Leading the Way

Annual Report 2023
Liechtenstein Life Assurance AG

Liechtenstein Life

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Guided by the future: All eyes on AI

Dr. Marcel Vaschauner,
Chief Investment Officer

On the rise

It has caused quite the stir in 2023: artificial intelligence (AI). The reason is obbvious: AI has reached a decisive inflection point and is on the verge of establishing itself as a successful model. The competition for dominance in AI technology is in full swing. One of many examples of why the developments surrounding the dominance of AI should also be observed critically is the lawsuit recently filed by the New York Times against OpenAI and Microsoft for copyright infringement

Opportunities and challenges

The world of pensions and wealth planning is about more than just asset management. At Liechtenstein Life Assurance AG, we strive to empower our clients to make a difference with their investments, their values and their influence. This requires a shared vision for a sustainable, better future – and its implementation through people, processes and technology.

Liechtenstein Life is already testing, researching and observing the latest trends in this area. What role can artificial intelligence play in this? How can we use it to our and our clients' advantage? These are important questions for us and the industry.

Liechtenstein Life and artificial intelligence

AI tools are already widely used today and also contribute to our services. They support our investment team in exploring and validating options to expand our fund universe – which offers both granularity and a commitment to sustainability. In customer service, AI tools help us to act in an even more customer-oriented manner, which is reflected in higher customer satisfaction. In general, artificial intelligence simplifies the workflows of our organization and our partners by providing information in a simple way. These optimizations are more than just short-term successes, but also form the basis for understanding the risks of AI. It is obvious to us: we expect a significant impact on the industry, even if the implementation will be gradual.

The race is on

The strength of any form of intelligence is mainly based on the model points with which it is "trained". Artificial intelligence uses language and images to interact and communicate, which allows it to influence human behavior. In addition, it produces results whose origin and authenticity cannot always be verified – which can lead to confusion and misinformation. This significant impact on society requires a comprehensive review. Taking on a pioneering role in this area enables us to be one step ahead and manage opportunities and risks in a sustainable way.

Looking to the future, the race for the best AI will be won by those whose tools offer added value for society – in the sense of a better and more sustainable future.

"Our industry is experiencing a paradigm shift thanks to artificial intelligence, which will lead to more innovative products, optimized processes and an increased customer focus."

- Dr Marcel Vaschauner

Overview of key figures

In CHF thousand	2023	2022	2021
Gross premiums posted	**296,405**	**253,386**	**208,086**
of which recurring premiums	214,597	176,427	140,152
of which single premiums	81,808	76,959	67,933
APE (Annual Premium Equivalent)	**222,778**	**184,123**	**146,946**
Earnings after taxes	**13,138**	**9,421**	**8,170**
Balance sheet total	**977,179**	**783,862**	**732,389**
Client assets managed	**856,952**	**683,829**	**648,814**
Shareholders' equity	**57,468**	**45,830**	**38,909**

> “Having a smart pension plan is crucial for achieving financial security in retirement and maintaining independence in old age.”
>
> – ChatGPT, 2024

1 Report of the Management Board

Review of the financial year of Liechtenstein Life Assurance AG

Operating figures

Seven is a particularly significant number in the world. Although it is often avoided as an unlucky number in East Asia, it is often considered a lucky number in Europe. There are the seven Wonders of the World, the seven days in a week and the Seven Seas. And this number is also becoming increasingly important for us. We are pleased to report another successful financial year, during which we increased our earnings for the seventh consecutive time. Profit after taxes increased by 40 % to CHF 13.1 million. Gross premiums grew by 17 %, just below the CHF 300 million threshold. The increase in gross premiums, mainly due to regular premiums, also raised the Annual Premium Equivalent (APE) by 21 % to CHF 223 million.

Our insurance portfolio expanded to over 100,000 policies in the first half of 2023. In the 2023 financial year, we succeeded in increasing the number of policies under management by 16,721 contracts, which corresponds to an increase of 18 %. At the end of the year, our portfolio consisted of 108,280 policies under management.

Following an only marginal rise in client assets under management in 2022, which was due to negative market and currency developments, the stock market environment improved somewhat in 2023. The upward trend in the stock market offset the downward trend in the currency market when viewed from the perspective of the Swiss franc. Thanks to continued high premium income, client assets under management increased by 25 % to CHF 857 million.

Digitalisation and development

Digitalisation continues to be an extremely high priority for us. To attract new clients, we are now connected to various portals that allow us to offer our insurance solutions to a wider group of people. In the past financial year, we also increased the digital sales opportunities available to our partners.

Another digital milestone is the connection to the bLink platform. bLink is an open banking platform provided by SIX Banking Services that enables efficient and uncomplicated processing of fund orders. This efficient and uncomplicated processing of fund orders not only represents a competitive advantage for Liechtenstein Life Assurance AG, but also a unique selling point for a life insurance company. We are the first insurance institution in the Principality of Liechtenstein and Switzerland to utilise the potential of this OpenWealth interface.

Payment transactions are also constantly evolving. In Switzerland, payment transactions have recently undergone several innovations with the introduction of the QR-bill. In 2023, we added eBill as a payment method for clients in Switzerland and the Principality of Liechtenstein. eBill is the Swiss financial industry standard for electronic invoices. As an invoice issuer, we can send the invoice digitally to the policyholder’s online banking system. They can then check and approve it with one click. This electronic invoice processing offers various advantages. Invoices no longer need to be manually typed out. Insurance premiums can now be paid conveniently from any location and at any time. By eliminating paper invoices, we are further reducing our impact on the environment.

Product range and fund universe

In Switzerland, we are able to offer a new generation of KOKON value plus 2023 from 1 January 2023. The new generation offers significantly higher sums at risk for pension and/or premium waivers due to occupational disability, as well as for death benefit insurance. It is possible to continue a 3A contract beyond the Federal Old Age and Survivors' Insurance (AHV) entry age, as long gainful employment is continually pursued.

Additionally, we launched three new products on the German market: Liechtenstein Life Wealth, KOKON pension and Liechtenstein Life Invest.

Retirement planning, inheritance and gifts are topics that are becoming increasingly important due to demographic changes. Liechtenstein Life Wealth offers a tax-efficient solution for passing on financial savings to future generations, in compliance with country-specific regulations, thanks to various product advantages. The capital ends up exactly where the testator wants to transfer it in a tax-optimised manner. In order to facilitate estate planning, up to two policyholders and insured persons can be taken into account.

KOKON pension offers an attractive and flexible pension plan in the form of unit-linked pension insurance. The primary benefits of this plan include a guaranteed lifelong pension and a high level of flexibility through capital withdrawals or supplemental payments. Optional supplementary insurance policies are also available. KOKON pension was also awarded the rating "very good" by Franke und Bornberg.

