



**UTMOST WORLDWIDE LIMITED, ST PETER PORT
SWITZERLAND BRANCH, ZÜRICH**

FINANCIAL CONDITION REPORT

FOR THE FINANCIAL YEAR TO 31 DECEMBER 2023

A WEALTH *of* DIFFERENCE

Utmost Worldwide Limited, Switzerland Branch: Bahnhofstrasse 61, 8001 Zürich, Switzerland. Utmost Worldwide Limited, St Peter Port, Switzerland Branch, Zürich is registered in Switzerland as a Branch of a Foreign Company - Number CHE-477.079.694. Licensed by the Swiss Financial Market Supervisory Authority (FINMA) as an insurer to carry on insurance business in Switzerland. Utmost Wealth Solutions is the trading name used by Utmost Worldwide Limited and a number of Utmost companies. Utmost Worldwide Limited is incorporated in Guernsey under Company Registration No. 27151 and regulated in Guernsey as a Licensed Insurer by the Guernsey Financial Services Commission under the Insurance Business (Bailiwick of Guernsey) Law, 2002 (as amended). **Registered Head Office:** Utmost House, Hirzel Street, St Peter Port, Guernsey, Channel Islands GY1 4PA.

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SECTION A
MANAGEMENT REPORT

1. INTRODUCTION

This document, entitled "Financial Condition Report", is prepared in accordance with the requirements of the Swiss Financial Market Supervisory Authority FINMA Circular 2016/2 Disclosure of insurers (Public Disclosure) and Articles 111a of the Insurance Supervision Ordinance (ISO; SR 961.011) for the Switzerland Branch of Utmost Worldwide Limited. The report focuses on the 2023 financial year ("reporting period") and is published on the Company website no later than 30 April 2024.

This report has been prepared solely to comply with the supervisory reporting obligations. Unless otherwise stated in this report, all statements and information contained therein are based on the circumstances and the state of knowledge as at the reporting date. This also applies to the forward-looking statements and information contained in this report, such as forecasts, expectations, developments, plans, intentions, assumptions, beliefs or outlooks. No representation, warranty or guarantee is given that such statements and information will occur at all or as anticipated.

Forward-looking statements and information are affected by numerous factors. It is not possible to predict what these factors are or what effect they will have, either alone or in combination with other circumstances. Also, new factors may arise at any time. It is not intended to update forward-looking statements and information as a result of changed circumstances or new statements and information, except as otherwise expressly required by a legal or regulatory obligation.

2. CONTEXT

Head Office & Branch

Utmost Worldwide Limited, hereinafter referred to as the "Company" or "Head Office", is licensed as an Insurer by the Guernsey Financial Service Commission. The Company specialises in providing sophisticated life insurance-based wealth management and employee benefit solutions to a global audience, including multinational organisations, international expatriates and local residents in the territories where it is additionally licensed.

Its Switzerland Branch is registered as a branch of a foreign insurance undertaking in the commercial register of the canton Zurich and holds a Swiss insurance license (class A2) as of August 2018 to conduct unit-linked life insurance business on Swiss territory and effectively carries out life insurance business of categories A2.1 (fund unit-linked capital insurance with death or disability protection) and A2.4 (life insurance linked to an internal investment portfolio or other reference values with death or disability benefit) since then and has continued to operate to enable effective servicing and support of its Swiss-resident clients. The Branch office moved in the course of 2023 from Adliswil to Bahnhofstrasse 61 in Zurich.

Risk management and its adequacy

The risk identification processes aim to ensure that all material risks to which the Company and its Branches are exposed are properly identified and appropriately addressed. The Company undertakes a number of assessment and measurement processes, and takes action to manage identified risks as appropriate in consideration of its risk tolerance and appetite. The Company's solvency ratio, calculated under the UK's Solvency II legislation, was 192% in 2023 (2022 – 190%).

Group and shareholding structure

The Branch is part of the Utmost Group of Companies. The Utmost Group of Companies is a specialist life assurance group with its head office in London and holds 100% of the shareholding in the Company (Utmost Worldwide Limited), domiciled in Guernsey.

The ultimate parent company, which maintains a majority controlling interest in the Group, is recognised by the directors as OCM Holdings Limited, a Cayman incorporated entity. OCM Holdings Limited is an investment vehicle owned by funds, which are managed and advised by Oaktree Capital Management, L.P., a subsidiary of the ultimate controlling party Oaktree Capital Group LLC.

As at 31 December 2023, the Utmost Group of Companies has approximately £62.8bn in assets under administration on behalf of about 500,000 customers and a net Solvency II Economic Value is £1,686m.

