

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

*Financial Statements
for the year ended 31 December 2023
and Independent Auditor's Report*

To the General Manager of

IDA INSURANCE LIMITED Valetta (Malta)
Zweigniederlassung Cham
Gewerbstrasse 6
6330 Cham

REPORT OF THE AUDITOR

Opinion

As an audit firm under state supervision, we have audited the financial statements (page 2-5) of IDA INSURANCE LIMITED, Valetta (Malta) branch office Cham (the company), which comprise the balance sheet as at 31 December 2023, the income statement for the financial year then ended, and the notes to the financial statements, including a summary of significant accounting policies - 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 (Annex 19 to FINMA Circular 13/3).

In our opinion, the accompanying financial statements of IDA INSURANCE LIMITED, Valetta (Malta), branch office Cham, as at 31 December 2023 (page 2-5) comply in all material respects with the financial reporting provisions of Annex 19 to FINMA Circular 13/3.

Basis for opinion

We conducted our audit in accordance with the Swiss Standards on Auditing (SA-CH) as well as the framework for the audit of financial statements as set out in section 3.2 of Annex 19 to FINMA Circular 13/3. Our responsibilities under those provisions and standards are further described in the "Independent Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the requirements of the Swiss audit profession, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other information

The General Manager is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Annex 19 to FINMA Circular 13/3 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 SA-CH and Annex 19 to FINMA Circular 13/3 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.

A further description of our responsibilities for the audit of the financial statements is located on EXPERTsuisse's website at: <https://www.expertsuisse.ch/en/audit-report>. This description forms an integral part of our report.

Deloitte AG

Sandy Göbler
Licensed audit expert
Auditor in charge

Magnus Kerner
Licensed audit expert

Zurich, 26 April 2024

Enclosures

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

IDA INSURANCE LIMITED, Valletta (Malta), Cham Branch
Gewerbestrasse 6
6330 Cham

Financial reporting 2023

Management report

Balance sheet as at December 31

Income statement

Notes

MANAGEMENT REPORT

General overview

After a slight growth of 4% in the previous year, premiums written grew by almost 15% in the reporting year. On the other hand, gross claims paid went up 30% and technical reserves decreased by 8%. After a slight loss in 2022 the reporting year showed a profit after tax of CHF 203'324.

IDA has outsourced most of its activities and does not employ any individuals in Switzerland. Therefore, the branch has an annual average of 0 employees.

The Company's risk assessment process

Regular Risk and Control Management System review:

The ERM/ORSA policy for IDA Cham Branch as a small insurance subsidiary includes all aspects of Enterprise Risk Management ERM, ORSA, ICS, Compliance, Information security, BCM and Crisis Management as defined in the ERM/ORSA policy.

A monthly ICS report of the Swiss Branch is provided to IDA Malta and a quarterly Regulatory and Compliance report is discussed during the Risk and Compliance Committee Meeting of the Malta Board.

In addition, the person responsible for risk management annually reviews together with the external independent ICS expert the maturity level, the scope, and the degree of implementation of the risk and control framework outlined in the ERM/ORSA policy.

Based on the annual risk review and the regular control monitoring report recommendations for improvements and amendments are suggested and implemented for entity level and process level controls or for process optimisations.

Marketing and product development activities

There are no activities in marketing and product development for IDA Insurance Ltd., Valletta (Malta), Cham Branch

Extraordinary events

There are no extraordinary events to report for 2023.

Outlook

The portfolio of IDA Switzerland does not contain shares in insurance contracts or risks in Ukraine, Belarus or Russia. War risks are predominantly excluded. There are no significant direct effects on the business development. IDA Switzerland does not hold any assets in the above mentioned countries. Secondary effects in global capital markets would affect IDA like other market participants in this industry segment.

Concerning the upcoming year we expect a business development comparable to the years prior to COVID-19.

