Liechtenstein Life

2022

Steadily on track for success

Annual Report of
Liechtenstein Life Assurance AG

Overview of key figures

In CHF thousand	2022	2021	2020
Gross premiums posted	**253,386**	**208,086**	**155,427**
of which recurring premiums	176,427	140,152	110,690
of which single premiums	76,959	67,933	44,738
APE (Annual Premium Equivalent)	**184,123**	**146,946**	**115,163**
Earnings after taxes	**9,421**	**8,170**	**6,445**
Balance sheet total	**783,862**	**732,389**	**561,262**
Client assets managed	**683,829**	**648,814**	**496,659**
Shareholders' equity	**45,830**	**38,909**	**33,239**

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1 Report of the Management Board

Review of the financial year of Liechtenstein Life Assurance AG

Operating figures

We are pleased to report on another successful financial year. We succeeded in increasing our profit after taxes by 15 % to CHF 9.4 million. It is particularly noteworthy that this is the sixth profit increase in a row.

Many other key figures also show strong growth. Another highlight is the 22 % increase in gross premiums written to over CHF 253 million, thus significantly exceeding the peak level of the 2021 financial year. As a result, the Annual Premium Equivalent (APE) also increased by 25 % to CHF 184 million.

The growth in the result and in gross premiums written is also due, among other things, to the strong new client business. In the financial year just ended, we succeeded in increasing the policies managed by 16,447 contracts, which corresponds to an increase of 22 %. We can now count 91,559 policies among our portfolio.

Client assets managed have not been quite as successful. After almost CHF 649 million at the end of 2021, client assets managed increased only minimally by 5 % to CHF 684 million, despite record gross premiums written. The reasons for this can easily be identified. On the one hand, the decline in the EUR–CHF exchange rate from 1.036 at the end of 2021 to 0.987 as at 31 December 2022 burdened the valuation of the capital investments held in euros. On the other hand, the capital investments we hold were not spared the sometimes sharp price declines on the global stock markets. In order to offer our clients the broadest possible selection of investment opportunities, we continue to work intensively on continuously expanding our fund universe – this year alone, we were able to expand the fund offering to over 470 funds by adding more than 100 investment funds.

In addition to good strategic orientation, our success is based in particular on our employees. We are proud of the strong commitment of our employees, who work together every day to ensure the meaningful and profitable growth of our company.

A new alliance

A year ago, we had the pleasure of informing you that the Portuguese insurance group Fidelidade – Companhia de Seguros, S.A. had secured control of the prosperity company Group by acquiring 70 % of the shares in our parent company on 31 January 2022.

We are pleased to inform you that despite some ongoing projects, the essential integration into the Portuguese insurance group has been successfully completed. In this respect, we look back on an intensive year, full of exciting discussions and new challenges that we were able to master together. We are proud to be a part of this insurance group steeped in history and look forward to shaping our successful future together.

References

[1] Swiss Re Institute, found on 5 January 2023 at https://www.swissre.com/dam/jcr:4500fe30-7d7b-4bc7-b217-085d7d87a35b/swiss-re-institute-sigma-4-2022.pdf

[2] Finanzen.net GmbH, found on 5 January 2023 at https://chwebapp-origin.finanzen.ch/index/historisch/msci-world/20.9.2020_31.12.2022

[3] Raiffeisenbank Zürich, found on 5 January 2023 at https://www.raiffeisen.ch/zuerich/de/firmenkunden/liquiditaetsmanagement/devisen/devisenmarkt/starker-schweizer-franken.html

Expansion of the product range

In Switzerland, we successfully launched a children's insurance in Pillar 3b. KOKON Life Junior is suitable for persons (insured providers) who want to make private provision for a dependent child through a medium-term capital investment. This also covers the premium exemption in the event of the death of the insured provider. Furthermore, the premium exemption can also be optionally included in the event of occupational disability. And finally, with the new children's insurance, there is also the option of insuring the insured child against invalidity.
On the German market, we can now offer a solution for occupational pension plans with KOKON business. KOKON business is a unit-linked direct insurance, with a wide range of funds to choose from. Any risk of loss can be reduced by including a premium guarantee. In the event of survival, the insured person receives a lifelong pension. If the insured person dies before the pension starts, the surviving dependants receive a death benefit.

Assessment of the business environment in the year 2022

Macroeconomic review

The rising inflation has to be mentioned as one of the most important developments of the past year. This is due, among other things, to the historically high levels of state support. Many governments stepped in to support the incomes of those who were barely able to sustain their livelihoods as a result of the coronavirus crisis. Furthermore, also as a result of the coronavirus pandemic, there were shortages in the supply of many goods and services, which changed consumer behaviour and led to a mismatch between supply and demand. In addition, there has been a sharp rise in the prices of energy and other basic commodities, with the war in Ukraine having a massive impact on the commodity markets in particular. Various sectors are disproportionately affected by inflation. This is especially true of the construction and automotive sectors. In these sectors, supply shortages of construction materials as well as computer chips and semiconductors have pushed prices to historically high levels and led to severe delivery delays.[1]

Financial markets also saw turbulence. A clear downward trend can be seen if the MSCI World Index is used as a benchmark. The peak for the year was already reached on the second trading day in January. After that, the markets had only one way to go – down. Despite phases of recovery in March, June and August, the low for the year in October 2022 could not be avoided. In mid-October, the MSCI World Index stood at 2,368 points, down 27 %. In the first 10 months of the year, the entire positive development between September 2020 and December 2021 was thus wiped out – the last time the MSCI World Index reached such a low level was at the end of September 2020. After a renewed phase of recovery in November, the MSCI World Index closed at 2,602 points, which corresponds to a negative performance of –20 % over the year.[2]

If we look at currency trends with a focus on the Swiss franc, increased volatility is also evident here. The Swiss franc is perceived as a safe currency and is therefore particularly in demand in times of crisis. Likewise, long-term average inflation in Switzerland is lower than abroad, which adds to the attractiveness of Swiss franc investments. Stable and sustainable financial policies also have a major influence on performance. Coupled with low government debt, these are all factors that keep confidence in the Swiss franc at a high level.[3]

Dynamically facing the future, Dr Aron Veress, CEO (left) and Michael Blank, CFO

While EUR 1 cost almost CHF 1.036 at the beginning of the year, its value fell to CHF 0.951 by the end of September, which corresponds to a decline of 8.4 %. In the last quarter, the exchange rate recovered slightly and was quoted at CHF 0.987 at the end of the year, which corresponds to an annual performance of –4.7 %.[1]
The development of the US dollar – also in comparison to the Swiss franc – tended in the opposite direction over the course of the year. Like the Swiss franc, the US dollar is often described as a safe haven. This fact, together with positive labour market reports and rising interest rates, gave the US dollar a fresh boost. With an opening rate of CHF 0.912 for USD 1, the exchange rate increased to over CHF 1 several times during the year – in May, June, October and November. The peak was reached at the beginning of November with CHF 1.015, which corresponded to an increase of 11.2 %. At the end of the year, the exchange rate stood at CHF 0.925, which corresponds to an annual performance of +1.4 %.[2]

Review of the insurance industry in our core markets

A vote was held in Switzerland in the autumn on stabilising the Federal Old Age and Survivors' Insurance (AHV) (AHV Reform 21). Both the People and the Cantons have accepted the reform and thus secured AHV funding until probably 2030. In addition to the amendment of the AHV Act, the federal resolution on additional AHV funding through an increase in value added tax was also adopted. The cornerstones of the two votes are an increase in the retirement age for women from 64 years to now 65 years and an increase in VAT rates, with the standard rate being raised from 7.7 % to 8.1 %.[3]

In August 2022, an amendment to the EU-wide Insurance Distribution Directive (IDD) was enacted. For insurance investment products, the previous assessment of "appropriateness" and "suitability" must now also include an assessment of "sustainability preference". This means that client-specific sustainability aspects must also be taken into account when advising on insurance investment products. The amended IDD is expected to lead to more money being channelled into investments that take sustainability aspects into account. The amendment is, therefore, another building block on the way to making Europe a climate-neutral continent.[4]