Lines of Business

The core business lines are Utmost Wealth Solutions, Utmost Corporate Solutions and Utmost Life and Pensions. Utmost Wealth Solutions is located in Ireland, the Isle of Man and Guernsey; Utmost Corporate Solutions is located in Ireland and Guernsey, and Utmost Life and Pensions is located in the UK.

Auditor

The Auditor on Company level is PricewaterhouseCoopers (PwC) and thus for the Switzerland Branch is PwC AG in Zürich.

3. COMPANY'S STRATEGY AND KEY BUSINESS SEGMENTS

Strategy

The Branch does not currently offer, or write new policies, although is actively carrying out business, particularly enabling payment of premiums, top-ups and premium increases for existing policies. The Branch also engages in maintenance of available investment options and carries out activities to enable positive customer outcomes. The customer satisfaction is measured with the Persistency Index, which for 2023 corresponds to 88.8 %.

Key Business Segments

The products serviced by the Branch are classified as "Pillar 3b" insurance products. Pillar 3b is an element of private pension provision and, together with pillar 3a, constitutes the third pillar of the Swiss pension system. In contrast to Pillar 3a (tied pension provision, meaning tax-qualified), Pillar 3b is a free form of pension provision. This means that Pillar 3b is not necessarily tied to retirement, but can also be used for medium or long-term savings goals.

There are currently three different life insurance products administered by the Branch: two unit-linked products – one single and one regular premium – as well as a single premium open architecture product that allows for a wider range of investments.

4. OUTLOOK

The Company continues to monitor market opportunities and notes that the Branch will need to submit (to FINMA) an amended business plan in the event products are to be released by the Branch. At present, there is no short-term plan to establish new business as this would require redevelopment of the existing products/IT systems. However, this is something that would be very much possible in the future should a relevant market opportunity arise.

5. PERFORMANCE

In addition to the below, and in particular for quantitative information, we refer to the quantitative template "Performance Solo Life" (Section B of this report) and our financial statements for the financial year ended 31 December 2023 (Section C of this report). Where deemed helpful, reference has been made to the position in the Financial Statements (note) respectively quantitative template (row) by citing the relevant note / row therein.

Underwriting Performance

Gross premiums written amounted to CHF9.5M (row 1) for the reporting year and was derived largely from the unit-linked life insurance business (category A2.1) with regular ("Vision") and single ("Choice") premiums. Comparing the currency premium amounts for the reporting year to the results for the previous year, the premiums received have reduced by CHF1.8M.

Net claims and claim expenses incurred (corresponding to "expenses for insurance claims for own account", row 14) amounted to approx. CHF10.6M. Compared to the previous year (-CHF30.1M), this reflects an increase of approx. CHF40.7M. Claims are purely client led and will reflect their circumstances.

The total changes in technical provisions amounts to CHF33.1M, of with CHF 22.3M for the technical provisions for unit-linked business (note 17, respectively row 13) and a change of CHF 10.8M in technical provisions (note 16, respectively row 11). The related positions on the liabilities, amounts to a balance of CHF120.9M for the technical provisions for unit-linked business (note 8) and CHF17.1M for the technical provisions (note 7).

Acquisition costs and administrative expenses (note 18, respectively row 15) have decreased by CHF 0.2M to CHF1.6M. As these are mostly internal and re-occurring costs, it is expected that these will remain stable in line with this amount for the reporting year moving forward.

Financial Performance

Income from investments amounted to CHF1.5M (note 19, respectively row 20), whereas expenses from investments came to CHF0.5M (note 20, respectively row 21), this led to a net investment gain of CHF1M.

Total Equity (i.e. the head office account, note 11) has increased from CHF33.4M to CHF 37.4, reflecting the profit of the current period as well as the contributions from the Head Office.

Technical Provisions

The technical provisions are determined by the Responsible Actuary based on generally accepted actuarial principles. They are calculated as the sum of unit reserves plus additional non-unit reserves.

The unit reserve includes the fund value (i.e. the value of the units allocated to the policyholder) and, for the Vision product only, also that part of the premium paid during the initial period that covers the ongoing administration costs, at the valuation date.

The non-unit reserve is calculated so as to be sufficient to fund all additional liabilities, such as future enhanced allocations, additional death payments, loyalty bonuses, retention bonuses and expenses.

Further to the non-unit reserve, an additional expense reserve is held as a prudent measure to ensure all future expenses are met.

Other material income and expenses

Net capital and interest gains from unit-linked business amounts to CHF15.1M, compared with CHF26.8M net capital and interest losses from unit-linked business in the previous year (row 23). The main change is due to market movements, which produced better results during the year than in the previous period due to favourable market returns.

