

# Financial Report

# 2021

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As at 31 December 2021



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## About the IAIS

The International Association of Insurance Supervisors (IAIS) is a voluntary membership organisation of insurance supervisors and regulators from more than 200 jurisdictions constituting 97% of the global insurance premiums. The mission of the IAIS is to promote effective and globally consistent supervision of the insurance industry in order to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders and to contribute to global financial stability.

The IAIS is the international standard-setting body responsible for developing principles, standards and other supporting material for the supervision of the insurance sector and assisting in their implementation. The IAIS also performs a forward-looking role in identifying key trends and developments that could reshape the business of insurance to support its members in addressing emerging risks and challenges. In addition, it provides a forum for members to share their experiences and understanding of insurance supervision and insurance markets.

The IAIS coordinates its work with other international financial policymakers and associations of supervisors. In particular, the IAIS is a member of the Financial Stability Board (FSB), member of the Standards Advisory Council of the International Accounting Standards Board (IASB) and partner in the Access to Insurance Initiative (A2ii). In recognition of its collective expertise, the IAIS also is routinely called upon by the G20 leaders and other international standard setting bodies for input on insurance issues as well as on issues related to the regulation and supervision of the global financial sector.

For more information visit [www.iaisweb.org](http://www.iaisweb.org) and read the [IAIS Year in Review 2021](#).

# Letter from the Executive Committee Chair



Victoria (Vicky) Saporta (UK, PRA)  
Chair, IAIS Executive Committee

## Welcome to the IAIS Financial Report 2021

Starting this year, the IAIS has separated the previous IAIS Annual Report into two publications: the IAIS Year in Review and the IAIS Financial Report. The IAIS Year in Review provides an overview of the work of our Association and is published earlier in the year to provide a more timely summary of our activities. The IAIS Financial Report contains the financial statements of the IAIS for the 12 months from January to December, as well as reports from the Chairs of the Budget Committee and Audit and Risk Committee.

Looking back at 2021, the achievements of the IAIS were plenty. I encourage readers to peruse our IAIS Year in Review 2021, published in May 2021, for more detailed information. We continued to make good progress on the ambitious goals set out in the 2020-2024 Strategic Plan, aided by excellent collaboration across our membership and with our many stakeholders.

Our work programme was focused on four key areas:

- Risk assessment and the maintenance of financial stability;
- Finalising post-crisis reforms;
- Implementation support and assessment; and
- Addressing the opportunities of accelerating trends in the insurance sector and beyond.

In terms of monitoring financial stability risks, the IAIS' Global Monitoring Exercise (GME) continued to demonstrate its value and versatility. 2021 saw the completion of the first full GME focused on emerging trends and potential systemic risk, utilising two years of data. With an integrated approach, the GME collects both individual insurer and sector-wide data and is then the subject of a detailed collective discussion amongst the IAIS Macroeprudential Committee and Executive Committee to assess potential systemic risks and appropriate supervisory responses. In 2021, the data showed that insurers remained operationally and financially resilient in the face of significant market movements and disrupted economic activity.

Following the collective discussion, the IAIS also shared a report with the Financial Stability Board and then published the outcomes for the general public in its 2021 Global Insurance Market Report (GIMAR).

The GME is part of the Holistic Framework for the assessment and mitigation of systemic risk in the global insurance sector (Holistic Framework). The Holistic Framework is a key post-financial crisis reform, which recognises that systemic risk may arise not only from the distress or disorderly failure of an individual insurer but also from the collective exposures and activities to insurers at a sector-wide level. This moves away from the previous binary approach where policy measures were applied only to a limited set of identified global systemically important institutions.

Additional features of the Holistic Framework include an integrated set of supervisory policy measures for macroprudential purposes and the assessment of comprehensive and consistent implementation of enhanced policy measures.

In 2021, the Holistic Framework entered its second year of implementation. We finalised several Application Papers to provide additional clarity and support the implementation of the new and enhanced Insurance Core Principles and ComFrame standards. We also made strides in the assessment of implementation of the Holistic Framework supervisory material through the Baseline Assessment and the start of more intensive Targeted Jurisdictional Assessments.