Another important cornerstone on the EU's path to becoming climate neutral by 2050 is the EU Taxonomy Regulation, which has been in force since 2022. This is a classification scheme that can be used to measure sustainability. It is possible to use the defined rules to determine whether economic activities are considered ecologically sustainable. The Regulation is intended to encourage investors to invest their money preferentially in environmentally and climate-friendly economic sectors. Six environmental goals were defined for this purpose, including climate protection, adapting to climate change or preventing pollution. Activities that make a significant contribution to one of the six environmental goals and at the same time do not cause harm to any other area are considered to be in line with the taxonomy and thus sustainable. The Regulation imposes new reporting obligations on companies. The business activities must be regularly checked for taxonomy conformity and further evidence must be provided as to the extent to which the economic activity is sustainable within the meaning of the Regulation. As a result of the new reporting obligations, the topic of sustainability is also becoming a key aspect of risk management.[5]

Outlook for the future

Economic outlook

There are a number of factors that suggest we will be in a hyperinflationary phase over the medium term. First, there is a noticeable shift away from globalisation. Companies are reshoring or nearshoring production facilities in order to counter the vulnerability of supply chain disruptions. These shifts will lead to less cost-efficient supply chains and create additional costs that will ultimately be passed on to customers. A second factor is the capital-intensive process towards sources of renewable energy. This transition will also lead to higher prices, as the costs of the inputs for the corresponding infrastructure and the change in production processes will have to be financed. Finally, it is important to take into account that central banks have become more tolerant of higher inflation. Especially during the pandemic years, central banks chose to stimulate the economy more than usual in exchange for greater stability in the labour market. But now that the Ukraine war is also pushing up the cost of living, interest rates are being raised to curb inflation.[6]

Added to this are growing fears of recession due to the appreciation of the US dollar. Despite high inflation, the US dollar appreciated significantly against other currencies in 2022. The effect on other economies has been currency devaluation combined with capital outflows and higher inflation when imports are priced in US dollars. This can be a delicate trade-off for the monetary policies of different economies. If continued US dollar strength forces emerging market central banks to raise interest rates to support their currencies, this could lead to a global recession that could eventually spill over into the USA.[7]

Many economies are already experiencing a slowdown in growth or even face shrinking economic output. The future development of the global economy depends, among other things, on the course of the war in Ukraine and the possibility of further coronavirus-related disruptions on the supply side, for example as a result of lockdowns. The normalisation of monetary and fiscal policies also plays a crucial role. While unprecedented support packages were put in place during the pandemic years, efforts are now being made to bring inflation back to target levels, which is cooling demand.

Global growth is expected to slow to 2.7 % in 2023, the weakest economic growth since 2001, along with the 2007 global financial crisis and the most difficult phases of the coronavirus pandemic. About one-third of the global economy recorded two consecutive quarters of negative growth in 2022. Following a sharp increase in 2022, global inflation is expected to moderate to 6.5 % in 2023 and 4.1 % in 2024, more or less back to the 2021 level.

Rarely has an economic outlook been dominated by so many uncertainties as in the current period. This is because monetary policy could miscalculate in choosing the right course to fight inflation. Further shocks in energy and food prices could prolong inflation. Production in Europe could also be affected in the long term by the stoppage of gas supplies from Russia. Alternatively, a worsening of the crisis in the Chinese real estate sector could spill over

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5 Dun & Bradstreet Austria GmbH, found on 5 January 2023 at https://www.dnb.com/de-at/wissen/blog/EU-Taxonomie-Mit-ESG-Daten-die-neuen-Anforderungen-erfuellen/
6 Swiss Re Institute, found on 5 January 2023 at https://www.swissre.com/dam/jcr:4500fe30-7d7b-4bc7-b217-085d7d87a35b/swiss-re-institute-sigma-4-2022.pdf
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into the European banking sector and weigh heavily on growth.

Countering these risks starts with staying the course to restore price stability from a monetary policy perspective. Early and aggressive tightening of monetary policy is key to combating rising inflation. In addition, measures must be taken to keep the increasing public debt under control in combination with lower growth as well as higher interest and borrowing costs. Reforms to improve productivity and economic capacity would ease supply bottlenecks and thus also help monetary policy fight inflation. It is time to take the right measures to ensure that the increase in economic prosperity of the last 30 years is not wiped out. [1]

Outlook for the insurance industry in our core markets

In addition to AHV Reform 21, which was approved by Swiss voters in autumn, efforts are also under way to reform occupational pension provision, which corresponds to Pillar 2 in the Swiss pension system. With the Occupational Pensions Act (OPA) Reform 21, pensions in Pillar 2 are also to be secured, financing strengthened and the coverage of part-time employees improved. The reduction of the conversion rate, which defines the annual OPA pension from the retirement assets in the pension fund, is intended to ensure long-term financing. In addition, there is a reduction in the coordination offset, which means that insured persons with lower wages in particular will receive better social security. Other components of the reform are pension supplements to maintain the benefit level and the adjustment of retirement credits to reduce the contribution differences between younger and older insured persons.[2]

Since 1 January 2018, the so-called Packaged Retail and Insurance-based Investment Products (PRIIPs) Regulation has stipulated that a Key Information Document (KID) must be prepared for packaged investment products and insurance investment products in accordance with standard rules. This KID is intended to help retail investors understand and compare the basic features and risks of these products.[3]

Alternative investment funds and so-called Undertakings for the Collective Investment in Transferable Securities (UCITS) investment funds, which may only invest in legally defined types of securities within prescribed limits, were previously exempt from this. An exception was made for these asset classes, and the previous Key Investor Information Document (KIID) was deemed sufficient for a transition period.[4]

The EU Commission decided in the summer of 2022 that this exemption would expire and that the aforementioned KIDs would also have to be applied to the previously exempted asset classes as of 1 January 2023, as they are more helpful for private investors due to a simpler and more user-friendly format and better support them in their decision-making process.[5]

Insurance companies are particularly affected by these new requirements if they offer their own strategies in their investment universe, with the insurance company acting as asset manager. KIID becomes KID – insurance companies affected by this must adapt their investor information so that it complies with the new regulations.

Outlook for Liechtenstein Life Assurance AG

As mentioned at the beginning, we now have a considerable number of clients among our insurance portfolio. Acquiring new clients is an important first step towards growth and profitability. But the overall objective is to retain our clients in the long term and thus minimise the number of lost and departing clients. Long-term client loyalty, on the other hand, can only be achieved through a very high level of client satisfaction. In order to further increase client satisfaction and loyalty, a dedicated team was set up in the Operations department. Digital transparency helps clients to understand our insurance products better. Furthermore, we would like to be able to offer individual solutions for policyholders whose life situation has changed. And finally, it is important to create new opportunities for policyholders whose insurance contract

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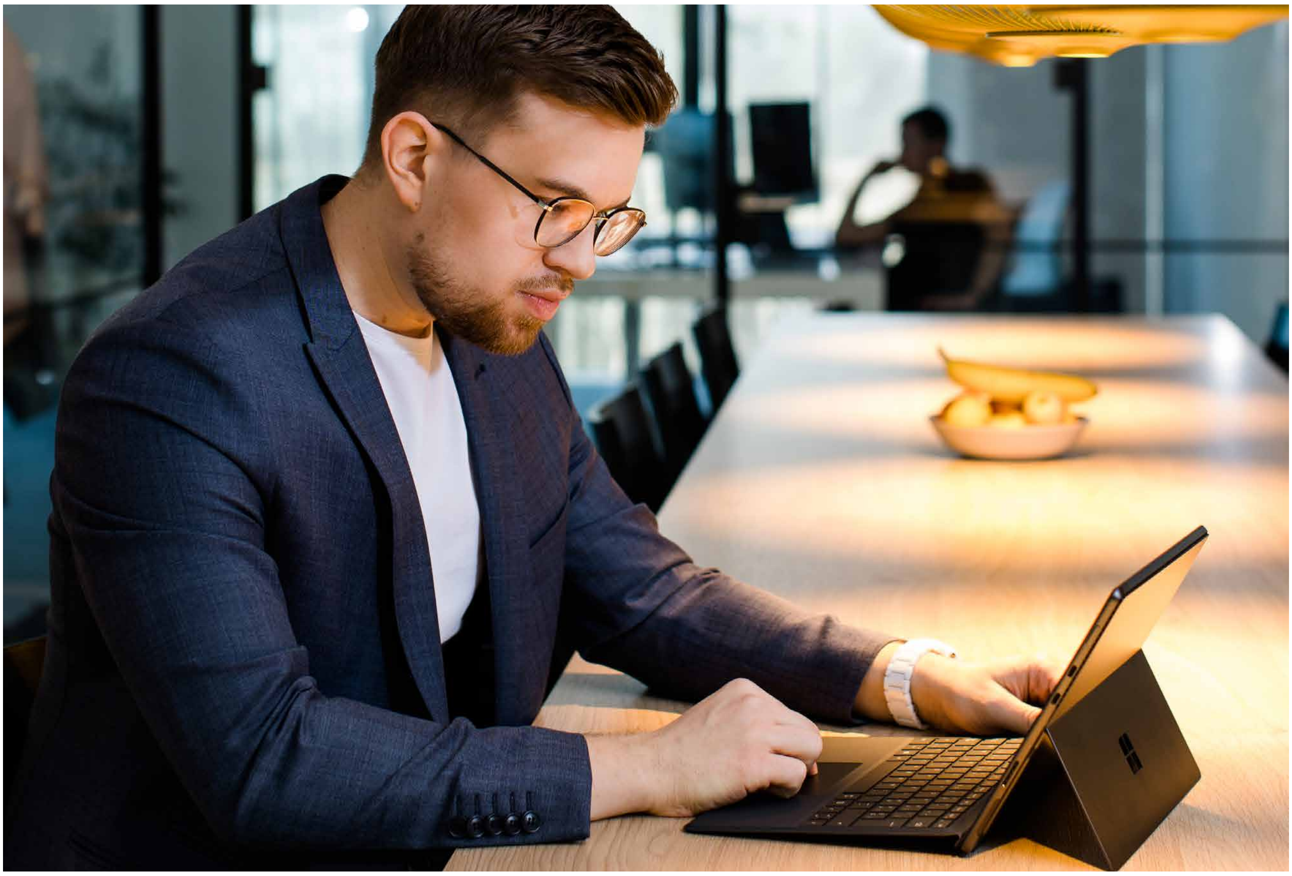