Employment

The average number of full-time employees during the year was 1.25 (2022: 1).

Significant unusual events

As reported on Note 28, no subsequent events have been identified after the Financial Statements date which might have a significant effect.



Riccardo Wettstein
Branch General Representative
Utmost Worldwide Limited

Zurich, 26 April 2024



Charles Bangor-Jones
Chief Financial Officer
Utmost Worldwide Limited

Guernsey, 26 April 2024

SECTION B
QUANTITATIVE TEMPLATE (ANNEX 1 TO FINMA CIRCULAR 2016/2)

UTMOST WORLDWIDE LIMITED
SWITZERLAND BRANCH
FINANCIAL CONDITION REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023



Financial situation report: quantitative template "Performance Solo L"

Currency: CHF or annual report currency
 Amounts stated in millions

	Total		Swiss business								Non-Swiss business	
	Previous year	Reporting year	Individual life		Group life		Unit-linked life insurance		Other forms of life insurance		Total	
			Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year	Previous year	Reporting year
1 Gross premiums	11.3	9.5					11.1	9.5	0.2	0.0		
2 Reinsurers' share of gross premiums												
3 Premiums for own account (1 + 2)	11.3	9.5					11.1	9.5	0.2	0.0		
4 Change in unearned premium reserves												
5 Reinsurers' share of change in unearned premium reserves												
6 Premiums earned for own account (3 + 4 + 5)	11.3	9.5					11.1	9.5	0.2	0.0		
7 Other income from insurance business												
8 Total income from underwriting business (6 + 7)	11.3	9.5					11.1	9.5	0.2	0.0		
9 Payments for insurance claims (gross)	-8.3	-15.9					-8.0	-15.4	-0.3	-0.5		
10 Reinsurers' share of payments for insurance claims												
11 Change in technical provisions	13.2	2.4					10.1	2.4	3.1	0.0		
12 Reinsurers' share of change in technical provisions												
13 Change in technical provisions for unit-linked life insurance	25.2	2.9					24.4	2.5	0.8	0.4		
14 Expenses for insurance claims for own account (9 + 10 + 11 + 12 + 13)	30.1	-10.6					26.5	-10.5	3.6	-0.1		
15 Acquisition and administration expenses	-1.8	-1.6					-1.8	-1.6	0.0	0.0		
16 Reinsurers' share of acquisition and administration expenses												
17 Acquisition and administration expenses for own account (15 + 16)	-1.8	-1.6					-1.8	-1.6	0.0	0.0		
18 Other underwriting expenses for own account												
19 Total expenses from underwriting business (14 + 17 + 18) (non-life insurance only)												
20 Investment income	0.1	1.5					0.1	1.3	0.0	0.2		
21 Investment expenses	-1.2	-0.5					-1.5	-0.5	0.3	0.0		
22 Net investment income (20 + 21)	-	1.1					-1.4	0.8	0.3	0.2		
23 Capital and interest income from unit-linked life insurance	-26.8	15.1					-26.4	14.8	-0.4	0.3		
24 Other financial income	0.0	0.0										
25 Other financial expenses	0.0	0.0										
26 Operating result (8 + 14 + 17 + 18 + 22 + 23 + 24 + 25)	11.7	13.4					8.0	13.0	3.7	0.4		
27 Interest expenses for interest-bearing liabilities												
28 Other income	1.8	1.8										
29 Other expenses	-8.0	-12.7										
30 Extraordinary income/expenses												
31 Profit / loss before taxes (26 + 27 + 28 + 29 + 30)	5.5	2.5										
32 Direct taxes	-1.1	-0.5										
33 Profit / loss (31 + 32)	4.4	2.0										

**UTMOST WORLDWIDE LIMITED
SWITZERLAND BRANCH
FINANCIAL CONDITION REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

**SECTION C
REPORT OF THE INDEPENDENT AUDITOR**

Utmost Worldwide Limited, St Peter Port, Switzerland Branch, Zürich

Zürich

Report of the independent auditor
to the General Manager

on the financial statements 2023



Report of the independent auditor

to the General Manager of Utmost Worldwide Limited, St Peter Port,
Switzerland Branch, Zürich
Zürich

Report on the audit of the financial statements

Opinion

As an audit firm under state supervision, we have audited the financial statements of Utmost Worldwide Limited, St Peter Port, Switzerland Branch, Zürich of Insurance Company Utmost Worldwide Limited (the company), which comprise the statement of financial position 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 Utmost Worldwide Limited, St Peter Port, Switzerland Branch, Zürich of Insurance Company Utmost Worldwide Limited 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.