A second key post-crisis reform is the Insurance Capital Standard (ICS). The ICS aims to provide a globally comparable risk-based measure of capital adequacy of Internationally Active Insurance Groups and a common language to facilitate effective supervisory discussions of group solvency. The ICS marked an important milestone in 2021 with the launch of the second year of the five-year monitoring period. Participation and engagement from insurance groups worldwide remained strong, and we received valuable feedback from supervisors on the ICS. In parallel, progress continued on the comparability assessment project – an initiative that will ascertain whether the Aggregation Method being developed by the United States provides comparable outcomes to the ICS.

The IAIS' Strategic Plan 2020-2024 strongly emphasises supporting our members as they face emerging and accelerating trends. These include climate-related risks, digital innovation, cyber risk, conduct and culture and financial inclusion.

In 2021, a particular emphasis was given to helping supervisors in their understanding of and taking action to address climate-related risks. Climate change constitutes a critical challenge to our planet and societies. As such, it will fundamentally impact the insurance sector in all aspects of its business – both underwriting and investment – for decades to come. The IAIS is committed to accompanying its members in addressing that long-term challenge. Already a pioneer amongst standard setters, we undertook further work during 2021, from collecting data to quantify the impact of climate risks on the insurance

sector – the 2021 GIMAR Special Topic edition on the effect of climate change on insurers' investments was a first and important step in this direction – to publishing an Application Paper to help supervisors in their efforts to integrate a climate risk perspective into the supervision of the insurance sector. To further accelerate this work, we created the Climate Risk Steering Group to drive the IAIS' work on climate change.

Efforts and resources also increased to support other IAIS strategic themes. Recognising the importance of Diversity, Equity and Inclusion considerations to the objectives of insurance supervision and consequently to the Association's mission, the topic was added as a key strategic theme for the IAIS in 2021. In the area of financial inclusion and sustainable development, we continued our close collaboration with the Access to Insurance Initiative (A2ii), including work on the pandemic risk protection gap, completing a stocktake of initiatives underway in various regions. As a sign of its commitment to this theme, the IAIS is working closely with other partners to transition the A2ii to a more permanent and sustainable structure, both financially and organisationally, to preserve its unique value offering to our members, policymakers and the development community.

Our FinTech Forum continued its targeted surveillance activities of developments in digital innovation, while the Operational Resilience Task Force started preparation for supporting material on aspects of operational resilience most relevant to the insurance sector, with both groups planning to publish papers on their findings in 2022. We also maintained our focus on consumer outcomes, progressing work on key indicators of market conduct risk that will feed into a paper scheduled to be released in 2022.

Reflecting on the IAIS' work and achievements in 2021, I am pleased that as an Association, we have genuinely kept our focus on our core mission of protecting policyholders and maintaining global financial stability. I would like to thank our members and stakeholders for their commitment and contributions over the past year. Also, a heartfelt thank you to the IAIS Secretariat for your continued resilience and ability to deliver excellent support to our members despite the uncertainty and strain of the past few years. This hard work is the foundation on which we will continue to build our ambitious work plan.

# Letter from the Audit and Risk Committee Chair



**Clement Cheung (China, Hong Kong, HKIA)**  
Chair, IAIS Audit and Risk Committee

The Audit and Risk Committee (ARC) is responsible for establishing a risk management framework and internal control system, which keep risks within tolerance limits established by the Executive Committee. In addition, the ARC supports the Executive Committee by monitoring the effective implementation of the Association's strategies, reviewing the compliance of the Association's activities with internal procedures and applicable external regulations, and reviewing the financial reporting process, including through the oversight of the external auditor's activity.

During 2021, the ARC continued to oversee the main risks faced by the Association and the effectiveness of internal controls and management actions adopted by the Secretariat for their mitigation. To this end, the Committee periodically reviewed the Executive Dashboard and the Management Risk Report and engaged with the Secretariat to deliver challenge on risk assessment and mitigation.

Much of the ARC's focus related to managing the risks associated with challenges presented by Covid-19 work arrangements, namely human resources

and information technology risks. In addition, the Committee focused on completing revisions to the IAIS Risk Management Framework with a view to enhancing the framework's effectiveness and embedding risk management into the IAIS' operations. The updated Risk Management Framework was approved by the Executive Committee at the end of 2021 and the Secretariat has begun to operationalise the enhancements.