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

BALANCE SHEET AS AT DECEMBER 31	Notes	2023	2022
		CHF	CHF
ASSETS			
Cash and cash equivalents		607'965	606'804
Reinsurers' share in technical reserves	1.1	<u>17'248</u>	<u>15'972</u>
Total assets		<u>625'212</u>	<u>622'776</u>
Liabilities			
Gross technical reserves	1.1	330'607	359'522
Non-technical reserves		47'048	33'143
Insurance paybles	1.2	13'679	13'334
Other liabilities		20'477	1'568
Other liabilities to head office		22'287	211'272
Accrued expense and deferred income		<u>19'153</u>	<u>35'300</u>
Total liabilities		<u>453'251</u>	<u>654'138</u>
Capital / Organisational fund		270'000	270'000
Result carried forward		-301'363	-294'312
Result for the current period		<u>203'324</u>	<u>-7'051</u>
Total Liaison account to head office	1.3	<u>171'962</u>	<u>-31'363</u>
Total liabilities and liaison account to head office		<u>625'212</u>	<u>622'775</u>

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

INCOME STATEMENT for the years ending December 31	Notes	2023 CHF	2022 CHF
Gross written premiums		411'606	359'004
Reinsurers' share of written premiums		-34'243	-30'700
Net written premiums	2.1	377'364	328'304
Gross change in unearned premium reserves		-28'219	-15'964
Reinsurers' share of change in unearned premium reserves		2'204	-10'609
Net earned premiums		351'349	301'731
Total income from insurance business		351'349	301'731
Gross claims paid		-78'645	-60'056
Reinsurers' share of claims paid		0	1'464
Gross change in claims reserves		40'125	-40'021
Gross change in equalisation reserves		-3'895	-3'022
Reinsurers' share of change in claims reserves		0	-1'558
Net claims incurred		-42'414	-103'193
Acquisition cost and administrative expenses	2.2	-144'192	-199'290
Reinsurers' share of acquisition cost and administrative expenses		0	0
Net acquisition cost and administrative expenses		-144'192	-199'290
Other expenses from insurance business		-6'130	-5'568
Total expenses from insurance business		-192'736	-308'050
Other financial income		4'943	0
Other financial expenses		-483	-363
Operating result		163'072	-6'681
Extraordinary income	2.3	42'239	0
Extraordinary expenses	2.4	-1'616	0
Result before taxes		203'696	-6'681
Direct taxes		-372	-370
Result after taxes		203'324	-7'051

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)	0.9282	0.9855
P&L (average rate) (1 EUR = x CHF)	0.9717	1.0052

Accruals, cash, technical reserves

	Reporting year	Previous year
	CHF	CHF
Accrual of the audit fee:	38'000	35'300

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	208'187	191'078
Reinsurers' share of unearned premium reserves	-17'248	-15'972
Net unearned premium reserves	190'939	175'106
Gross claims reserves	63'247	109'753
Reinsurers' share of claims reserves	-	-
Net claims reserves	63'247	109'753
Equalisation reserves	59'174	58'691
Total gross technical reserves	330'607	359'522
Total reinsurers' share of technical reserves	-17'248	-15'972
Total net technical reserves	313'358	343'549

1.2 Insurance payables

	Reporting year CHF	Previous year CHF
Liabilities to policyholders	13'679	13'334
Total Insurance payables	13'679	13'334

1.3 Liaison account to the head office

	Reporting year CHF	Previous year CHF	Change (%)
Initial state	-31'363	-24'312	29%
Result for the current period	203'324	-7'051	-2984%
Final state	171'961	-31'363	-648%

2.1 Premium

	Reporting year CHF	Previous year CHF
Premium accident	325'050	276'466
Reinsurers' share of Premium accident	-	-
Premium third party liability	66'697	62'714
Reinsurers' share of Premium third party liability	-34'243	-30'700
Premium legal expenses	19'860	19'824
Total Premium	411'606	359'004
Total Reinsurers' share of Premium	-34'243	-30'700
Net Premium	377'364	328'304

2.2 Acquisition cost and administrative expenses

	Reporting year CHF	Previous year CHF
Acquisition cost	-	45'109
Administrative expenses	144'192	154'181
	144'192	199'290

We received the information from IDA Malta, since February 2022 no premium commissions were calculated.

Correction done for the Swiss Branch about 11 months (12.5% of premium Feb.-Dec.) and booked as extraordinary income.

2.3 Extraordinary income

	Reporting year CHF	Previous year CHF
Correction of premium commission 2022	42'239	-
	42'239	-

2.4 Extraordinary expenses

	Reporting year CHF	Previous year CHF
PRS Expenses 2022 booked in 2023	1'616	-
	1'616	-

Subsequent events: No subsequent events

Amount of tied assets:

	Reporting year CHF	Previous year CHF
Required value	444'286	472'856
Cover values	607'965	606'804
Under- / Overfunding	163'678	133'948