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PricewaterhouseCoopers AG is a member of the global PricewaterhouseCoopers network of firms, each of which is a separate and independent legal entity.

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.

Independent 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.

As part of an audit in accordance with Swiss law and SA-CH, we exercise professional judgement 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, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers AG



Nebojsa Baratovic
Licensed audit expert
Lead auditor



Ilir Kryeziu
Licensed audit expert

Zurich, 25 April 2024

Enclosure:

- Financial statements of Utmost Worldwide Limited, St Peter Port, Switzerland Branch, Zürich of Insurance Company Utmost Worldwide Limited consisting of the statement of financial position as at 31 December 2023, the income statement and the notes)

**UTMOST WORLDWIDE LIMITED
SWITZERLAND BRANCH
FINANCIAL CONDITION REPORT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023**

**SECTION D
FINANCIAL STATEMENTS**

UTMOST WORLDWIDE LIMITED
SWITZERLAND BRANCH
STATEMENT OF FINANCIAL POSITION
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 CHF	2022 CHF
Assets			
Investments	3	49,126,758	46,180,059
Investments for unit-linked business	4	120,926,082	123,833,970
Cash and cash equivalents	5	7,976,885	8,946,132
Accrued income and prepaid expenses	6	210,486	209,934
Total assets		178,240,211	179,170,095
Liabilities			
Technical provisions	7	17,123,281	19,492,180
Technical provisions for unit-linked business	8	120,926,082	123,833,970
Insurance payables	9	1,623,307	698,765
Other liabilities	10	1,159,398	1,727,503
Total Liabilities		140,832,068	145,752,418
Head Office Account	11	37,408,143	33,417,677
Total Liabilities and Head Office Account		178,240,211	179,170,095

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

UTMOST WORLDWIDE LIMITED
SWITZERLAND BRANCH
INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 CHF	2022 CHF
Gross premiums written	14	9,479,470	11,279,497
Net premiums written		9,479,470	11,279,497
Change in unearned premium reserves		-	-
Net premiums earned		9,479,470	11,279,497
Total technical income		9,479,470	11,279,497
Gross claims and claim expenses paid to policyholders	15	(15,843,533)	(8,368,094)
Change in technical provisions	16	2,368,899	13,227,382
Change in technical provisions for unit-linked business	17	2,907,888	25,235,533
Net claims and claim expenses incurred		(10,566,746)	30,094,821
Acquisition costs and administrative expenses	18	(1,645,722)	(1,812,331)
Net acquisition costs and administrative expenses		(1,645,722)	(1,812,331)
Total technical expenses		(2,732,998)	28,282,490
Income from investments	19	1,479,052	125,369
Expenses from investments	20	(483,147)	(1,268,194)
Net expenses from investments		995,905	(1,142,825)
Capital and interest gains from unit-linked business	21	17,236,066	(1,529,980)
Capital and interest losses from unit-linked business	22	(2,105,358)	(25,235,533)
Net capital and interest gains from unit- linked business		15,130,708	(26,765,513)
Operating result		13,393,615	11,653,649
Other income	23	1,753,876	1,793,268
Other expenses	24	(12,650,382)	(7,986,683)
Profit before tax for the year		2,497,109	5,460,234
Income tax expense	25	(513,554)	(1,070,156)
Profit for the year		1,983,555	4,390,078

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. General information

Utmost Worldwide Limited, Switzerland Branch (the "Branch") is a branch of Utmost Worldwide Limited (the "Head Office" or the "Company") incorporated in Guernsey, Channel Islands with company registration number 27151.

The Branch is registered in Switzerland as a branch of a foreign insurance undertaking in the commercial register of the canton Zurich with registration number CHE-477.079.694.

The ultimate parent company, which maintains a majority controlling interest in the Group, is recognised by the directors as OCM Holdings Limited, a Cayman incorporated entity. OCM Holdings Limited is an investment vehicle owned by funds, which are managed and advised by Oaktree Capital Management, L.P., a subsidiary of the ultimate controlling party Oaktree Capital Group LLC.

These financial statements are prepared from the records of the Branch and reflect only transactions relating to operations in Switzerland. The Branch obtained a license by the Swiss Financial Market Supervisory Authority (FINMA) to conduct unit-linked life assurance business in Switzerland on 22 August 2018.

2. Summary of valuation principles and significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the provisions on commercial accounting of the Swiss Code of Obligations (Art. 957-963b CO). Apart from the Swiss Code of Obligations, the provisions of the Swiss Ordinance on the Supervision of Private Insurance Companies (Art. 5aAVO-FINMA) have been applied.

The financial statements have been drawn up under the "going concern assumption". Transactions and other events are recognised at their occurrence under the periodic accrual principle.