has normally expired. With these new measures, we will be able to grow sustainably and continue to provide optimal support to existing clients facing changing life situations.
As a sustainable insurer, however, we not only want to focus on client needs, but also do our part to contribute to the ecological transformation. In doing so, we must not only deal with sustainability risks, but also want to contribute to a sustainable and better world as an investor. Demand for sustainable investments has increased permanently in recent years. The regulatory changes regarding IDD and the EU Taxonomy Regulation will further strengthen this trend. We are well prepared to support this trend with our existing range of sustainable insurance solutions, which will be further expanded.

After years of low interest rates, we have been facing rising interest rates again since 2022. At first glance, this is a reason to be happy – a higher return can be earned again even with low-risk fixed-income investment products. But inflation has surged more than interest rates in many countries in recent months. However, interest rates, which remain at a moderate level, coupled with high inflation can lead to negative real interest rates – making financial provisions in times of high inflation is truly difficult. In contrast to traditional life insurance policies with guaranteed interest, our clients have the option of investing their pension money indirectly in tangible assets such as real estate, precious metals or shares through fund investments, which offer better protection against inflation. With cost-effective and transparent insurance solutions and the further expansion of our range of funds, we want to support our clients in a systematic and sustainable manner in building up their financial security in this difficult economic environment.

We look back on a year with many positive events and just as many new challenges that had to be overcome. We are looking forward to an exciting new financial year and are well prepared to consistently pursue our promising path together with our Group companies and all employees, even in this difficult market environment, in order to achieve our financial targets in terms of profitability, operational efficiency and sound capitalisation.

Focusing on opportunities
Dr Aron Veress, CEO (left) and Michael Blank, CFO

2 Report of the Board of Directors

In the 2022 financial year the Board of Directors undertook the tasks imposed upon it by law, the Articles of Association of the company and the Organisation Regulations. They determined the basic guidelines for business activities and led the company. The Board of Directors also advised the Management Board and supervised the implementation of the defined strategy by the Management Board.

Personnel changes on the Board of Directors
The acquisition of the majority stake in the prosperity company Group by Fidelidade also led to some personnel changes on the Board of Directors of Liechtenstein Life Assurance AG in the 2022 financial year. Miguel Barroso Abecasis, Luís Jaime Marques and Wei Sun, representing Fidelidade, together with Reto Näscher and Christoper Böckle, now form the company's five-member superior organ.

Subjects dealt with in the Board of Directors
The Board of Directors discussed and passed resolutions on business policy, relevant aspects of corporate development and the economic situation of the company in all meetings of the financial year. In this regard, the Management Board reported regularly, promptly and comprehensively to the Board of Directors. The oral reports at the meetings were prepared with written documents that were sent to each Board of Directors member in advance.
The Management Board updated the Board of Directors in five ordinary meetings about sales developments and addressed business performance and current developments. Furthermore, the Management Board reported to the Board of Directors on the financial and capital situation as well as the risk management of the company and provided information regarding measures to expand and ensure product quality, cost efficiency and also with regard to the general situation of the company. The Board of Directors was also informed by the Management Board of other Group companies on cross-Group topics.

Work in the committees of the Board of Directors
In order to perform its duties efficiently, the Board of Directors has set up five permanent committees to analyse the respective subject areas for the entire Board of Directors and prepare the deliberations and resolutions of the entire Board of Directors or pass resolutions themselves.

These five committees are:

- Compliance Committee
- Audit Committee
- Risk Committee
- Remuneration Committee
- Investments Committee

In 2022, the committees dealt primarily with the following subjects:

- Identification and analysis of the primary risks, together with the management of these risks
- Checking and approval of the annual financial statements for the attention of the General Meeting
- Personnel issues
- Review of capital investment guidelines, as well as sustainable capital investments
- Expansion of the Cyber Risk Security strategy
- Four-year planning for 2023–2026
- Impact of interest-rate increases on business activities

The Board of Directors was involved in all major decisions at an early stage. The Board of Directors discussed in detail all business transactions of importance to the company on the basis of reports from the committees and the Management Board, and contributed its own ideas. In particular, the Board of Directors played a crucial role in helping to set the strategic and personnel focus for Liechtenstein Life Assurance AG.

The auditors Ernst & Young AG Zurich audited the annual financial statements of Liechtenstein Life Assurance AG and issued an unqualified audit opinion.

The Board of Directors expresses its special gratitude to all employees of Liechtenstein Life Assurance AG for their great personal commitment in the past financial year. The extraordinary performance of all employees contributed to another strong financial year for the company.

Board of Directors and Management Board

Board of Directors

Miguel Barroso Abecasis
Chairman of the Board of Directors (since 20.05.2022)

Reto Mathias Näscher
Vice-Chair of the Board of Directors

Luís Jaime Marques
Member of the Board of Directors (since 01.02.2022)

Christoph Böckle
Member of the Board of Directors (since 20.05.2022)

Wei Sun
Member of the Board of Directors (since 24.08.2022)

Gilles Meyer
Chairman of the Board of Directors (until 31.01.2022)
Member of the Board of Directors (01.02.2022 to 20.05.2022)

André Simões Cardoso
Chairman of the Board of Directors
(01.02.2022 to 19.05.2022)

António Diogo Carreira da Cunha Belo Santos
Member of the Board of Directors
(01.02.2022 to 29.03.2022)

Dr Stefan Debortoli
Member of the Board of Directors (until 31.01.2022)

Prof. Dr Marco Josef Menichetti
Member of the Board of Directors (until 31.01.2022)

Dr Rolf Nebel
Member of the Board of Directors (until 31.01.2022)

Dr Franz Josef Kaltenbach
Member of the Board of Directors (until 31.01.2022)

Board of Directors Committees

Investments Committee
Wei Sun
Reto Mathias Näscher
Christoph Böckle

Compliance Committee
Wei Sun
Reto Mathias Näscher
Christoph Böckle

Remuneration Committee
Miguel Barroso Abecasis
Reto Mathias Näscher
Christoph Böckle

Audit Committee
Luís Jaime Marques
Reto Mathias Näscher
Christoph Böckle

Risk Committee
Luís Jaime Marques
Reto Mathias Näscher
Christoph Böckle

Management Board

Dr Aron Veress
Chief Executive Officer

Michael Blank, Actuary DAV
Chief Financial Officer

Gordon Diehr, MBA (until 01.05.2022)
Chief Operations Officer

Appointed Actuary

Rebekka Schreiber, Actuary DAV, CERA

Auditors

Ernst & Young AG
Maagplatz 1, 8010 Zurich

“Even in challenging times, we are well prepared to consistently pursue our path to success together with our partner companies, employees and clients.”