In cooperation with the Budget Committee, the ARC reviewed and monitored the Association's financial reporting process, which included reviewing the External Auditor's 2021 audit engagement plan, the Association's 2021 Financial Reports, and monitoring the external audit of the Association's accounts to ensure that this was appropriately handled and compliant with procedures. There are no material issues to report on with regard to the 2021 accounts.

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\*Clement Cheung was appointed as Chair of the Audit Risk Committee in November 2021 (succeeding Norio Hida (Japan, FSA)).

# Letter from the Budget Committee Chair



**Ryan Workman (USA, NAIC)**  
Chair, IAIS Budget Committee

The audited financial statements for 2021 show a surplus of CHF 464,508 compared with a budgeted net expenditure of CHF 55,898. The surplus was due largely to the Covid-19 pandemic and the associated global travel restrictions. All major meetings and events moved to a virtual format in 2021, resulting in decreased expenses for travel, regional seminars and training. Those savings were partially offset by increased expenses for employment costs, as well as upgrades to the IAIS website and IT tools.

During 2021, the Budget Committee closely followed the 2021 budget execution, established the 2022 budget on the basis of the Strategic Plan and Financial Outlook 2020-2024 and discussed the budgets for Annual Conferences and Global Seminars. In August, the triennial fee reclassification exercise was carried out as per the IAIS fee methodology. The outcome of this exercise saw a handful of members re-categorised to fee buckets which more appropriately reflect their jurisdictional characteristics (ie Gross Domestic Product per capita and insurance premiums). These changes were communicated to the relevant members and took effect from 2022.

The IAIS maintains a conservative investment policy, whereby funds are invested primarily in bank current and deposit accounts.

The IAIS greatly appreciates the ongoing support it receives from members whose contributions include grants or in-kind support, such as secondments of staff to the Secretariat. The IAIS is particularly grateful for the contributions and support provided during 2021 by the Bank for International Settlements, the China Banking and Insurance Regulatory Commission, the Financial Supervisory Commission (Chinese Taipei), the Financial Services Agency (Japan), and the Financial Supervisory Service (Republic of Korea).

The 2021 IAIS financial statements were prepared in accordance with Swiss law. They were audited by PricewaterhouseCoopers (PwC), which issued an unqualified audit opinion.

# Financial Statements

## Balance sheet

As at 31 December 2021  
(in Swiss francs)

	Note	2021	2020
<b>Assets</b>			
Cash and cash equivalents	6	10,138,229	8,825,291
Other short-term receivables	7	210,029	117,745
Prepaid expenses and accrued income		112,500	89,425
<b>Total current assets</b>		<b>10,460,758</b>	<b>9,032,461</b>
<b>Total assets</b>		<b>10,460,758</b>	<b>9,032,461</b>
<b>Liabilities and equity</b>			
Other short-term liabilities	8	-	-
Accrued expenses and deferred income	9	3,060,169	2,096,379
<b>Total liabilities</b>		<b>3,060,169</b>	<b>2,096,379</b>
Voluntary retained earnings			
Balance brought forward		6,936,082	6,056,894
Net result for year		464,508	879,188
<b>Total equity</b>		<b>7,400,590</b>	<b>6,936,082</b>
<b>Total liabilities and equity</b>		<b>10,460,758</b>	<b>9,032,461</b>

There were no movements in equity during the year other than those included in the Balance Sheet.

The accompanying notes form part of these financial statements.

# Income statement

For the year ended 31 December 2021  
(in Swiss francs)

	Note	2021	2020
<b>Operating income</b>			
Membership fees	3.1	7,472,000	7,082,161
Contributions received	3.2	2,000,000	2,000,000
<b>Total operating income</b>		<b>9,472,000</b>	<b>9,082,161</b>
<b>Operating expenses</b>			
Contributions	11	(1,071)	39,721
Staff costs	12	8,124,250	7,403,085
Other operating expenses	13	830,358	712,427
<b>Total operating expenses</b>		<b>8,953,537</b>	<b>8,155,233</b>
<b>Operating result</b>		<b>518,464</b>	<b>926,929</b>
Financial income		-	-
Financial expenses	14	(53,956)	(47,740)
<b>Net result for year</b>		<b>464,508</b>	<b>879,188</b>

Other than financial income and expenses included above, there was no non-operating income or expenses, no extraordinary items or significant adjustments in respect of prior periods.