2. Summary of valuation principles and significant accounting policies (continued)

2.2 Foreign currency translation

These financial statements are presented in Swiss Francs ("CHF") which is the Branch's functional currency. Transactions in a currency other than CHF ("foreign currency") are translated into CHF using the exchange rates at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in the income statement.

The year-end exchange rates used are presented below:

1 CHF corresponds to:	2023	2022
EUR	1.0769	1.0127
GBP	0.9336	0.8967
USD	1.1916	1.0846

2.3 Investments

All securities quoted on a stock exchange or with an observable market price in an active market are valued at that price, as of the statement of financial position date, even if this price exceeds the acquisition value or nominal value, with the exception of fixed interest securities.

The investments in fixed income securities are held at the lower of amortised cost and fair market value. Where the fixed income securities are carried at amortised cost, amortisation is recognised as an adjustment to Income from Investments - fixed-income and debt securities in the income statement.

Amortisation of the fixed income securities is calculated using the linear cost amortisation method whereby the difference between acquisition value and the repayment value is distributed in equal amounts on the statement of financial position date as amortisation over the remaining term. The acquisition costs do not include accrued interest.

The investments in note 3, relating to 2.1 Art 5a para. 1, AVO-FINMA minimum requirements in the Statement of Financial Position include all Branch-attributed tied asset cash.

Purchases and sales of investments are recognised on the trade date, the date on which the Branch commits to purchase or sell the asset. The financial assets carried at fair value through profit and loss are initially recognised at fair value including transaction costs. The valuation of investments is in accordance with article 93a ISO. Changes in market value are recognised in the income statement under 'Income from investments' and 'Expenses from investments'.

2. Summary of valuation principles and significant accounting policies (continued)

2.4 Investments for unit-linked business

Securities quoted on a stock exchange or with an observable market price in an active market are valued at that price as of the statement of financial position date, even if this price exceeds the acquisition value or nominal value. Units in collective investment schemes are considered to have an observable market price in an active market if the Branch could have redeemed the units at the statement of financial position date without significant delay.

Where an observable price in an active market is not available, the securities are valued at no more than acquisition cost less an allowance for impairment.

The valuation of investments for unit-linked business is in accordance with article 93a ISO. Changes in market value are booked through the income statement.

The investments for unit-linked business in note 4, relating to 1.1 Art 5a para. 1, AVO FINMA minimum requirements of the balance sheet include all policyholder attributed tied asset cash.

Purchases and sales of investments for unit-linked business are recognised on the trade date, the date on which the Branch commits to purchase or sell the asset. The financial assets carried at fair value through profit and loss are initially recognised at fair value including transaction costs.

The valuation of investments is in accordance with article 93a ISO. Changes in market value are recognised in the income statement under 'Capital and interest gains from unit-linked business' and 'Capital and interest losses from unit-linked business'.

2.5 Receivables

Receivables are presented at par value less allowances for impairment. The allowances for significant receivables are considered individually, and the allowances for the other receivables are made using a common set of assumptions. Currently no allowance has been made for impairment based on the nature of the receivables and the empirical experience of the Branch. Please refer to note 6 for detail of any receivables.

2. Summary of valuation principles and significant accounting policies (continued)

2.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash is presented at face value less any allowance for impairment. Please refer to note 5 for details of any cash and cash equivalents.

2.7 Taxes

Income tax is recognised as an expense in the Income Statement for the period at the amount expected to be paid to the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Equity tax is recognised on the total equity at year-end, and is calculated as 0.16% of the closing balance of the Head Office account. This is subject to the Head Office account being higher than the minimum taxable equity of 1/7 of the net liabilities. The net liabilities are calculated as the total liabilities less the technical provisions for unit-linked business. Please refer to note 25 for details on taxes.

2.8 Technical provisions

The Branch only issues unit-linked life insurance policies. The technical provisions for this business are assessed by the Responsible Actuary of the Branch based on generally accepted actuarial principles and are in accordance with the business plan as approved by FINMA. The provisions can be split into the unit reserves and the non-unit reserves. The provisions for the unit reserves are based on the valuation of the assets associated with each policy.

The provisions for the non-unit reserves are made up of several components.

The non-unit reserves include the insurance elements of the contracts and the net position resulting from the change in the liabilities due to product fees considered in combination with the expenses incurred by the Branch in operating its administration systems. The insurance elements include enhancement of policy benefits when paid on the death of the policyholder and / or the refund on death of a proportion of any initial charges that would otherwise accrue wholly to the Branch.