– Dr Aron Veress, CEO

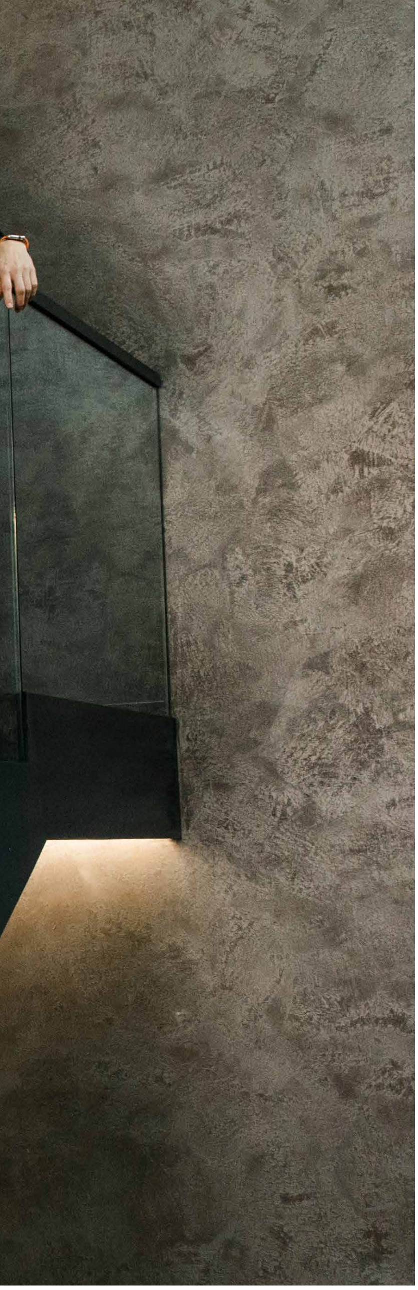
3 Focus on people

Working together to achieve great things

"Great things in business are never done by one person, they are done by a team of people," said Steve Jobs. The success of a company is the result of the contribution of each individual. Liechtenstein Life relies on high-performance teams. This year, too, we welcomed new colleagues and thus set the course for even more growth.

Jobs with a future – that is the claim of Liechtenstein Life. As an attractive employer in the region, the company promotes the professional competencies and soft skills of its employees. The aim is comprehensive further development, which, in addition to professional qualifications, also favours character traits such as respectful communication and solution-oriented perspectives.

Our employees are the heart of our company. It is only with their help that ambitious goals can be achieved. In 2022, the recruiting process was therefore continuously optimised and the employee experience improved. New and expanded framework conditions are intended to promote and strengthen performance and a positive team spirit within the company. Learning initiatives and exchange opportunities between individual teams and positions are proven examples of this.



The Liechtenstein Life team
bottom left to top: Dr Aron Veress (CEO), Thomas Oster (Head of Operations), Martin Bringmann (Head of Digital Business), Silvan Huber (Head of Risk Management), Rebekka Schreiber (Appointed Actuary), Patrick Bischofberger (Head of Accounting & Finance), Dr Helene Köhle (Head of Product & Actuarial Services), Michael Blank (CFO), Thomas Bachmann (Head of Investments), Dr Florian Wolf (Compliance Officer)

> “For me, ‘leadership’ means approaching tasks with positive energy and enthusiasm. This sets an example and motivates the team.”
>
> – Patrick Bischofberger, Head of Accounting & Finance

Securing prosperity by working together

The focus in the Human Resources department in 2023 will be on the further development of the People & Culture Strategy. To offer clients a positive client experience, it is essential to create a motivating and inspiring work environment for employees.

Liechtenstein Life is committed to this and invests in its employees. They are to feel comfortable and be able to contribute their potential and commitment enthusiastically and passionately. This creates overall well-being – from the inside out. Prosperity for our clients stems from the team spirit of Liechtenstein Life.

Key figures 2022

Employees	55
Nationalities	19
Female	47 %
Male	53 %
Average age	36
Languages spoken	12

4 High standards in cybersecurity

Cybersecurity plays a central role at Liechtenstein Life. The increasing threat situation as well as increased regulatory requirements demand maximum protection for clients, partners and employees. That is why Liechtenstein Life invests specifically in high security standards. Brian Meusburger (Senior System Engineer) explains this in the following interview.

What preventive measures and improvements have been implemented this year?
Brian Meusburger: The issue of cybersecurity took centre stage this year. Many improvements were implemented in the process. The first priority is to protect identities (accounts) and data. Accordingly, a central identity provider (IdP) and phishing-resistant two-factor authentication were implemented. Particularly sensitive data, such as client data, are thus optimally protected. We also expand this protection to cloud apps by means of single sign-on. This allows us to apply our high security standards for authentication to third-party systems as well. In addition, all workstations have secure basic configurations, combined with a comprehensive update of the e-mail infrastructure.

Our IdP can detect risky logins. For example, if employees access their data today in Liechtenstein and a few hours later from another country, they are asked to authenticate again.

Attacks are often enabled via privileged administrator accounts – how does Liechtenstein Life protect itself against this?
Brian Meusburger: Administrators generally have en-

hanced rights. As a result, stricter rules have been set for the personal and administrative accounts of the administrators. In this way, administrative activities can be performed exclusively from special workstations. However, in the age of mobile working, this is not a sufficient guarantee of security. Tighter basic configurations for such workstations are needed as well. In the event of minimally suspicious actions, these workstations are immediately flagged and lose all access authorisation. From this point on, such a flag can be removed only by another administrator.

> "The milestones for the year 2022 were implemented and even exceeded."

Most attacks are launched through phishing. How does Liechtenstein Life prevent this attack vector?
Brian Meusburger: We tackle the problem of phishing in two ways: employee training and technical measures. The training of employees is key. We worked intensively on concepts this year and started with phishing simulations, among other things. These are designed to train our employees to recognise phishing on their own. At the same time, this heightens everyone's vigilance.

The supporting technical measures include automatic filters, messages to users, highlighting of potential indicators, as well as more complex measures such as sandboxing of e-mails. This is the automated scanning and execution of content in e-mails or the automatic removal of e-mails that have been identified as malicious after delivery to a mailbox.

Brian Meusburger has been working as a Senior System Engineer at Liechtenstein Life Assurance AG since September 2021 and is responsible for the System Engineering team. With extensive experience in cloud administration and design, he continuously improves the reliability and security of IT systems. One of his most significant milestones at Liechtenstein Life Assurance AG was the successful set-up of the cloud infrastructure, as well as the successful implementation and deployment of a comprehensive Microsoft 365 project.

Suppose an attack succeeds nevertheless. How does Liechtenstein Life go about it?
Brian Meusburger: By using clearly defined procedures, the damage is limited as it happens, and to a large extent also automatically. Within a very short time, the identified endpoints are neutralised and the relevant authorities are contacted. Specific measures are then deployed after a detailed damage analysis.

How do you personally rate the security of Liechtenstein Life after the improvements? What optimisations are you planning for the coming year?
Brian Meusburger: At the moment, I am sure that we have a very good starting position. The milestones for the year 2022 were implemented and even exceeded. We are continuously improving standards and remain open to rethinking existing systems. The granular tracking of suspicious activities also protects us in an emergency. It also provides us with insight and knowledge that is valuable in terms of prevention.

Liechtenstein Life's aim is to further expand zero-trust principles and raise employee awareness even more. ◆

5 Business performance

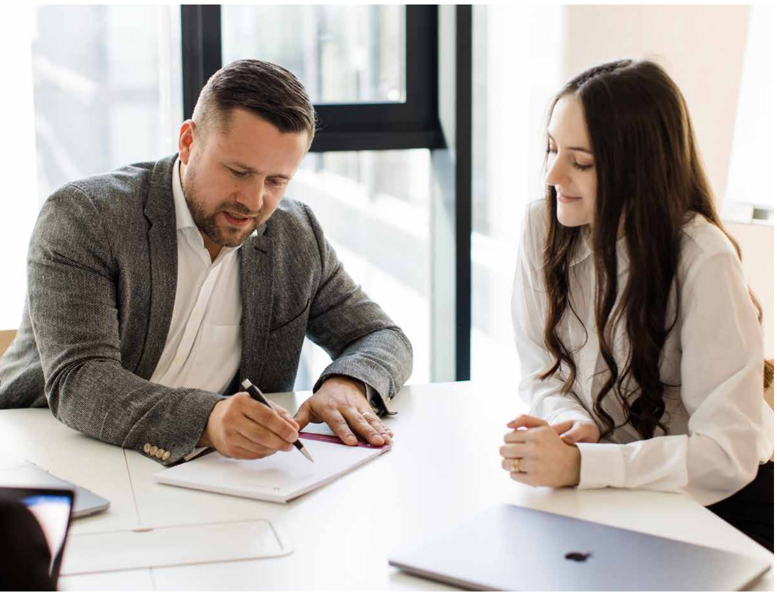
Development of the insurance portfolio

Periodic gross premiums rose to CHF 176,427 thousand, predominantly due to the development of new business in the 2022 reporting period. This equates to an increase of 26 % compared with the previous year. The APE totalled CHF 184,123 thousand in the 2022 financial year, up 25 % on the previous year.