Liechtenstein Life Invest is a pension insurance policy that offers deferred, lifelong pension payments and death benefit insurance during the deferment period. It is a unit-linked policy. After the deferment period has expired, a one-off lump-sum payment can also be chosen instead of a pension. What is particularly exciting about this is the type of remuneration. Unlike other insurance solutions, this contract does not include any acquisition costs. Instead, a percentage-based fund management fee will be deducted throughout the insurance term. This enables clients to benefit more from the fund's performance from the outset, as the higher acquisition costs are not incurred in the early years of the policy.

In addition to the introduction of new insurance solutions, we are also working on the continuous expansion of our fund landscape. In 2023, we expanded our fund universe by 40 investment funds, offering over 560 investment opportunities. Additionally, 317 funds now meet the strict ESG criteria. Last year, we focussed in particular on sustainable thematic funds, low-cost ETFs and bond funds. By doing so, we can contribute to creating a more sustainable world, meet clients' increasing demand for sustainable investment opportunities, while optimising the cost-benefit ratio for our clients.

We have been working on combining sustainable investment opportunities and pension plans for some time. We are proud that our unit-linked pension insurance, yourlife netto plus, has received the top rating in the Smart Asset Management Service's fund policy report on sustainability. This product has been available since 2022.

Assessment of the business environment in the year 2023

Macroeconomic review

The year 2022 was not a good one for the stock market, as evidenced by the MSCI World Index's negative performance of -20 % over the year. In contrast, the financial markets were much more favourable in 2023.

At the end of July, the German share index DAX reached an interim high of +13.9 %. However, it subsequently gave up a significant portion of its gains. The DAX was only up by 1.8 % by the end of October. The final rally in the last two months of the financial year was particularly pleasing. Thanks to a renewed increase in prices, the DAX closed the year with a performance of +15.9 %.

A similar picture emerges when looking at the MSCI World Index. After reaching a peak of +17.5 % in July, prices initially dropped before rising again, resulting in the MSCI World Index finishing the year with a performance of +20.6 %.

The perspective on the Swiss Market Index (SMI) differs somewhat. The SMI reached its high of +6.8 % in early May. Subsequently, share prices fell sharply in some cases until the end of October. The year-end low in October was 4.9 % below the opening price at the beginning of the year. The SMI also benefited from rising prices in the last two months, but the Swiss index only managed a performance of +2.6 %.

Now, the question naturally arises as to why the share prices of Swiss companies cannot keep pace with the rest of the world. It should be noted that not all Swiss equities are showing no growth or only slight growth. The SMI's underperformance is due to the two heavyweights Nestlé Ltd. and Roche Holding Ltd, which account for over 30 % of the index's weighting. These two stocks, with annual performances of –9.9 % and –15.7 % respectively, are the main reason why the Swiss share index has not kept pace with the rest of the world. [1]

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[1] Finanzen.net GmbH, found on 4 January 2024 at https://www.finanzen.ch/

In terms of currencies, focusing on the Swiss franc, the major currencies all moved in the same direction. In the first half of the year, the euro, US dollar and pound sterling all appreciated by 2 % to 3 % against the Swiss franc. The trend then reversed, and in some cases, the Swiss franc appreciated sharply. At the end of the year, the Swiss franc gained to a greater or lesser extent against all three currencies. Over the course of the year, the Swiss franc appreciated by 3.9 % against the pound sterling, 5.9 % against the euro and the US dollar was trading even lower at 8.9 % below its opening rate. [1]

The strength of the Swiss franc is due to its role as a safe haven. During times of crisis, investors tend to turn to the Swiss franc. The current geopolitical conflicts provide a compelling reason to do so. However, inflation rates in other countries are sometimes significantly higher than in Switzerland. At the end of the year, Switzerland reported inflation of approximately 1.4 %, while inflation was slightly higher in the EU at 2.4 % and in the USA at 3.1 %. Although these figures might not appear to be tragic, a comparison with recent data reveals a different picture. In autumn 2022, inflation in Germany was still high at 8.9 %, compared to 7.1 % in the USA. In Switzerland, inflation never exceeded 3.5 % during the same period. To regain control over inflation, it has been necessary to sharply increase key interest rates over the past year and a half. In the summer of 2022, the ECB increased the key interest rate from 0.0 % to 0.5 %. The key interest rate was subsequently raised in nine further steps until September 2023 to its highest level since 2000. If we revisit the inflation rates towards the end of the year, it becomes apparent that the significant interest rate hikes have impacted inflation. Given that inflation rates in other industrialised nations have been and continue to be significantly higher, it is understandable that key interest rates in the EU (4.5 %) and the USA (5.25 %) are also higher than in Switzerland (1.75 %). [2]

The fluctuations in interest rates and inflation have also left their mark on the real estate sector. The real estate boom came to an end with a sharp rise in interest rates and construction costs, as well as high inflation – the collapse of Austria's Signa Group, among others, dominated the news at the end of 2023. Insolvencies of large real estate groups can also affect the financing banks, which in turn can affect the credit quality and profitability of the financial sector. [3]

Review of the insurance industry in our core markets

The previously mentioned high inflation and increase in interest rates have specifically affected providers of traditional life insurance policies with guaranteed interest rates and the investments managed for policyholders. After all, a rise in interest rates has a negative impact initially on long-term bonds. Newly issued bonds with higher interest rates are more attractive than existing bonds with lower interest rates. This can have a negative impact on the value of existing bonds. However, in the long term, this effect will return to normal: new bonds can generate better returns again. To offset the negative effects, however, interest rates must remain high for an extended period. Those who respond to these challenges with the appropriate strategies will emerge stronger from this difficult economic period. Insurers' pension and capital obligations are not at risk when there is proper risk management and a solid solvency ratio. It is therefore crucial to continually broaden the range of available funds to ensure appropriate investment opportunities are available for any future developments.[4]

The insurance supervisory authority has recently placed greater emphasis on the price-performance ratio of insurance contracts when considering "value for money". The supervisory authority aims to ensure that insurance companies reduce costs related to acquiring and administering capital-binding life insurance policies. This will enable the income resulting from the insurance contract to not only offset the negative effects of inflation but also provide policyholders with effective added value, resulting in a real increase in value. In this context, various analyses of cost structures and main cost drivers were also carried out. An analysis by the Federal Financial Supervisory Authority (BaFin) concludes that both acquisition costs and administrative costs rise with increasing portfolio cancellation and a higher proportion of premium-free insurance policies. The distribution channel is particularly interesting from the point of view of acquisition costs. Insurers with the predominant distribution channels of brokers, direct

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4 Schweizerischer Versicherungsverband, found on 8 January 2024 unter https://www.svv.ch/de/so-sind-die-versicherer-von-der-inflation-betroffen

sales and exclusivity – brokers who exclusively sell insurance solutions from a single insurance company – have significantly lower acquisition rates than multi-channel insurers or insurers who use a bank or savings bank as a distribution channel. The analysis shows that our broker distribution channel is the right one to offer our clients the best cost-benefit ratio from a policy acquisition perspective. [1]