The non-unit reserves also include the enhancement of future benefits should certain conditions be satisfied. Enhancements include features such as loyalty bonuses, retention bonus and enhanced allocation rates, being past contractual commitments that the Branch would be obliged to honour in the future.

2. Summary of valuation principles and significant accounting policies (continued)

In addition to the non-unit reserve, an additional expense reserve is held as a prudent measure to ensure all future expenses are met.

Provisions for other liabilities and charges

Provisions for other liabilities and charges, other than those relating to insurance contracts, are recognised when the Branch has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are increased, preserved or released according to reappraisals that take place at least yearly.

2.9 Gross and net premiums

Gross recurring and single premiums are recognised as revenue when payable by the policyholder. See note 14.

2.10 Gross claims and claim expenses paid

Claims and loss adjustment expenses are charged to income as incurred based on the estimated liability for compensation owed to contract holders. See note 15.

2.11 Head office account

The head office account is the liaison account between the Company and the Branch. Typically the amounts contributed by the head office in the form of cash contributions and payments of expenses on its behalf are registered in this account. It also includes current and prior period results of operations as reported in the income statement, reduced by the amounts of any repatriation of funds to the Company. See note 11.

2.12 Insurance receivables and payables

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the Company reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. See note 9.

2.13 Acquisition costs and administrative expenses

The acquisition costs and administration expenses are charged directly to the income statement in the period for which they relate. The breakdown of the acquisition costs and administration expenses can be found in note 18.

2. Summary of valuation principles and significant accounting policies (continued)

2.14 Value Added Tax (VAT)

VAT is paid annually at the standard rate of 7.7% (2022: 7.7%) on the amount of expenses charged by the Head Office to the Branch for services provided in the context of an existing outsourcing agreement for various administering services.

3. Investments

	31 December 2023 CHF	31 December 2022 CHF
Fixed income and debt securities	27,667,374	32,975,684
Valuation adjustment – investment expense – amortised cost (AC) to market value (MV)	(15,793)	(31,675)
	<u>27,651,581</u>	<u>32,944,009</u>
Collective investment schemes	5,213,952	6,127,777
	32,865,533	39,071,786
Tied asset cash – Branch	16,261,225	7,108,273
Total Investments	49,126,758	46,180,059

4. Investments for unit-linked business

Investments held to back the unit-linked insurance policies include the following:

	31 December 2023 CHF	31 December 2022 CHF
Equities	625,637	714,765
Money market investment funds	6,896,944	8,158,532
Collective investment schemes	112,705,541	113,911,087
	<u>120,228,122</u>	<u>122,784,384</u>
Tied asset cash - Policyholder	697,960	1,049,586
Total investments for unit-linked business	120,926,082	123,833,970

5. Cash and cash equivalents

	31 December 2023 CHF	31 December 2022 CHF
Cash held at non-tied asset bank accounts	4,395,402	5,363,451
Cash held in organisational fund bank account	2,981,288	2,982,681
Cash held in surety bank account	600,195	600,000
Total cash and cash equivalents	7,976,885	8,946,132

Based on the credit rating and standing of the Branch's banking counterparties, no impairment allowance was considered necessary at the statement of financial position date. According to FINMA-ISO Art. 5b, foreign insurance undertaking shall deposit assets as a security deposit. For the operation of the insurance classes A1-A6 the minimum balance of CHF600,000 is required.

6. Accrued income and prepaid expenses

	31 December 2023 CHF	31 December 2022 CHF
Accrued income	50,150	21,794
Other receivables	145,786	153,404
Prepayments	14,550	34,736
	210,486	209,934

7. Technical Provisions

No risk has been ceded to reinsurers and the provisions shown are entirely for the Branch's own account.

	Technical provisions (gross)		Reinsurers' share		Technical provisions written (net)	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Unearned premium reserve	-	-	-	-	-	-
Loss reserves	-	-	-	-	-	-
Other technical provisions	-	-	-	-	-	-
Actuarial reserves	17,123,281	19,492,180	-	-	17,123,281	19,492,180
Provision for policyholder	-	-	-	-	-	-
Total	17,123,281	19,492,180	-	-	17,123,281	19,492,180

8. Technical Provisions for unit linked business

No risk has been ceded to reinsurers and the provisions shown are entirely for the Branch's own account.