Capital

Our need for capital and liquid funds is strongly influenced by the growth in our insurance portfolio and by our business model.

The capitalisation required by Liechtenstein Life Assurance AG is derived from the legal provisions laid down by the Liechtenstein Insurance Supervision Act. In addition to the minimum capital level, a minimum solvency margin is also prescribed by law. The funds that are to be set aside as own funds to cover the legal supervisory requirement for the solvency margin are likewise prescribed with an equal degree of precision.



Share capital

As of 31 December 2022, our subscribed share capital amounted to CHF 20 million (previous year: CHF 20 million). The subscribed share capital of Liechtenstein Life Assurance AG was made up of two million registered shares with a nominal value of CHF 10 each.

Expenses for acquisition and administration

Acquisition expenses

The acquisition expenses in the reporting period were CHF 83,058 thousand (previous year: CHF 70,498 thousand).

Administration expenses

Total administration expenses amounted to CHF 9,465 thousand (previous year: CHF 8,305 thousand).

Profit after taxes

Profit after taxes amounted to CHF 9,421 thousand (previous year: CHF 8,170 thousand).

Key balance sheet figures for Liechtenstein Life Assurance AG

Balance sheet total

The balance sheet total amounted to CHF 783,862 thousand in the reporting year (previous year: CHF 732,389 thousand) and therefore rose by 7 %.

Assets

At 87 %, the largest proportion of Liechtenstein Life Assurance AG's assets is formed by the capital investments which are invested for the account and at the risk of clients. These capital investments amounted to CHF 683,829 thousand as of 31 December 2022. This item had totalled CHF 648,814 thousand in the previous year. This represents an increase of 5 %.

Capital investments administered

The capital investments administered by Liechtenstein Life Assurance AG include own capital investments and the capital investments of the unit-linked insurance products, which are invested for the account and risk of the insurance policyholders in investment funds and other capital investments. Liechtenstein Life Assurance AG was administering a total of CHF 695,175 thousand (previous year: CHF 649,469 thousand) at the reporting date. This represents an increase of 7 %.

Equity and liabilities

The underwriting (technical) provisions for life insurance contracts where the investment risk is borne by the insurance policyholders increased from CHF 624,272 thousand in 2021 to CHF 657,276 thousand in 2022. This represents an increase of 5 %.

Our employees

The employees of Liechtenstein Life Assurance AG are very interested in playing an active role in the success of the company. Flexibility, organisational and work culture, communication, competence and sustainability emerged as focal points in the employee survey 2022. We will continue to work on these issues to promote the well-being of our employees.

Flexibility and digitalisation

The 2022 financial year was again marked by strong growth and maximum flexibility with location-independent working. With our "Remote Work" model, we create a work environment that fosters innovation, personal responsibility and digital working. In the coming year, we will put a lot of effort into the issue of split payroll in order to further increase our attractiveness as an employer for foreign employees.

> "We are a highly motivated, well-balanced and dynamic team that is open to change, supports each other and thus makes the company's success possible in the first place."
>
> – Silvan Huber, Head of Risk Management

Further training as a factor for success

Liechtenstein Life Assurance AG considers and promotes the development of professional, personal and interpersonal competencies within the framework of the newly developed annual feedback discussion and actively incorporates them into the further development of Liechtenstein Life Assurance AG. Our responsibility is to qualify and empower our employees for the challenges of the international insurance business. To this end, Liechtenstein Life Assurance AG offers employees internal and external training as well as coaching in order to create the best framework conditions for a highly qualified and shared culture.

Changes in personnel

Another task of human resources management in this context was to consolidate and expand the successful track record with highly qualified and motivated employees. We can be found through targeted advertising on our website and on various job portals. We succeeded in receiving many times more qualified applications for the advertised positions through attractive and authentic applications and a very personal application process.

The development and satisfaction of our employees remains our top priority. As an internationally operating company, we are aware that we can consolidate and expand our position in the international insurance market only if we invest in the development of our employees in a sustainable manner.

Numbers and facts

Liechtenstein Life Assurance AG employed 55 members of staff in 2022 (previous year: 48 employees).

Thanks!

A big thank you goes to all our staff who have shown total commitment and dedication in this dynamic year marked by pandemic and economic uncertainties. Together we have made it possible that we can once again look back on a very successful year.

Risk management and risks for future development

Within the framework of business management, Liechtenstein Life Assurance AG has a comprehensive risk management system available to it. By means of effective analysis and controlling instruments, we can meet the challenges posed in being able to recognise, analyse and reduce risks to which Liechtenstein Life Assurance AG is exposed. The objective is to render these capable of being mastered by means of active risk control, bolstering financial strength and increasing company value in a sustainable way.

Underwriting risks

Underwriting risks are the risk of changing cash flows due to unfavourable developments in the underlying accounting assumptions. Unfavourable developments in biometrics such as the development of mortality, invalidity or longevity bear mentioning here. Furthermore, the cancellation behaviour of clients affects the long-term development of the company. We check these risks in an ongoing manner by means of actuarial analyses. Random fluctuations within the loss ratios are largely balanced out by means of the insurance portfolio and are guarded against in addition by suitable reinsurance measures.

Risks arising from the default of insurance receivables

Our receivables from reinsurers, brokers and clients are subject to default risk. In the area of reinsurance, the risk of default can be rated as very low, because our partners are companies with a correspondingly high rating classification. Any potential outstanding amounts with policyholders or business partners are quickly identified through the internally implemented early warning indicators. Outstanding amounts are monitored with our extensive electronic dunning and collection system. In addition, all business relationships are regularly reviewed, which significantly reduces the risk. In the event of a claim, Liechtenstein Life Assurance AG can additionally fall back on insurance.

Risks stemming from capital investments

Risks in the area of capital investments are taken into account by the company by means of a balanced policy of capital investment, which keeps the risks posed by interest rates and exchange rates to the minimum possible by means of diversification within the framework of supervisory regulations (mixture and spread).

Operational risks

Risks in conjunction with internal organisation, people, technology and external factors are summarised under operational risks. In order to keep these risks to a minimum, we have a highly developed internal control system. Separation of duty in work processes, clear working instructions and plausibility checks enable us to reduce the risk of detrimental actions and to avoid mistakes being made. An extensive automation of processes as well as progressive digitalisation further reduce error rates. We devote particular attention to possible risks occurring in the area of data processing and cybercrime. Emphasis is especially placed on operating malfunctions, on data losses and on external attacks on our systems (cyberattacks). We counter these risks by means of comprehensive protective measures such as authorisation concepts, firewalls and antivirus measures that are being updated and developed continuously.

In summary, Liechtenstein Life Assurance AG has risk management instruments at its disposal that are continuously being further developed – including with regard to Solvency II. From the current perspective, no changes can be recognised that could exert any sustained negative influence on the position of the company in terms of its assets, finances and earnings.

Other risks

There are various other risk categories defined within Liechtenstein Life Assurance AG in addition to the risk categories stated above.

Liquidity risk

This refers to the risk that Liechtenstein Life Assurance AG does not meet its payment obligations on time. Liechtenstein Life Assurance AG pays great attention to this issue. Thus, the current liquidity level is monitored continuously and the medium-term liquidity level is projected.

Reputational risk

This is the risk arising from possible damage to the company's reputation as a result of negative public perception. Liechtenstein Life Assurance AG attaches great importance to minimising any possible causes of reputational risks within the framework of its internal control system.

Strategic risk

Strategic risk refers to potential threats to strategic success potential due to structural changes or market dependencies. Liechtenstein Life Assurance AG continuously monitors macroeconomic and legal changes as well as market dependencies in order to react quickly and adequately in the event of a strategic risk.

6 Saving for your pension and doing good – hand in hand


Atmosphere of well-being at Liechtenstein Life

Involvement in climate and nature conservation projects
Liechtenstein Life is committed to forest protection and carbon offset projects – in cooperation with the renowned partners myclimate and TreeMates. The focus is on financial support for projects that preserve ecosystems and protect local communities. Proven measures include, in particular, the prevention of deforestation and the protection of livelihoods.