The acquisition costs therefore have a significant influence on the price-performance ratio of insurance policies. Accordingly, there have been never-ending discussions about commissions and their regulation for years. Over-regulation restricts citizens' and entrepreneurs' freedom and creates excessive red tape. Last but not least, over-regulation makes those involved unaccountable. But that is exactly what distinguishes good advisors and brokers. We want to make it much easier for brokers to demonstrate their responsibility and advisory services to their clients. In a representative survey we conducted, a clear majority of respondents cited fair and independent advice as the most important consideration when buying life or pension insurance (46 %), followed by low costs and rapid accumulation of wealth (35 %). The type of remuneration therefore appears to be of secondary importance to many as long as the advice is fair, transparent and beneficial to policyholders and their needs. It is not enough to set the level of remuneration. The quality of the advice provided must also be taken into account. [2]

Outlook for the future

Economic outlook

Forecasts are like resolutions made at the end of the year. Some of them are kept, some are not. And unforeseen events can also bring about drastic changes, as recent years have shown, such as the coronavirus pandemic in 2020 or the start of the Ukrainian conflict in 2022, to name just two events that have had a significant impact on previous projections. Little economic improvement is expected for 2024. The catch-up effects of the coronavirus pandemic, which still had a positive impact on the economy in 2023, will soon disappear. And there have been a number of increases in interest rates over the past financial year. The first negative effects are already being felt – and more will follow. Add to this the geopolitical conflicts of the moment. The war in Ukraine shows no sign of ending, and the Middle East has been set ablaze by the Hamas attacks in October 2023. Although the USA has enjoyed significant growth, this has come mainly at the expense of a sharp rise in government debt in recent years. In China in particular, construction has ceased to be a key growth driver with the end of the real estate boom. But the outlook is not all doom and gloom. The current fall in inflation rates may give central banks room to ease monetary policy again, as they tend to be more restrictive after significant rate hikes when key interest rates are above inflation rates. Both the Fed and the ECB are on track for rate cuts of 125 and up to 150 basis points. In Switzerland, however, key interest rates are likely to remain largely unchanged. The rate cuts should pave the way for a return to normality – away from the inverted yield curve and towards a situation where long-term rates are higher than short-term rates across the board.

The global equity market could be in for a tough year. Large-cap companies in the USA in particular contributed to the strong performance of the MSCI World Index. A possible recession in the USA and a deepening of the recession already under way in Europe are likely to have a negative impact on equity prices. [3]

Outlook for the insurance industry in our core markets

The development of a digital pension overview has long been a major concern for life insurers operating in Germany in order to achieve greater transparency in pension provision. The "digital pensions dashboard" law was already adopted in 2021. Since then, intensive work has been done on a digital pensions dashboard platform, which has been in a public pilot phase since June 2023. Pension funds are obliged to connect to this platform by the end of 2024 at the latest. Until now, it has been difficult to obtain a clear overview of the pension entitlements accumulated with various pension funds – a difficult endeavour without looking through numerous documents or seeking professional advice. The digital pensions dashboard as a freely accessible online platform solves this problem. It provides a complete overview of

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3 VP Bank AG, found on 9 January 2024 at https://www.vpbank.com/research/de/publikation/pdf/4175/VP-Bank-Unsere-Sicht-auf-2024-12_12_2023

all pension entitlements accumulated over a lifetime and serves as a solid basis for individual pension planning as well as for further consultations with experts in order to focus on pension gaps and/or measures to close these gaps. We will also connect to this platform in the course of the year in order to provide our clients with optimum support in their comprehensive pension planning. [1]

In Switzerland, the Federal Council adopted the amendments to the Insurance Oversight Ordinance (IOO) in summer 2023. The amendments made will enter into force together with the revised Insurance Oversight Act (IOA) on 1 January 2024. There are three core topics in the revised version of the ordinance that have a significant impact on insurance companies. First, with regard to tied assets, it is now required that the assets held to cover the technical provisions are invested in a manner appropriate to the nature and duration of the company's insurance obligations. Second, the revision creates the conditions for a new supervision of intermediaries. Insurance brokers are now required to register and comply with certain requirements – and insurance companies must put in place an effective control environment in this area. And third, the guidelines on qualitative risk management have been further specified – in particular, there is an increased focus on early risk identification, with cyber risks becoming an increasing focus for supervisory authorities. As an insurer, we welcome these developments. These adjustments will result in greater stability and, above all, higher quality in the insurance industry. [2]

As mentioned at the beginning, digitalisation is not an inert state that provides permanent benefits once a certain degree of digitalisation has been achieved. Digitalisation must be seen as a never-ending process of transformation towards a networked world. As a megatrend in this new world, there is no way of getting around artificial intelligence (AI).

AI is already an important part of the insurance industry. Today, to make faster, automated decisions, insurers mainly use specially developed mathematical models that learn from data. This includes, for example, the automation of repetitive knowledge tasks or the extraction

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of insights from complex data sets. When integrated strategically, AI has the potential to revolutionise the entire insurance value chain and deliver significant benefits to clients. The risks and challenges must not be disregarded despite all the advantages. It needs to be ensured that human control continues to be prioritised when making decisions. The true value of AI lies in its synergy with human expertise and processes, not in its application in isolation. This is the only way to unlock the immense potential of AI for the insurance industry, helping to drive innovation and efficiency, ultimately leading to significantly improved services. [1]

Pension plans are not about choosing between security, return potential and sustainability when entering into a contract and cementing it in an inert portfolio for many years. Sustainability, in particular, has become an increasingly important issue in recent years. It can be an opportunity for returns and security. Today, many sustainable forms of investment still do not offer the returns that can be generated by forms of investment without a good environmental footprint. The growing importance of sustainability in the past means that today's pension products must be able to integrate expected trends and changes and respond to environmental, climate-related and regulatory changes. This process towards a sustainable future must continue to be supported by long-term investments. Diversifying between sustainable and non-sustainable investments should not become a matter of choosing between sustainability and return. Diversification is not simply about building a portfolio – it is about creating a balanced portfolio that can gradually move towards sustainability. After all, the combination of rational choices, regulatory measures and environmental constraints will mean that sustainable investments will outperform non-sustainable investments in the coming years. We are consistently working on expanding investment opportunities, and if the broker is able to advise the client throughout the term of the contract, we will all be doing our bit to create a more sustainable world, and our clients will also have the opportunity to benefit from sustainable returns. [2]

> Digitalisation must be seen as a never-ending process of transformation towards a networked world.