	Technical provisions (gross)		Reinsurers' share		Technical provisions written (net)	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Unearned premium reserve	-	-	-	-	-	-
Loss reserves	-	-	-	-	-	-
Other technical provisions	-	-	-	-	-	-
Actuarial reserves	120,926,082	123,833,970	-	-	120,926,082	123,833,970
Provision for policyholder	-	-	-	-	-	-
Total	120,926,082	123,833,970	-	-	120,926,082	123,833,970

9. Insurance payables

	31 December 2023 CHF	31 December 2022 CHF
Policyholder	1,396,877	512,450
Agents and brokers	226,430	186,315
	1,623,307	698,765

10. Other liabilities

	31 December 2023 CHF	31 December 2022 CHF
Accrued operating expenses	215,338	287,049
Unsettled trades	110,229	236,259
Tax payable	513,546	1,114,173
VAT	39,347	39,150
Other payables	280,938	50,872
	1,159,398	1,727,503

11. Head Office Account

Liaison account with parent company

	31 December 2023 CHF	31 December 2022 CHF
Regulatory minimum capital requirements		
Organisation fund (VAG) ^A	3,000,000	3,000,000
Security deposit account (FINMA) ^B	600,000	600,000
	<u>3,600,000</u>	<u>3,600,000</u>
Contribution Head Office to the Branch		
Contributions Head Office brought forward	25,427,599	23,974,313
Cash contribution during the year	611,929	738,601
Non-cash contributions during the year ^C	883,988	206,247
Head Office cost recharge	510,994	508,438
	<u>27,434,510</u>	<u>25,427,599</u>
Profit/Losses of the Branch		
Profit brought forward ^D	4,390,078	
Current year profit	1,983,555	4,390,078
	<u>6,373,633</u>	<u>4,390,078</u>

- A. In addition to the capital, an insurance undertaking must have an organisational fund to cover in particular the costs of establishment and development or an exceptional expansion of business (ISO Art. 10).
- B. Foreign insurance undertaking shall deposit assets as a security deposit of at least CHF 600,000 for the operation of the insurance classes A1-A6 (FINMA-ISO Art. 5b).
- C. Expenses paid by head office on behalf of the Branch and treated as a capital contribution.
- D. The change in reporting occurred for the first time on 31.12.2023, and therefore information for the period before 31.12.2022 is not reported.

12. Audit fees

	31 December 2023 CHF	31 December 2022 CHF
Audit services to incumbent audit firm	180,094	203,627
	<u>180,094</u>	<u>203,627</u>

All audit fees are recognised in acquisition and administrative expenses on the income statement.

13. Personnel expenses

	31 December 2023 CHF	31 December 2022 CHF
Wages, salaries and staff benefits	215,692	242,133
Employer's defined contribution payments	34,188	40,316
	<u>249,880</u>	<u>282,449</u>

All personnel expenses are recognised in administrative expenses on the income statement.

14. Gross premiums written

	31 December 2023 CHF	31 December 2022 CHF
Gross premiums written	9,479,470	11,279,497
Total gross premiums written	<u>9,479,470</u>	<u>11,279,497</u>

15. Gross claims and expenses paid to policyholders

	31 December 2023 CHF	31 December 2022 CHF
Gross surrenders paid	15,843,533	8,368,094
Total gross claims and expenses paid	<u>15,843,533</u>	<u>8,368,094</u>

16. Change in Technical Provisions

No risk has been ceded to reinsurers and the provisions shown are entirely for the Branch's own account.

	Technical provisions (gross)		Reinsurers' share		Technical provisions written (net)	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Unearned premium reserve	-	-	-	-	-	-
Loss reserves	-	-	-	-	-	-
Other technical provisions	-	-	-	-	-	-
Actuarial reserves	(2,368,899)	(13,227,382)	-	-	(2,368,899)	(13,227,382)
Provision for policyholder	-	-	-	-	-	-
Provision for surplus funds	-	-	-	-	-	-
Total	(2,368,899)	(13,227,382)	-	-	(2,368,899)	(13,227,382)

17. Change in Technical Provisions for unit linked business

No risk has been ceded to reinsurers and the provisions shown are entirely for the Branch's own account.

	Technical provisions (gross)		Reinsurers' share		Technical provisions written (net)	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Unearned premium reserve	-	-	-	-	-	-
Loss reserves	-	-	-	-	-	-
Other technical provisions	-	-	-	-	-	-
Actuarial reserves	(2,907,888)	(25,235,533)	-	-	(2,907,888)	(25,235,533)
Provision for policyholder	-	-	-	-	-	-
Provision for surplus funds	-	-	-	-	-	-
Total	(2,907,888)	(25,235,533)	-	-	(2,907,888)	(25,235,533)

18. Acquisition costs and administrative expenses

	31 December 2023 CHF	31 December 2022 CHF
Acquisition costs	432,753	492,042
Head office expenses allocated to the Branch	510,994	508,438
Administrative expenses	701,975	811,851
Total acquisition costs and administrative expenses	1,645,722	1,812,331