Investments for the future
In 2022, Liechtenstein Life added 89 sustainable funds to its range. In addition, nine internal asset management strategies were launched, which optimally cover different life phases and situations of our clients and at the same time comply with the sustainability requirements of the European regulations (Sustainable Finance Disclosure Regulation [SFDR] 8 and 9) without exception.

Sustainable prosperity for a better tomorrow
This year, Liechtenstein Life continued resolutely to develop its business model in the spirit of sustainability. Paving the way for sustainability goals throughout the insurance industry requires permanent pioneering work and the setting of examples by responsible companies.

Creating a contemporary work environment
Long-term corporate success is built on motivated and healthy employees. Optimised framework conditions for offices and everyday working life are, therefore, expected to improve well-being and quality of life. These include the promotion of health-conscious and ecological behaviour, measures to reconcile family and work, financial support for sporting activities, meals, as well as health insurance and childcare. ◆

+30 %
More low-carbon funds
The range of low-carbon funds was increased by 30% for our clients.

>300
Over 300 sustainable funds
The Liechtenstein Life fund universe – suitable for every client requirement and profile.

Some topics of our funds

- Smart Food
- Ocean Engagement
- Positive Impact Equity
- TargetNetZero
- Responsible Global Resources
- Responsible Real Estate
- Sustainable Money Market
- Responsible Equity China
- Responsible Equity India
- Green bond funds
- Paris-aligned funds

7 Annual financial statements Balance sheet (in CHF thousand)

Assets	Appendix	31.12.2022	31.12.2021
A. Intangible assets			
IV. Other intangible assets	7.1	37	27
		37	**27**
B. Capital investments			
III. Other capital investments			
1. Shares, other non-fixed-income securities and units in investment funds		108	143
2. Debt securities and other fixed-income securities		472	512
5. Other loans		1,510	0
6. Deposits with banks		9,226	0
7. Other capital investments		30	0
		11,346	**655**
C. Capital investments for the account and at the risk of life insurance policyholders	7.2	**683,829**	**648,814**
D. Additional receivables			
I. Receivables from self-concluded insurance business			
1. from insurance policyholders		2,227	2,659
2. from insurance brokers		1,731	2,907
II. Receivables from the reinsurance business			
3. from other debtors		17,754	23,168
III. Other receivables			
1. from affiliated companies		134	390
3. from other debtors		88	364
		21,933	**29,488**
E. Other assets			
I. Property, plant and equipment (apart from items of land & buildings)	7.3	151	154
II. Current credits with banks, giro cheque credits, cheques and cash-in-hand		39,204	35,762
		39,355	**35,916**
F. Prepaid expenses			
I. Prepaid interest payments and rents		0	10
III. Other prepaid expenses	7.4	27,362	17,479
		27,362	**17,489**
Total assets		**783,862**	**732,389**

Equity and liabilities	Appendix	31.12.2022	31.12.2021
A. Shareholders' equity			
I. Paid-in capital			
1. Subscribed capital	7.5	20,000	20,000
II. Establishment fund		6,500	6,500
IV. Retained earnings			
1. Legal reserve		1,025	616
V. Profit/loss carried forward		8,885	3,623
VI. Annual earnings		9,421	8,170
		45,830	**38,909**
D. Underwriting provisions			
I. Unearned premiums			
1. Gross amount		55	53
		55	**53**
II. Actuarial reserve			
1. Gross amount		1,096	1,016
		1,096	**1,016**
III. Provision for unsettled claims			
1. Gross amount		2,072	1,885
2. Of which less: reinsurers' share		–1,168	–1,066
		905	**818**
Total D. Underwriting provisions		**2,055**	**1,887**
E. Underwriting provisions for life insurance contracts, where the investment risk is borne by the insurance policyholders	7.2	**657,276**	**624,272**
F. Other provisions			
II. Tax provisions		1,346	894
III. Other provisions		6,699	5,885
		8,044	**6,779**
G. Deposits from reinsurers insurance business		**502**	**454**
Carried over		**713,709**	**672,301**

Equity and liabilities	Appendix	31.12.2022	31.12.2021
Carried over		**713,709**	**672,301**
H. Other liabilities			
I. Accounts payable arising out of insurance business contracted directly			
3. to other creditors	7.6	53,705	47,978
III. Reinsurance settlement liabilities			
3. to other creditors		14,503	10,506
IV. Liabilities to banks			
3. to other creditors		0	173
V. Other liabilities			
1. Liabilities from taxes		145	140
2. Liabilities within the framework of social security		155	180
3. Other liabilities to affiliated companies		687	91
5. Other liabilities to other creditors		752	808
Total H. Other liabilities		**69,947**	**59,876**
I. Prepaid expenses		**207**	**211**
Total equity and liabilities		**783,862**	**732,389**

7 Annual financial statements
Income statement (in CHF thousand)

	Appendix	2022	2021
II. Technical account for life insurance			
1. Premiums earned for own account			
a) Gross premiums posted	7.7	253,386	208,086
b) Reinsurance premiums ceded		–58,977	–45,025
c) Change in gross unearned premiums		–2	3
		194,407	**163,063**
2. Income from capital investments			
c) Current income from other capital investments		**4,983**	**4,397**
3. Unrealised gains from capital investments		**77,468**	**72,867**
4. Other underwriting income for own account		**3,038**	**1,305**
5. Insurance claims expenses for expenditures for own account			
a) Claims paid			
– Gross amount		–25,769	–27,277
– Reinsurers' share		353	87
b) Change in provision for unsettled insurance claims			
– Gross amount		–188	–172
– Reinsurers' share		102	–35
		–25,503	**–27,398**
6. Change in the remaining underwriting net provisions			
a) Change in actuarial reserve			
– Gross amount		–33,082	–148,103
		–33,082	**–148,103**
8. Operating expenses for own account			
a) Acquisition expenses	7.8	–83,058	–70,498
b) Administration expenses	7.8	–9,465	–8,305
c) Commissions and shares of earnings received from reinsurance business	7.8	80,467	68,975
		–12,057	**–9,828**
Carried over		**209,254**	**56,304**

	Appendix	2022	2021
Carried over		**209,254**	**56,304**
9. Expenses for capital investments			
a) Expenses for the administration of capital investments and interest expenses	7.9	**–1,005**	**–1,620**
10. Unrealised losses from capital investments		**–193,301**	**–44,526**
11. Other underwriting expenses for own account	7.10	**–3,888**	**–1,445**
14. Net technical result for life insurance		**11,060**	**8,713**
III. Non-technical account			
3. Income from capital investments			
c) Current income from other capital investments		64	75
e) Gains on the disposal of capital investments		8	60
		72	**136**
5. Expenses for capital investments			
b) Depreciation, amortisation and impairment losses on capital investments		–600	–39
		–600	**–39**
7. Other income from ordinary business activities	7.11	**457**	**533**
8. Other expenses from ordinary business activities		**–240**	**–286**
10. Extraordinary income		**18**	**7**
13. Taxes on income and on earnings		**–1,346**	**–893**
Annual earnings		**9,421**	**8,170**

7 Annual financial statements Appendix

General notes

Reporting year

The financial year for Liechtenstein Life Assurance AG corresponds with the calendar year.

Basic accounting principles

Accounting principles

The annual financial statements are based on the basic principles of the Liechtenstein Persons and Companies Act (PCA; *Personen- und Gesellschaftsrecht – PGR*) as well as the Law of 12 June 2015 regarding supervision of insurance companies (Insurance Supervision Act – ISA; *Versicherungsaufsichtsgesetz – VersAG*) and the Ordinance issued to accompany it (Insurance Supervision Ordinance – ISO; *Versicherungsaufsichtsverordnung – VersAV*) in the respectively valid versions.

Conversion of foreign currencies

Credits, receivables, proportional interest payments, liabilities and underwriting provisions, etc. issued in foreign currencies are, as a basic principle, converted into Swiss francs at the rate of valuation of the reporting date as established by the Liechtenstein tax authorities. The same also applies to securities issued in a foreign currency. Any possible currency differences are recorded so as to post their effect on net income.

The following reporting date exchange rates were applied in the 2022 reporting year:

Currency	31.12.2022	31.12.2021
EUR	0.9875	1.0362
USD	0.9252	0.9111

Valuation method

Capital investments

Capital investments in affiliated companies, holdings and other capital investments are applied in accordance with the lowest value principle.

Capital investments for the account and risk of insurance policyholders are valued at their market value on the reporting date or, if the reporting date is not a trading day, at the exchange rate on the last trading day preceding the reporting date.

Intangible assets and other assets

Intangible assets as well as property, plant and equipment are capitalised at acquisition cost and depreciated in a linear manner in accordance with their estimated useful lives. The useful lives are between 3 and 10 years.