Outlook for Liechtenstein Life Assurance AG

Inflation, interest rate fluctuations, geopolitical conflicts and changing regulatory frameworks are just some of the factors that suggest that another strong financial year will not be a given. In these times of events beyond our control, we are proud to have a stable financial position, an efficient and established distribution network and a broad and satisfied client base. And these are precisely the areas we will continue to prioritise as we move into the 2024 financial year.

The focus will be on an even better understanding of client needs. In the past financial year, we conducted various surveys and analyses that looked at cooperation with brokers, the demand for sustainable investments and knowledge about the possibilities of reduced inheritance tax liability through tax-optimised life insurance policies. We have used the knowledge gained to tailor our insurance solutions even more closely to the needs of our clients, and we will continue to pursue this approach consistently.

In addition, we want to leave it up to the brokers and their clients to decide which type of remuneration is the most appropriate for them. Brokers and policyholders should have the freedom to choose the right remuneration model in every situation. Accordingly, we also want to expand further our range of different remuneration options. This means that the real value of a consultation will be more prominent. This entrepreneurial approach

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makes brokers less dependent on government intervention, creates flexibility in remuneration and ensures both business success and the best price-performance ratio for policyholders. [1]

Satisfied clients and a growing number of new clients, supported by high-quality brokers, are an important part of our economic success, which means that we can continue to be a reliable partner for our clients.

Pessimists might now say that seven good years will be followed by seven lean years after the introduction of the magic number seven. This saying originated in ancient Egypt. It was driven by fertile years, famines and other developments that were beyond the control of the people. Our success, however, is based on the hard work of each and every one of our employees and the consistent pursuit of our strategic objectives. We will do everything in our power to ensure that we can report to you next year on the continuation of this successful path, and we are confident that we will achieve our ambitious goals in 2024 as well.

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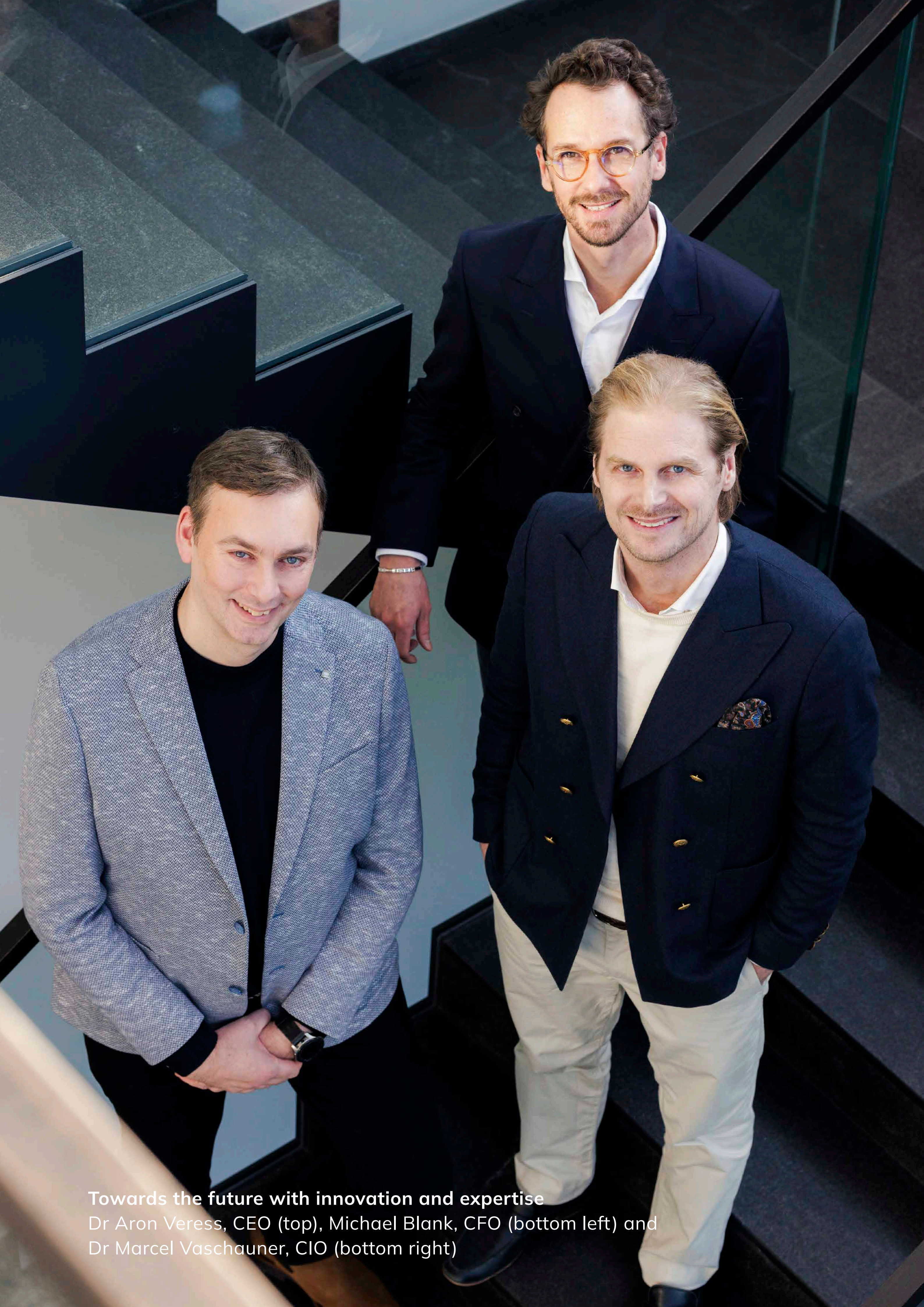
[1] Cash. Media Group GmbH, found on 8 January 2024 at https://www.cash-online.de/a/mut-zur-freiheit-warum-wir-bei-der-provision-gestaltungsraeume-statt-korsette-brauchen-643223/



Towards the future with innovation and expertise
Dr Aron Veress, CEO (top), Michael Blank, CFO (bottom left) and
Dr Marcel Vaschauner, CIO (bottom right)

2 Report of the Board of Directors

In the 2023 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
After the Board of Directors was reorganised in the 2022 financial year to include representatives of Fidelidade, there were no changes to the Board of Directors in the past financial year.

Subjects dealt with in the Board of Directors Committee
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 Management Committee
- Remuneration Committee
- Investments Committee

In 2023, 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 sustainability-related aspects in the corporate strategy
- Four-year planning for 2024–2027
- 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 would like to take this opportunity to thank all employees of Liechtenstein Life Assurance AG for their personal commitment and great dedication. Motivated and committed employees are an essential pillar for another successful financial year for Liechtenstein Life Assurance AG.