19. Income from investments

2023	Income CHF	Unrealised gains CHF	Realised gains CHF	Total CHF
Income from Investments	98,296	1,012,318	368,438	1,479,052
	98,296	1,012,318	368,438	1,479,052
2022	Income CHF	Unrealised gains CHF	Realised gains CHF	Total CHF
Income from Investments - fixed interest securities	75,195	31,674	-	106,869
Movement in change in valuation - market value to amortised cost - Fixed income and debt securities	-	18,500	-	18,500
	75,195	50,174	-	125,369

20. Expenses from investments

2023	Expenses CHF	Unrealised losses CHF	Realised losses CHF	Total CHF
Expenses from Investments - Fixed income and debt securities	-	-	(467,354)	(467,354)
Movement in change in valuation - market value to amortised cost - Fixed income and debt securities	-	(15,793)	-	(15,793)
	<u>-</u>	<u>(15,793)</u>	<u>(467,354)</u>	<u>(483,147)</u>
2022	Expenses CHF	Unrealised (losses) CHF	Realised (losses) CHF	Total CHF
Expenses from Investments - Fixed income and debt securities	-	(1,122,730)	(145,464)	(1,268,194)
	<u>-</u>	<u>(1,122,730)</u>	<u>(145,464)</u>	<u>(1,268,194)</u>

21. Capital and interest gains from unit-linked business

2023	Income CHF	Unrealised gains CHF	Realised gains CHF	Total CHF
Capital and interest gains from unit linked business	350,855	14,487,266	2,397,945	17,236,066
	<u>350,855</u>	<u>14,487,266</u>	<u>2,397,945</u>	<u>17,236,066</u>
2022	Income/ (Expenses) CHF	Unrealised gains/(losses) CHF	Realised gains/ (losses) CHF	Total CHF
Capital and interest gains from unit linked business	(298,215)	(273,445)	(958,320)	(1,529,980)
	<u>(298,215)</u>	<u>(273,445)</u>	<u>(958,320)</u>	<u>(1,529,980)</u>

22. Capital and interest losses from unit linked business

2023	Expenses CHF	Unrealised losses CHF	Realised losses CHF	Total CHF
Capital and interest expenses from unit linked business	-	(1,684,495)	(420,863)	(2,105,358)
	<u>-</u>	<u>(1,684,495)</u>	<u>(420,863)</u>	<u>(2,105,358)</u>

2022	Expenses CHF	Unrealised losses CHF	Realised losses CHF	Total CHF
Capital and interest expenses from unit linked business	-	(25,235,533)	-	(25,235,533)
	<u>-</u>	<u>(25,235,533)</u>	<u>-</u>	<u>(25,235,533)</u>

23. Other Income

	31 December 2023 CHF	31 December 2022 CHF
FX revaluation gain	-	390
Interest income	72,599	34,312
Fee and commission income	1,681,277	1,758,566
	<u>1,753,876</u>	<u>1,793,268</u>

24. Other expenses

	31 December 2023 CHF	31 December 2022 CHF
FX revaluation loss	12,587,940	7,922,485
Administration and service charge	23,095	25,048
VAT expense	39,347	39,150
	<u>12,650,382</u>	<u>7,986,683</u>

No FX hedging is carried out within the Switzerland Branch where FX positions are matched at an overall Company level. Based on the level of capital for the branch, this can result in a significant FX revaluation gain or loss.

25. Taxes

The Branch has a profit before tax of CHF 2,497,109 (2022: CHF 5,460,234).

Income tax expense/ (credit) is as follows:

	31 December 2023	31 December 2022
	CHF	CHF
Income tax	485,516	1,017,563
Tax on equity	28,038	52,593
	<u>513,554</u>	<u>1,070,156</u>

There are no enacted Global Minimum Tax rules applicable in Switzerland that relate to Pillar 2 international minimum tax regime for the year ended 31 December 2023. The first applicable minimum tax ruling will be applicable as of 1 January 2024. The current effective tax rate in Switzerland was 19.44% (2022:18.64%) for the year ended 31 December 2023 and therefore the minimum requirement of 15% would have been met had the enacted legislation been in effect for 2023.

26. Residual amount of operating lease obligations

The future minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are payable as follows:

	31 December 2023	31 December 2022
	CHF	CHF
Not later than one year	21,600	-
Later than one year but not later than five years	86,400	-
	<u>108,000</u>	<u>-</u>

27. Full-time equivalents

The annual average number of full-time equivalent staff employed for the reporting year was 1.25 (2022: 1).

28. Events after the balance sheet date

No subsequent events have been identified which have a significant effect after the balance sheet date.