Receivables

Receivables are valued with the normal amounts, taking into account any value adjustments that may be required. Since the 2015 financial year, receivables stemming from the purchase of compensation agreements from brokers are posted with the nominal amount of the receivable, less any instalments that have already been paid.

Deferred acquisition costs

According to Appendix 1 of the ISO, in the life insurance sector the apportionment of expenses for the conclusion of insurance contracts is permissible to a limited extent on the basis of an appropriate procedure upon presentation of an attestation of prepaid expenses of “earned, but not yet due, claims derived from the insurance contractual relationship”, if these involve acquisition expenses that have been made and included in the actuarial calculations and have actually been paid and if only acquisition expenses are involved that have been disclosed to the insurance policyholder as one-off acquisition costs.

For this appropriate procedure for calculating the claims that are not yet due from the insurance relationship, the acquisition costs used in actuarial calculations is authoritative, however, not at a rate higher than a maximum rate of 40‰, related to the total of the current premiums of the respective insurance contract.

The attestation of accrual and deferral is only permitted for contracts that are active at the reporting date and for which the acquisition costs have been included in the actuarial calculations and have been actually paid out in whole or in part in the course of concluding the contract as an acquisition commission. Furthermore, regulations are to be agreed in the agreement with the insurance broker to the effect that the acquisition commission is to be reimbursed proportionately if the insurance contract is cancelled prematurely by the insurance broker.

Unearned premiums

Unearned premiums are set in accordance with actuarial basic principles.

Underwriting provisions

The calculation of the underwriting provisions is undertaken whilst taking into account the due statutory provisions. The underwriting provisions for life insurance contracts, insofar as the investment risk is borne by the insurance policyholders, is calculated according to the retrospective method for each individual contract. At the reporting date, the respective share units are valued with the time value on the date.

Liabilities

Liabilities to policyholders and brokers are reported together with the repayment amounts.

Assets

7.1 Intangible assets

All figures in CHF thousand	Portfolio as at 01.01.2022	Additions/ disposals	Depreciation, amortisation and impairment	Portfolio as at 31.12.2022
Licences and software	27	31	–21	37
Total	**27**	**31**	**–21**	**37**

Previous year

All figures in CHF thousand	Portfolio as at 01.01.2021	Additions/disposals	Depreciation, amortisation and impairment	Portfolio as at 31.12.2021
Licences and software	40	0	–13	27
Total	**40**	**0**	**–13**	**27**

The terms “licences” and “software” are understood to include various licences and software tools required for conducting insurance business.

7.2 Capital investments for the account and at the risk of life insurance policyholders

All figures in CHF thousand	31.12.2022	31.12.2021
Capital investments for the account and at the risk of policyholders	683,829	648,814
Premium deposit	–26,553	–24,542
Underwriting provisions to the extent that the investment risk is borne by the insurance policyholders	**657,276**	**624,272**

For capital investments for the account and at the risk of the policyholders, unrealised gains from market fluctuations amount to CHF 77,468 thousand in the 2022 financial year (previous year: CHF 72,867 thousand), and unrealised losses from market fluctuations amount to CHF 193,301 thousand (previous year: CHF 44,526 thousand). The acquisition costs of these capital investments amount to CHF 703,151 thousand (previous year: CHF 565,730 thousand), with a market value of CHF 679,766 thousand (previous year: CHF 643,010 thousand) (in each case excl. private life insurance [PLI] business).

7.3 Property, plant and equipment

All figures in CHF thousand	Portfolio as at 01.01.2022	Additions/ disposals	Depreciation, amortisation and impairment	Portfolio as at 31.12.2022
Office furniture	55	0	–11	44
Fixtures in buildings belonging to others	35	0	–12	23
EDP hardware	62	49	–27	84
Security devices	1	0	–1	0
Total	**154**	**49**	**–51**	**151**

Previous year

All figures in CHF thousand	Portfolio as at 01.01.2021	Additions/ disposals	Depreciation, amortisation and impairment	Portfolio as at 31.12.2021
Office furniture	36	39	–20	55
Fixtures in buildings belonging to others	47	0	–12	35
EDP hardware	60	26	–24	62
Security devices	2	0	–1	1
Total	**145**	**65**	**–56**	**154**

Office furniture is depreciated over a duration of 10 years and the EDP equipment over 4 years.

7.4 Other prepaid expenses

This item contains the deferred acquisition costs that are entered in the balance sheet with a haircut. Acquisition costs amounting to CHF 25,637 thousand (previous year: CHF 15,878 thousand) are entered on the balance sheet accordingly.

Deferred acquisition costs

In accordance with the guidelines of the ISO, Liechtenstein Life Assurance AG capitalises the following values as “earned, not yet due claims from the insurance contractual relationship” under asset balance sheet item F. III. for each tariff group:

Tariff group All figures in CHF thousand	2022 amount	2021 amount
Value and Value Invest	10,191	9,718
KOKON Value	15,446	6,160
Total	**25,637**	**15,878**

Posting of deferred acquisition expenses is basically undertaken after having taken into account the outward reinsurance for the unit-linked insurance products of Liechtenstein Life Assurance AG. This means that the levels of the prepaid expenses are determined on the basis of the excess in the insurance business and the associated claims from the insurance relationship with it that are earned but not yet due ("net principle"). The increase on the previous year is due to the positive portfolio development and higher excess in the insurance business.

Capitalisation of the acquisition costs is made up of the total of amounts calculated for individual contracts. Redemption of the prepaid expenses is undertaken for each individual contract in the respective currency of the contract, i.e. CHF or EUR. For safety's sake, a haircut is also undertaken once again on the value calculated according to the Insurance Supervision Ordinance.

Equity and liabilities

7.5 Subscribed capital

Share capital in the 2022 financial year remained unchanged at CHF 20,000 thousand. At the reporting date, two million registered shares with a nominal value of CHF 10 each had been issued. The nominal value capital amounting to CHF 20,000 thousand has been fully paid in.

7.6 Direct insurance liabilities to other creditors

Liabilities to other creditors amounting to CHF 53,705 thousand (previous year: CHF 47,978 thousand) contain premium deposit liabilities to policyholders amounting to CHF 26,553 thousand (previous year: CHF 24,542 thousand). Policyholders at Liechtenstein Life Assurance AG have the option of paying into a premium deposit account. This primarily involves payments exceeding the premiums that are already due. These are automatically allocated to the premium deposit.

Notes to the income statement

7.7 Gross premiums posted

All figures in CHF thousand	2022	2021
Recurring premiums in CHF	135,516	106,322
Recurring premiums in EUR	40,910	33,831
Single premiums in CHF	24,376	28,718
Single premiums in EUR	52,583	39,216
Total	**253,385**	**208,086**

Allocation of the gross premiums posted according to countries:

All figures in CHF thousand	2022	2021
Switzerland	159,404	134,539
Liechtenstein	773	844
Austria	957	1,058
Italy	278	138
Germany	91,973	71,506
Total	**253,385**	**208,086**

7.8 Operating expenses for own account

a) Acquisition expenses

All figures in CHF thousand	2022	2021
Commissions	–69,845	–59,134
Sales promotion costs	–6,843*	–4,973*
Personnel costs	–3,005	–2,847
Other acquisition expenses	–3,365	–3,544
Total	**–83,058**	**–70,498**

* Including doctor's fees within the framework of health checks.

b) Administration expenses

All figures in CHF thousand	2022	2021
Portfolio commissions	–1,198	–952
Personnel expenses	–2,368	–2,195
Other operating expenses	–5,827	–5,089
Depreciation, amortisation and impairment	–72	–69
Total	**–9,465**	**–8,305**

c) Commissions and shares of earnings received from reinsurance business

This item includes the financing commissions received by the reinsurers amounting to CHF 80,467 thousand (previous year: CHF 68,975 thousand).

7.9 Expenses for the administration of capital investments and interest expenses

Costs of CHF 361 thousand (previous year: CHF 295 thousand) were incurred in the 2022 financial year for account management charges, deposit account management charges, brokerage fees and interest expenses.

7.10 Other underwriting expenses for own account

The item "Other underwriting expenses" contains the payments of interest on the premium deposits amounting to CHF 8 thousand (previous year: CHF 7 thousand).

7.11 Other income from ordinary business activities

A guarantee agreement was concluded with an affiliated company in 2019. This guarantee enabled income was realised from self-funded receivables in 2019. In the 2022 financial year, further profits of CHF 170 thousand (previous year: CHF 245 thousand) were realised from the guarantee agreements concluded in 2019.