3 Board of Directors and Management Board

Board of Directors

Miguel Barroso Abecasis
Chairman of the Board of Directors

Reto Mathias Näscher
Vice-Chair of the Board of Directors

Luís Jaime Marques
Member of the Board of Directors

Christoph Böckle
Member of the Board of Directors

Dr Wei (Wilson) Sun
Member of the Board of Directors

Management Board

Dr Aron Veress
Chief Executive Officer

Michael Blank, Actuary DAV
Chief Financial Officer

Dr Marcel Vaschauner (since 16.05.2023)
Chief Investment Officer

Responsible Actuary

Rebekka Schreiber, Actuary DAV, CERA

Auditors

Ernst & Young AG
Maagplatz 1, 8010 Zurich

Board of Directors Committees

Investments Committee
Dr Wei (Wilson) Sun
Reto Mathias Näscher
Christoph Böckle

Compliance Committee
Dr Wei (Wilson) 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 Management Committee
Luís Jaime Marques
Reto Mathias Näscher
Christoph Böckle

“Artificial intelligence is taking the the insurance industry to a new level of excellence. In the digital era, the future of the insurance industry depends on the intelligent use of data and algorithms – a revolution that will strengthen trust and raise protection to a higher level.”

– ChatGPT, 2024

4 Growth and success: Two inspiring paths of development

Not just lip service, but a principle to be lived by: a central element of Liechtenstein Life's successful corporate strategy is the continuous development of its employees.

This is reflected in concrete achievements: Adriana Romagna and Davide Di Nita recently stepped up to become team leaders. Both have been with Liechtenstein Life since 2021. In the following interview, they talk about how they got there, what motivated them and what they have learned: a closer look at two talents.

Davide, in your new position you will now be responsible for an additional set of areas. What kind of skills or knowledge did you need to develop or to acquire?
In my new position, I am also responsible for medical underwriting and claims management in addition to client service. I had to acquire new skills, particularly in medical underwriting and claims management, which I was able to do with the support of my well-prepared colleagues.

How has your day-to-day work changed since the promotion? What are the main differences?
Davide: Day-to-day work has changed significantly. Previously, I was responsible for the tasks and individual projects assigned to me. I am now the first point of contact for all special cases and work with my colleagues to find the

Davide Di Nita has been working at Liechtenstein Life since May 2021. In October 2023, he took on the role of Senior Manager Client Relations & Claim Management. He is in charge of a team of 12 people. One of his main tasks is to implement client requests, the provision of expert information on the company's products and the effective inspection of claims. Together with his team, he also ensures that an excellent client experience is delivered in all languages and that internal processes are under constant review and being improved.

Adriana Romagna joined the underwriting team in March 2021. She became Senior Manager in September 2023. In her current role, she leads a dedicated team of three people committed to carefully checking and monitoring requests. From the initial review to the issuance of the final policy, her team is responsible for every step of the process. In every aspect of their work, Adriana and her team are committed to excellence and diligence.

best solution for our clients. Since the promotion, I have also been involved in process optimisation and general changes, which gives me an opportunity to improve the processes in client service, medical underwriting and claims management with the aim of simplifying the work of my colleagues and making it more effective.

Adriana: As a manager, I am now often involved in more meetings, both with my own team and with other managers. My relationships with colleagues have also changed as a line manager, as I am now in a position where I have to make decisions and evaluate performance.

Adriana, what new skills or knowledge have you acquired as a result of your promotion and how have they improved your work?
With increasing responsibility as a senior manager in underwriting, I have learnt to manage my time more effectively and to set priorities. These skills have become essential to ensure that I complete my tasks on time and can concentrate on the most important tasks. Getting promoted has also helped me to communicate better. I have learnt to communicate effectively and accurately as I am now in frequent dialogue with other managers. This allows me to communicate my ideas and suggestions better.

What advice would you give to other employees hoping to be promoted to similar management roles?
Adriana: Show initiative! If you get involved and take on additional tasks, you show your line manager that you are prepared to take on more responsibility.
Active listening and clear, concise communication can be learnt, and effective communication is essential in any management position. Developing leadership skills at an early stage is also very helpful: learn how to effectively motivate and lead a team, be a role model and demonstrate integrity.

Davide: I would advise you to always try and do your best. Be proactive and take responsibility, and find a good balance between quantity and quality of work. You should be a good communicator in a team environment and be able to help your colleagues to do their best. You also need to be patient, not lose sight of what you want to achieve and work towards that every day. ◆

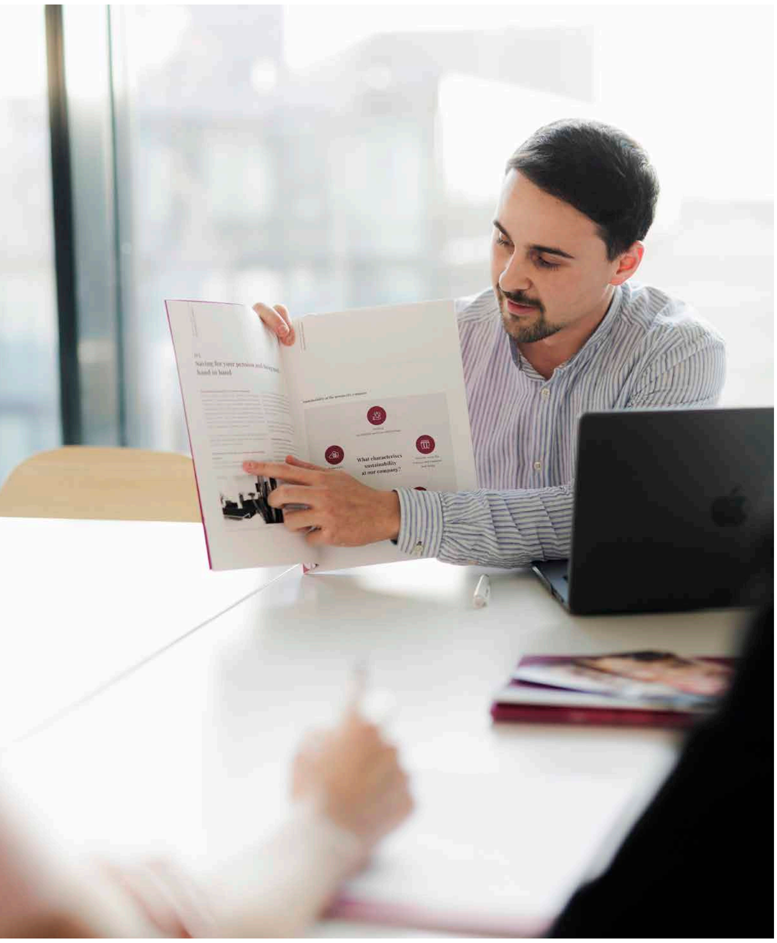
5 Business performance

Development of the insurance portfolio

Periodic gross premiums rose to CHF 214,597 thousand, predominantly due to the development of new business in the 2023 reporting period. This equates to an increase of 22 % compared with the previous year. The APE totalled CHF 222,778 thousand in the 2023 financial year, up 21 % 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 2023, 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 acquisitionand administration

Acquisition expenses

The acquisition expenses in the reporting period were CHF 84,508 thousand (previous year: CHF 83,058 thousand).