The accompanying notes form part of these financial statements.



# Cash flow statement

For the year ended 31 December 2021  
(in Swiss francs)

	Note	2021	2020
<b>Net result for year</b>		<b>464,508</b>	<b>879,188</b>
Decrease/(increase) in other short-term receivables		(92,284)	121,619
Decrease/(increase) in prepaid expenses and accrued income		(23,075)	1,273
Increase/(decrease) in other current liabilities		-	(100,000)
Increase/(decrease) in accrued expenses and deferred income		963,790	(767,179)
<b>Cash inflow/(outflow) from operating activities</b>		<b>1,312,938</b>	<b>134,901</b>
<b>Cash inflow/(outflow) for financing activities</b>		<b>-</b>	<b>-</b>
<b>Cash inflow/(outflow) for investing activities</b>		<b>-</b>	<b>-</b>
<b>Change in cash and cash equivalents</b>		<b>1,312,938</b>	<b>134,901</b>
Cash and cash equivalents at beginning of year	6	8,825,291	8,690,390
Cash and cash equivalents at end of year	6	10,138,229	8,825,291
<b>Change in cash and cash equivalents</b>		<b>1,312,938</b>	<b>134,901</b>

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

Year ended 31 December 2021

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## 1. Nature of organisation

The International Association of Insurance Supervisors (“IAIS” or “the Association”) is an association established under Swiss Law. The Association is domiciled in Basel, Switzerland and receives fees from its Members worldwide.

The IAIS provides an independent forum for insurance supervisors to promote cooperation among its Members in carrying out their responsibilities. Its mission is to promote effective and globally consistent supervision of the insurance industry in order to develop and maintain fair, safe and stable insurance markets for the benefit and protection of policyholders, and to contribute to global financial stability.

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## 2. Key accounting principles

### 2.1 Statement of compliance

The financial statements have been prepared in accordance with the provisions of the Swiss Law on Accounting and Financial Reporting (32nd Title of the Swiss Code of Obligations) enacted on 23 December 2011 by the Federal Assembly of the Swiss Confederation, that became effective on 1 January 2013.

### 2.2 Scope of the financial statements

These financial statements contain all assets and liabilities that are controlled by the Association and in respect of which the economic benefits as well as the rights and obligations lie predominantly with the Association.

### 2.3 Basis of preparation

The financial statements have been prepared on a going concern basis. They have been prepared on the historical cost basis, and income and expense items are recorded on the accruals basis. All amounts disclosed in the financial statements have been rounded off to the nearest unit. The principal accounting policies are set out below.

### 2.4 Functional and presentation currency

The functional and presentation currency is the Swiss franc.

### 2.5 Cash and cash equivalents

Cash and cash equivalents comprise bank current and deposit accounts which are highly liquid and readily convertible to cash.

### 2.6 Provision for bad debts

Provisions are recognised as a charge to the Income Statement if the Association has concern over the recovery of outstanding receivables. The policy of the Association is to write-off membership fees that remain unpaid for two consecutive years, or upon confirmation of non-recovery if earlier, in accordance with its fee policy.

### 2.7 Withholding taxes

Interest income is reported net of withholding taxes and included as part of financial income.

# Notes to the Financial Statements

Year ended 31 December 2021

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## 3. Benefits received

### 3.1 Membership fees

The majority funding of the Association comes from membership fees paid by its Members who represent insurance regulators and supervisors in over 140 countries. As per the Association's by-laws, the annual fees payable by each Member are determined by the General Meeting based on the recommendation of the Executive Committee. The yearly recommended fees are calculated based on a methodology approved by the Members to support the activities of the Association.

### 3.2 Contributions received

The IAIS is hosted by the Bank for International Settlements (BIS). It benefits from various support provided by the BIS that includes the provision of meeting organisation services, administration, accounting, human resources, legal and other advisory services, office space and IT equipment, and one full-time technical administrator. The BIS also administers a staff pension scheme of which a number of IAIS staff are entitled to membership. The pension obligations lie with the BIS and the IAIS has no legal commitment for the payment of pension amounts to staff.

In 2019, the BIS and IAIS signed a new agreement covering the period of 2020-2024. Under this agreement, the BIS provides an annual financial contribution to the IAIS in the fixed amount of CHF 2,000,000 per annum.