Other disclosures

Number of employees
As at the reporting date of 31 December 2022, the staff of the company consisted of 55 employees (previous year: 48). Of these, 47.1 (previous year: 41.3) employees were employed on a full-time equivalent basis.

Fixed remuneration of the administrative and managerial organs
In line with Article 1092(9) PCA, details are not divulged of the fixed remuneration rates of the members of the Board of Directors and the Management Board.

Auditors' fees
The auditing services provided for the 2022 financial year amount, according to the order confirmation, to CHF 170 thousand, excluding VAT (previous year: CHF 108 thousand excl. VAT).

Other financial obligations
Other financial obligations amount to CHF 403 thousand (previous year: CHF 775 thousand) and result from long-term rental contracts.

Events after the reporting date
There were no events of particular significance after the reporting date that had a material effect on our net assets, results of operations or financial condition.

Parent company
The prosperity company AG, Industriering 40 in 9491 Ruggell has been the sole shareholder in Liechtenstein Life Assurance AG since 31 December 2019.

Transactions with associated persons
Rental charges for the office building and warehouse in the 2022 financial year amounted to CHF 31 thousand to associated persons (previous year: CHF 382 thousand).

Liechtenstein Life Assurance AG has nine current life insurance contracts with associated persons. The volume of premiums of these contracts posted within the 2022 reporting year amounted overall to CHF 32 thousand (previous year: CHF 77 thousand).

Services amounting to CHF 11,524 thousand (previous year: CHF 9,583 thousand) were utilised by affiliated companies in the 2022 financial year. In addition, EUR 69 thousand (previous year: EUR 68 thousand) of services rendered were also recharged to affiliated companies.

As of 31 December 2022, there are receivables of CHF 134 thousand (previous year: CHF 390 thousand) and liabilities of CHF 687 thousand (previous year: CHF 91 thousand) due from and to affiliated companies.

Furthermore, Liechtenstein Life Assurance AG has been a member of the Board of Directors with single signature authority as well as the sole beneficiary of LLA Office Anstalt since 2022. In the balance sheet of Liechtenstein Life Assurance AG, the initial capital of this foundation-like establishment is capitalized with CHF 30 thousand. Further, there exists an ongoing loan relationship of CHF 1.5 million between Liechtenstein Life Assurance AG and the establishment, for which an interest rate in line with market conditions has been agreed. In the financial year just ended, an interest income of CHF 10 thousand was generated.

8 Appropriation of profit

Net profit for the year and appropriation of profit

The net profit for the year amounts to CHF 9,421 thousand. The Board of Directors submits a request for the appropriation of available profit to the General Meeting as shown in the table below.

Net profit for the year in CHF thousand	2022	2021
Balance carried forward from the previous year	8,885	3,623
Annual earnings	9,421	8,170
Total net profit for the year	**18,306**	**11,793**

Appropriation of profit in CHF thousand	2022	2021
Dividends	1,500	2,500
Contribution to statutory reserves	471	409
Carried forward to new account	**16,335**	**8,885**

9 Actuarial confirmation

Actuarial confirmation of Liechtenstein Life Assurance AG as at 31 December 2022

I confirm that the actuarial reserves and unearned premiums have been calculated in accordance with the provisions in force in this regard and with basic actuarial principles:

- D. I. Unearned premiums of CHF 54,915
- D. II. Actuarial reserves of CHF 1,095,530
- D. III. Provisions for unsettled insurance claims (incl. incurred but not reported claim [IBNR]) of CHF 2,072,111
- of which reinsurers' share of CHF 1,167,563
- E. I. Underwriting provisions for life insurance contracts where the investment risk is borne by the insurance policyholders of CHF 657,276,206

No business in reinsurance was taken.

Ruggell, 23 January 2023

Rebekka Schreiber
(Appointed Actuary)

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To the General Meeting of
Liechtenstein Life Assurance Ltd., Ruggell

Zurich, 15 March 2023

Report of the statutory auditor

Report of the statutory auditor on the financial statements

Opinion
We have audited the financial statements of Liechtenstein Life Assurance Ltd. (the "Company"), which comprise the balance sheet as at 31 December 2022, the income statement for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 23 to 35) give a true and fair view of the financial position of the Company as at 31 December 2022 and its financial performance for the year then ended in accordance with Liechtenstein law.

Basis for opinion
We conducted our audit in accordance with Liechtenstein law and International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the provisions of Liechtenstein law and the requirements of the audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code) 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.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibility* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Accounting risk in relation of the commissions received and profit shares from the insurance business ceded in reinsurance

Risk	The company finances a substantial part of the acquisition costs incurred in the year through the commissions received from outward financial reinsurance. Capitalised acquisition costs are usually recognised after consideration of outward reinsurance. Reinsurance contracts are generally valid for five years and usually cannot be terminated. As a rule, an extraordinary right of termination exists only in the event of special circumstances, such as a significant deterioration of the company's solvency, failure to meet payment and/or settlement obligations, change of ownership, etc. Pre-financing through outward reinsurance has the effect that the pre-financing received does not have to be recognised as a liability in the balance sheet. We consider the audit of outward reinsurance to be a key audit matter, as a violation of the contractual terms (covenants) could lead to the rescission of the reinsurance contracts and would be presented in the balance sheet and lead to a significant outflow of liquidity. For an explanation of the applicable accounting principles, we refer to Notes 7.4 and 7.8c in the notes to the financial statements.
Our audit response	During our audit, we assessed whether the reinsurance contracts were classified as financial reinsurance contracts and whether the company complied with the covenants contained in them. Our approach included the following: ▸ We reviewed the new reinsurance contracts added in the year under review and performed sample-based testing of the compliance with the contractual terms (termination conditions etc.) by inspecting the correspondence and statements of account of the reinsurers. ▸ We also assessed whether there could be other factors that could lead to the existence of an extraordinary right of termination by the reinsurer. ▸ We then assessed the company's analysis of the classification of these reinsurance contracts. In addition, we discussed the analysis with management and the Audit Committee of the Board of Directors. ▸ We assessed the company's annual analysis of the consequences of potential rescissions for the company.

The evidence we obtained from our audit work did not give rise to any objections with regard the accounting risk in relation of the commissions received and profit shares from the insurance business ceded in reinsurance.

Other matter

The financial statements for the year ended 31 December 2021 were audited by another statutory auditor who expressed an unmodified opinion on those financial statements on 10 March 2022.

Other information in the annual report

The Board of Directors is responsible for the other information in the annual report. The other information comprises that information included in the annual report, but does not include the financial statements, the management report 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, we have the responsibility to read the other information and to 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, on the basis of our 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.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with Liechtenstein law, and for such internal control as the Board of Directors 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 Board of Directors 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 Board of Directors 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 Liechtenstein law and ISAs 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.

Building a better working world

As part of an audit in accordance with Liechtenstein law and ISAs, we exercise professional judgment and maintain professional skepticism 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 Board of Directors’ 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Audit Committee 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.

From the matters communicated with the Audit Committee we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Further information pursuant to article 10 of Regulation (EU) No 537/2014
We were elected as statutory auditor by the General Meeting on 21 July 2022. We have been the statutory auditor of the Company since the financial year ending 31 December 2022. We declare that the audit opinions contained in this statutory auditor’s report are consistent with the additional report to the Audit Committee pursuant to article 11 of Regulation (EU) No 537/2014.

We have provided the following services, which were not disclosed in the financial statements or in the management report, in addition to the statutory audit for the audited company or for the companies controlled by it:

- Regulatory audit according to article 102 VersAG
- Audit of the Reporting Packages to the group auditor of Fidelidade group

Further, we declare that no prohibited non-audit services pursuant to article 5 para. 1 Regulation (EU) No. 537/2014 in accordance with article 10 para. 2 lit. f Regulation (EU) No 537/2014.

Further confirmations pursuant to article 196 PGR and article 54 para. 3 VersAV
The management report (pages 4 to 9 and 18 to 21) has been prepared in accordance with the applicable legal requirements, is consistent with the financial statements and, in our opinion, based on the knowledge obtained in the audit of the financial statements and our understanding of the Company and its environment does not contain any material misstatements.

We further confirm that the financial statements and the proposed appropriation of retained earnings comply with Liechtenstein law and the articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Meik Babylon (Qualified Signature)	Armin Imoberdorf (Qualified Signature)
Liechtenstein Certified Accountant (Auditor in charge)	Swiss Certified Accountant

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