Administration expenses

Total administration expenses amounted to CHF 9,663 thousand (previous year: CHF 9,465 thousand).

Profit after taxes

Profit after taxes amounted to CHF 13,138 thousand (previous year: CHF 9,421 thousand).

Key balance sheet figures for Liechtenstein Life Assurance AG

Balance sheet total

The balance sheet total amounted to CHF 977,179 thousand in the reporting year (previous year: CHF 783,862 thousand) and therefore rose by 25 %.

Assets
At 88 %, 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 856,952 thousand as of 31 December 2023. This item had totalled CHF 683,829 thousand in the previous year. This represents an increase of 25 %.

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 896,864 thousand (previous year: CHF 695,175 thousand) at the reporting date. This represents an increase of 29 %.

Equity and liabilities
The underwriting (technical) provisions for life insurance contracts where the investment risk is borne by the insurance policyholders increased from CHF 657,276 thousand in 2022 to CHF 830,161 thousand in 2023. This represents an increase of 26 %.

Our employees

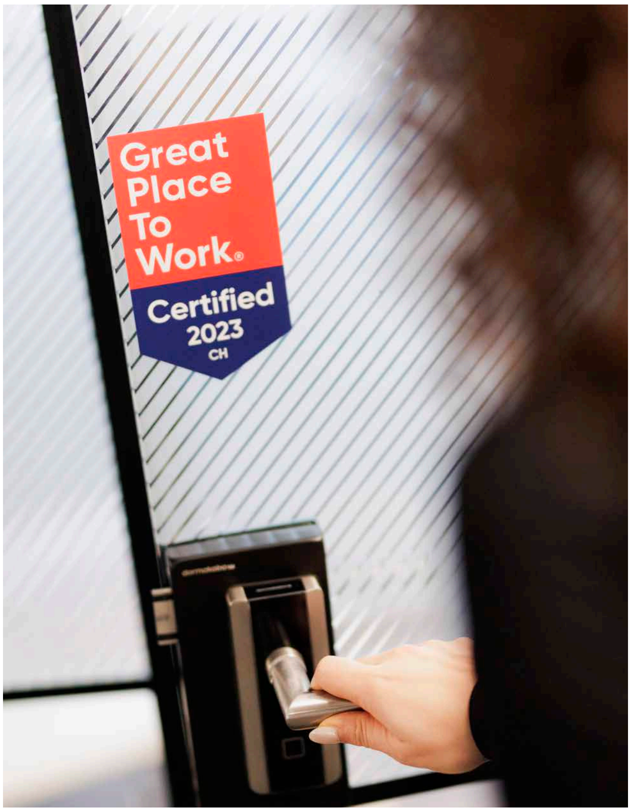
The year 2023 was a successful one for Liechtenstein Life Assurance AG, largely due to the tireless commitment and innovative strength of our colleagues.

Work-from-home flexibility
One of the most important HR projects was the successful implementation of the new regulations for working from home, including the split payroll system, both in Germany and Switzerland. We were one of the first companies in Liechtenstein to be able to respond flexibly to the different wishes of our employees, while at the same time respecting the legal framework. As a result, we have further strengthened our position as an attractive employer and created the best possible conditions for our employees to combine work, training, family and leisure.

Employee satisfaction and feedback
Another focus was on employee satisfaction and employee feedback. In order to increase employee satisfaction, we launched two innovative feedback and training formats:

- "Insights & Ideas" quickly established itself as an indispensable part of our feedback culture. With this regular exchange, we want to create an environment of trust in which everyone can express their opinion freely.

- The "Learning Hour" is a monthly training programme that covers a wide range of topics and is presented by internal teams and external experts.



"Great Place to Work": a working environment where every success matters.

"Great Place to Work" certification

We are proud to have been certified as a "Great Place to Work" this year. This recognition is a reflection of our ongoing efforts to create a work environment that is conducive to the well-being and development of our employees. The certification confirms that we offer a working culture in which everyone can feel inspired, motivated and safe at work.

Language support through Babbel

Another initiative to improve the international communication skills of our teams was to make the language learning app Babbel available to all employees. The response has been enthusiastic and a boost to our teams' international communication skills.

Numbers and facts

In 2023, 54 employees made a major contribution to Liechtenstein Life Assurance AG (previous year: 55 employees).

Outlook for the year ahead

We look forward to realising innovative projects in our new home in Schaan in the coming year and working together to strengthen communication, collaboration and corporate culture.

Thank you very much

In closing, we would like to express our sincere thanks to all of our employees for their efforts. Your commitment, innovative spirit and loyalty are the cornerstones of our success. Together, we have been able to make it through another successful year. We look forward to the challenges and opportunities of the coming year.

Risk management and mitigation

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 fulfil the requirements posed in being able to recognise, analyse and mitigate risks to which Liechtenstein Life Assurance AG is exposed. The aim is to mitigate risks through active management. As a result, the company's financial strength is bolstered and its value can be sustainably increased.

Underwriting risks

Underwriting risks are defined as changing cash flows due to unfavourable developments in the underlying calculation assumptions, particularly in biometrics. Biometrics include mortality, disability and longevity. In addition to biometrics, the cancellation behaviour of clients and the development of internal administrative costs have an impact on the long-term development of the company. Actuarial risks are monitored on an ongoing basis using actuarial analyses. A growing insurance portfolio balances underwriting risks. Biometric risks are mitigated through rigorous underwriting, and insurance contracts above a predetermined loss threshold are transferred to appropriate reinsurers, further reducing potential exposure.

Counterparty default risks

The 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 the partners are companies with a correspondingly high rating classification. Any potential outstanding amounts with brokers or clients are quickly identified through the internally implemented early warning indicators. Outstanding amounts are monitored with an 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 fidelity insurance.

Market risks
Risks in the area of capital investments are managed by means of a balanced policy of capital investment, and the risks posed by interest rates and exchange rates are kept to the minimum possible by means of diversification within the framework of supervisory regulations (mixture and spread).

Liechtenstein Life Assurance AG is also exposed to currency risk due to its cross-border business activities. In order to adequately manage currency risk, foreign currency holdings are continuously monitored and reduced as necessary.

