'192
Administrative expenses	154'181	172'669
	199'290	215'861

Subsequent events: No subsequent events

Amount of tied assets:	Reporting year CHF	Previous year CHF
Required value	472'856	427'356
Cover values	606'804	584'326
Under- / Overfunding	133'948	156'970

The Branch has an overfunding of 28% of the required value as of 31 December 2022.

Hidden reserves: No hidden reserves in 2022