The Association also benefits from Members' secondment of staff to its Secretariat. The total amount of these benefits does not form part of these financial statements.

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## 4. Third party contributions

The use of these funds is restricted as determined by agreements with the contributors.

### FSA Japan Grant

Funds are contributed annually to support the IAIS' activities and are held in a separate CHF-denominated bank account, on which there was a balance of CHF 162,596 as at 31 December 2021 (CHF 63,254 as at 31 December 2020). These funds are held outside the IAIS financial statements; all transactions are financially independent from the IAIS and the financial records are independently audited.

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## 5. Income taxes

The Association is exempt from Swiss income tax.

# Notes to the Financial Statements

Year ended 31 December 2021

6. Cash and cash equivalents	2021	2020
CHF Current accounts	3,161,336	1,830,007
CHF Short term savings accounts	6,976,893	6,995,284
	<b>10,138,229</b>	<b>8,825,291</b>

7. Other short-term receivables	2021	2020
Membership fees receivable	61,400	75,835
Other	187,529	106,210
	<b>248,929</b>	<b>182,045</b>
Less: provision for bad debts	(38,900)	(64,300)
	<b>210,029</b>	<b>117,745</b>

## Movement in provision for bad debts:

Charge to operating expenses:		
Provision made during the year	38,900	77,550
Amounts recovered in year	(5,000)	-
<b>Charge to operating expenses</b>	<b>33,900</b>	<b>77,550</b>

Movement in provision:		
Opening balance	64,300	13,250
Charge to operating expenses	33,900	77,550
Amounts written off in year	(59,300)	(26,500)
<b>Closing balance</b>	<b>38,900</b>	<b>64,300</b>

8. Other short-term liabilities	2021	2020
Contribution towards Annual Conference and General Meeting expenses (Note 10)	-	-
	-	-

# Notes to the Financial Statements

Year ended 31 December 2021

9. Accrued expenses and deferred income	2021	2020
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**Accrued expenses:**

Audit	10,000	10,000
Bank for International Settlements	1,285,739	475,854
Consultancy	34,850	24,080
Relocation	155,853	-
Seminars	22,660	64,205
Travel	7,317	1,260
Website & IT	45,000	42,270
Other	604,827	594,498

**Deferred income:**

Membership fees received in advance	893,923	884,212
	<b>3,060,169</b>	<b>2,096,379</b>

Amounts due to the Bank for International Settlements are in respect of staff costs and other operating expenses. All other accrued expenses relate to third parties.

10. Annual conference and general meeting	2021	2020
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Contribution towards Annual Conference and General Meeting expenses	-	-
	-	-

The Annual Conference fees and expenditure are the responsibility of the host. The host is also responsible for organising a General Meeting, the costs of which are borne by the IAIS. The IAIS sets aside in its annual budget a maximum amount of CHF 100,000 to cover the costs of the General Meeting and contribute towards costs related to the Annual Conference. Any net costs, after taking into account the IAIS contribution, are borne by the host.

No contributions were made towards the 2020 and 2021 Annual Conferences and Annual General Meetings as in-person IAIS events were suspended and switched to a virtual format. See also Note 16.

# Notes to the Financial Statements

Year ended 31 December 2021

<b>11. Contributions</b>	<b>2021</b>	<b>2020</b>
Annual Conference and General Meeting (Note 10)	-	-
Regional seminars	(1,071)	39,721
Global seminar	-	-
	<b>(1,071)</b>	<b>39,721</b>

The IAIS contributes up to CHF 60,000 towards the costs of the Global Seminar. Hosts of the Global Seminar may charge registration fees to stakeholder participants on a cost recovery basis. The collection of fees and expenditure incurred are the responsibility of the host. Any net loss, after taking into account the IAIS contribution, is borne by the host.

No contribution was made towards the 2020 and 2021 Global Seminars as in-person IAIS events were suspended and switched to a virtual format shortly after the start of 2020. Contributions to regional seminars also decreased significantly, representing seminars mostly undertaken in the first quarter of 2020. The amount for 2021 reflects a minor accounting adjustment resulting from a lower-than-expected contribution for a past seminar. See also Note 16.