Operational risks
Risks in conjunction with internal organisation, people, technology and external factors are summarised under operational risks. Liechtenstein Life Assurance AG has a comprehensive internal control system in place to minimise these risks. The risk of employee misconduct is minimised through the separation of functions in work processes, clear work instructions and plausibility checks. Extensive automation of the processes further reduces the potential for errors. In addition, the increasing use of digital technology is opening up further opportunities to monitor operational risks in a more comprehensive and granular manner. We devote particular attention to 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 the 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 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 is not able to 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
Possible threats to strategic success potential due to structural changes or market dependencies are referred to as strategic risk. 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 Focus on people

The team leaders of Liechtenstein Life

Dr Florian Wolf
Compliance Officer

Rebekka Schreiber
Responsible Actuary

Patrick Bischofberger
Head of Accounting & Finance

Martin Bringmann
Head of Digital Business

Thomas Bachmann
Head of Investment

Dr Helene Köhle
Head of Product & Actuarial Services

Silvan Huber
Head of Risk Management

Thomas Oster
Head of Operations

Davide Di Nita
Senior Manager – Client Relations & Claim Management

Adriana Romagna
Senior Manager – Underwriting

7 Annual financial statements Balance sheet (in CHF thousand)

Assets	Appendix	31.12.2023	31.12.2022
A. Intangible assets			
IV. Other intangible assets	7.1	260	37
		260	**37**
B. Capital investments			
III. Other capital investments			
1. Shares, other non-fixed-income securities and units in investment funds		98	108
2. Debt securities and other fixed-income securities		165	472
5. Other loans		0	1,510
6. Deposits with banks		39,619	9,226
7. Other capital investments		30	30
		39,912	**11,346**
C. Capital investments for the account and at the risk of life insurance policyholders	7.2	**856,952**	**683,829**
D. Additional receivables			
I. Receivables from self-concluded insurance business			
1. from insurance policyholders		3,606	2,227
2. from insurance brokers		1,257	1,731
II. Receivables from the reinsurance business			
3. from other debtors		6,830	17,754
III. Other receivables			
1. from affiliated companies		0	134
3. from other debtors		38	88
		11,730	**21,933**
E. Other assets			
I. Property, plant and equipment (apart from items of land & buildings)	7.3	135	151
II. Current credits with banks, giro cheque credits, cheques and cash-in-hand		35,554	39,204
		35,689	**39,355**
F. Prepaid expenses			
III. Other prepaid expenses	7.4	32,637	27,362
		32,637	**27,362**
Total assets		**977,179**	**783,862**

Equity and liabilities	Appendix	31.12.2023	31.12.2022
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		1,496	1,025
V. Profit/loss carried forward		16,335	8,885
VI. Annual earnings		13,138	9,421
		57,468	**45,830**
D. Underwriting provisions			
I. Unearned premiums			
1. Gross amount		63	55
		63	**55**
II. Actuarial reserve			
1. Gross amount		1,166	1,096
		1,166	**1,096**
III. Provision for unsettled claims			
1. Gross amount		2,768	2,072
2. Of which less: reinsurers' share		-1,631	-1,168
		1,136	**905**
Total D. Underwriting provisions		**2,366**	**2,055**
E. Underwriting provisions for life insurance contracts, where the investment risk is borne by the insurance policyholders	7.2	**830,161**	**657,276**
F. Other provisions			
II. Tax provisions		1,877	1,346
III. Other provisions		8,476	6,699
		10,353	**8,044**
G. Retained deposits for reinsured insurance business		**928**	**502**
Carried over		**901,276**	**713,709**

Equity and liabilities	Appendix	31.12.2023	31.12.2022
Carried over		**901,276**	**713,709**
H. Other liabilities			
I. Accounts payable arising out of insurance business contracted directly			
3. to other creditors	7.6	58,250	53,705
II. Reinsurance settlement liabilities			
3. to other creditors		14,771	14,503
V. Other liabilities			
1. Liabilities from taxes		198	145
2. Liabilities within the framework of social security		134	155
3. Other liabilities to affiliated companies		323	687
5. Other liabilities to other creditors		207	752
		73,883	**69,947**
I. Prepaid expenses		**2,020**	**207**
Total equity and liabilities		**977,179**	**783,862**

7 Annual financial statements

Income statement (in CHF thousand)

	Appendix	2023	2022
II. Technical account for life insurance			
1. Premiums earned for own account			
a) Gross premiums posted	7.7	296,405	253,386
b) Reinsurance premiums ceded		-69,258	-58,977
c) Change in gross unearned premiums		-8	-2
		227,138	**194,407**
2. Income from capital investments			
c) Current income from other capital investments		**7,275**	**4,983**
3. Unrealised gains from capital investments		**120,767**	**77,468**
4. Other underwriting income for own account		**1,883**	**3,038**
5. Insurance claims expenses for expenditures for own account			
a) Claims paid			
– Gross amount		-37,651	-25,769
– Reinsurers' share		554	353
b) Change in provision for unsettled insurance claims			
– Gross amount		-696	-188
– Reinsurers' share		464	102
		-37,330	**-25,503**
6. Change in the remaining underwriting net provisions			
a) Change in actuarial reserve			
– Gross amount		-172,936	-33,082
		-172,936	**-33,082**
8. Operating expenses for own account			
a) Acquisition expenses	7.8	-84,508	-83,058
b) Administration expenses	7.8	-9,663	-9,465
c) Commissions and shares of earnings received from reinsurance business	7.8	76,095	80,467
		-18,076	**-12,057**
Carried over		**128,721**	**209,254**

	Appendix	2023	2022
Carried over		**128,721**	**209,254**
9. Expenses for capital investments			
a) Expenses for the administration of capital investments and interest expenses	7.9	**-1,101**	**-1,005**
10. Unrealised losses from capital investments		**-110,854**	**-193,301**
11. Other underwriting expenses for own account	7.10	**-2,622**	**-3,888**
14. Net technical result for life insurance		**14,145**	**11,060**
III. Non-technical account			
3. Income from capital investments			
c) Current income from other capital investments		352	64
e) Gains on the disposal of capital investments		32	8
		384	**72**
5. Expenses for capital investments			
b) Depreciation, amortisation and impairment losses on capital investments		-19	-600
		-19	**-600**
7. Other income from ordinary business activities	7.11	**550**	**457**
8. Other expenses from ordinary business activities		**-47**	**-240**
10. Extraordinary income		**2**	**18**
13. Taxes on income and on earnings		**-1,877**	**-1,346**
Annual earnings		**13,138**	**9,421**

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.

Translation 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 2023 reporting year:

Currency	31.12.2023	31.12.2022
EUR	0.9297	0.9875
USD	0.8416	0.9252

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 reserve 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 01.01.2023	Additions/disposals	Depreciation, amortisation and impairment	Portfolio as at 31.12.2023
Licences and software	37	256	–33	260
Total	**37**	**256**	**-33**	**260**

Previous year

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**

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	31.12.2023	31.12.2022
Capital investments for the account and at the risk of policyholders	856,952	683,829
Premium deposit	-26,791	-26,553
Underwriting provisions to the extent that the investment risk is borne by the insurance policyholders	**830,161**	**657,276**

For capital investments for the account and at the risk of the policyholders, unrealised exchange rate gains from market fluctuations amount to CHF 120,767 thousand in the 2023 financial year (previous year: CHF 77,468 thousand), and unrealised exchange rate losses amount to CHF 110,854 thousand (previous year: CHF 193,301 thousand). The acquisition costs of these capital investments amount to CHF 841,329 thousand (previous year: CHF 703,151 thousand), with a market value of CHF 856,368 thousand (previous year: CHF 679,766 thousand) (in each case excl. private life insurance [PLI] business).