<b>12. Staff costs</b>	<b>2021</b>	<b>2020</b>
Employment costs	7,831,073	7,304,826
Relocation	293,177	98,259
	<b>8,124,250</b>	<b>7,403,085</b>

The IAIS has on an annual average no more than 50 full time positions.

# Notes to the Financial Statements

Year ended 31 December 2021

<b>13. Other operating expenses</b>	<b>2021</b>	<b>2020</b>
Audit	9,693	10,027
Consultancy fees	205,159	72,187
Editing	19,115	14,436
FSI Connect licences	-	59,734
Information services	94,265	83,452
Insurance	129,233	100,732
Meeting expenses	24,313	30,976
Miscellaneous	4,494	1,800
Printing & documentation (incl. copies & postage)	10,070	(9,971)
Bad debts expense	33,900	77,550
Recruitment	-	1,688
Telephone & fax	(1,151)	-
Training	15,902	19,547
Travel	20,274	65,252
Website and IT	265,093	185,017
	<b>830,358</b>	<b>712,427</b>

The FSI Connect licenses expense occurs every two years and the benefits of the licenses lie with the recipient Members. The 2021 telephone & fax expense line reflects an amount the Association no longer expects to incur.

<b>14. Financial expenses</b>	<b>2021</b>	<b>2020</b>
Bank charges & custody fees	1,475	1,385
Bank interest	52,481	48,264
Foreign exchange loss/(gain)	-	(1,909)
	<b>53,956</b>	<b>47,740</b>

Bank interest represents negative interest rate charges on the Association's Swiss franc bank account balances.

# Notes to the Financial Statements

Year ended 31 December 2021

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## 15. Investment policy and risk management

The Budget Committee meets around four times a year and assesses the financial risks that could have an impact on the Association. The Secretariat monitors the day-to-day activities of the Association and provides regular reports to the Budget Committee.

The Association derives income primarily from membership fees. As a non-profit making organisation, it invests surplus income to fund future operations. Security of capital, represented by voluntary retained earnings, has a high priority within the investment policy, to ensure that the Association can continue as a going concern to support its activities for the foreseeable future.

As at 31 December 2021 the Association's investment in financial assets comprised banks current and deposit accounts.

### 15.1 Liquidity risk

The Association holds sufficient liquid funds to enable it to meet its liabilities as they fall due.

### 15.2 Foreign currency risk

The revenue and expenditure of the Association are predominantly received and paid in Swiss francs. To minimise the exposure of investments to foreign currency risk, investments are normally held in Swiss franc-denominated financial assets. The Association's cash and cash equivalents are also held in Swiss francs.

### 15.3 Credit Risk

The major source of funding for the Association is fees from Members. Members represent insurance regulators and supervisors from over 200 jurisdictions in more than 140 countries. Due to the nature of the Association's activities and broad membership, credit risk is considered to be low.

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## 16. Significant events in 2020-2021

At the start of 2020, with the spread of Covid-19 leading to a global pandemic, and the subsequent implementation of travel restrictions by governments worldwide, the IAIS took steps to safeguard the well-being of its Members, stakeholders and staff. As a result, IAIS in-person meetings were replaced with virtual meetings, leading to a significant decrease in expenses for 2020 and 2021. In terms of revenue, the impact was negligible.

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## 17. Significant events after the balance sheet date

There were no significant events between the balance sheet and the approval of these financial statement by the IAIS Executive Committee on 12 September 2022 which could impact the book value of assets and liabilities or which should be disclosed in these financial statements.



# Auditor's letter

## Report of the statutory auditor

to the General Meeting of International Association of  
Insurance Supervisors  
Basel

### Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of International Association of Insurance Supervisors, which comprise the balance sheet, income statement, cash flow statement and notes, for the year ended 31 December 2021.

#### Executive Committee's responsibility

The Executive Committee is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the by-laws. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Executive Committee is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the financial statements for the year ended 31 December 2021 comply with Swiss law and the by-laws.

### Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 69b paragraph 3 CC in connection with article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 69b paragraph 3 CC in connection with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Association Executive Committee.

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

PricewaterhouseCoopers AG



Ralph Maiocchi  
Audit expert  
Auditor in charge



Karen Schmitt  
Audit expert

Basel, 22 September 2022

Enclosure:

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





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