7.3 Property, plant and equipment

All figures in CHF thousand	Portfolio as at 01.01.2023	Additions/ disposals	Depreciation, amortisation and impairment	Portfolio as at 31.12.2023
Office furniture	44	0	-10	34
Fixtures in buildings belonging to others	23	0	-21	2
EDP hardware	84	51	-37	98
Security devices	0	0	0	0
Total	**151**	**51**	**-67**	**135**

Previous year

All figures in CHF thousand	Portfo-lio 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**

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 30,604 thousand (previous year: CHF 25,637 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 in CHF thousand	**2023 amount**	**2022 amount**
Value and Value Invest	7,596	10,191
KOKON Value	23,009	15,446
Total	**30,604**	**25,637**

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 compared to the previous year results from the positive portfolio development and a higher retention of 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 2023 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 58,250 thousand (previous year: CHF 53,705 thousand) contain premium deposit liabilities to policyholders amounting to CHF 26,791 thousand (previous year: CHF 26,553 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	2023	2022
Recurring premiums in CHF	167,063	135,516
Recurring premiums in EUR	47,534	40,910
Single premiums in CHF	23,241	24,376
Single premiums in EUR	58,567	52,583
Total	**296,405**	**253,385**

Allocation of the gross premiums posted according to countries:

All figures in CHF thousand	2023	2022
Switzerland	189,428	159,404
Liechtenstein	1,119	773
Austria	813	957
Italy	285	278
Germany	104,758	91,973
Total	**296,405**	**253,385**

7.8 Operating expenses for own account

a) Acquisition expenses

All figures in CHF thousand	2023	2022
Commissions	-75,277	-69,845
Sales promotion costs	–2,738*	–6,843*
Personnel costs	-3,325	-3,005
Other acquisition expenses	-3,168	-3,365
Total	**-84,508**	**-83,058**

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

b) Administration expenses

All figures in CHF thousand	2023	2022
Portfolio commissions	-1,572	-1,198
Personnel expenses	-2,599	-2,368
Other operating expenses	-5,392	-5,827
Depreciation, amortisation and impairment	-100	-72
Total	**-9,663**	**-9,465**

c) Commissions and shares of earnings received from reinsurance business

This item includes the financing commissions received by the reinsurers amounting to CHF 76,095 thousand (previous year: CHF 80,467 thousand).

7.9 Expenses for the administration of capital investments and interest expenses

Costs of CHF 378 thousand (previous year: CHF 361 thousand) were incurred in the 2023 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 16 thousand (previous year: CHF 8 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 2023 financial year, further profits of CHF 27 thousand (previous year: CHF 170 thousand) were realised from the guarantee agreements concluded in 2019.

Other disclosures

Number of employees

As at the reporting date of 31 December 2023, the staff of the company consisted of 54 employees (previous year: 55). Of these, 46.7 (previous year: 47.1) employees were employed on a full-time equivalent basis.

Fixed remuneration of the administrative and managerial organs

In line with Article 1092(9)(d) 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 2023 financial year amount, according to the order confirmation, to CHF 175 thousand, excluding VAT (previous year: CHF 170 thousand excl. VAT).

Other financial obligations

Other financial obligations amount to CHF 93 thousand (previous year: CHF 403 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

Liechtenstein Life Assurance AG has 10 current life insurance contracts with associated persons. The volume of premiums of these contracts posted within the 2023 reporting year amounted overall to CHF 23 thousand (previous year: CHF 32 thousand).

Services amounting to CHF 13,718 thousand and EUR 1,254 thousand (previous year: CHF 11,524 thousand) were utilised by affiliated companies in the 2023 financial year. In addition, EUR 19 thousand (previous year: EUR 69 thousand) of services rendered were also recharged to affiliated companies.

As of 31 December 2023, there are receivables of CHF 0 thousand (previous year: CHF 134 thousand) and liabilities of CHF 323 thousand (previous year: CHF 687 thousand) due from and to affiliated companies.

In addition, Liechtenstein Life Assurance AG has been the sole authorised signatory member of the Board of Directors and the sole beneficiary of LLA Office Anstalt since 2022. In the balance sheet of Liechtenstein Life Assurance AG, the founding capital of this foundation-like institution is capitalised at CHF 30 thousand. In the past financial year, the loan of CHF 1.5 million granted by Liechtenstein Life Assurance AG in 2022 was repaid by LLA Office Anstalt. In return, Liechtenstein Life Assurance AG subscribed to a subordinated bond issued by LLA Office Anstalt for CHF 1.6 million, whereby the bond is subject to a standard market interest rate. In the past financial year, the repaid loan and the bond generated interest income of CHF 16 thousand (previous year: CHF 10 thousand).

8 Appropriation of profit

Net profit for the year and appropriation of profit

The net profit for the year amounts to CHF 13,138 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	2023	2022
Balance carried forward from the previous year	16,335	8,885
Annual earnings	13,138	9,421
Total net profit for the year	**29,472**	**18,306**

Appropriation of profit in CHF thousand	2023	2022
Dividends	2,400	1,500
Contribution to statutory reserves	504	471
Carried forward to new account	**26,568**	**16,335**

9 Actuarial confirmation

Actuarial confirmation of Liechtenstein Life Assurance AG as at 31 December 2023

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 63,246
- D. II. Actuarial reserves of CHF 1,166,312
- D. III. Provisions for unsettled insurance claims (incl. incurred but not reported claim [IBNR]) of CHF 2,767,806
- of which reinsurers' share of CHF 1,631,400
- E. I. Underwriting provisions for life insurance contracts where the investment risk is borne by the insurance policyholders of CHF 830,161,300

No business in reinsurance was taken.

Ruggell, 23 January 2024

Rebekka Schreiber

Rebekka Schreiber
(Responsible Actuary)

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To the General Meeting of
Liechtenstein Life Assurance AG, Ruggell

Zurich, 29 February 2024

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 AG (the "Company"), which comprise the balance sheet as at 31 December 2023, 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 27 to 40) give a true and fair view of the financial position of the Company as at 31 December 2023 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 matter below, provide the basis for our audit opinion on the financial statements.

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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.

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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.

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 without interruption 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 8 to 15 and 22 to 25) 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)
Liechtenstein Certified Accountant
(Auditor in charge)

Armin Imoberdorf
(Qualified Signature)
Swiss Certified Accountant

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Commercial Register, Office of Justice:
FL-0002.254.494-2
UID: CHE-282.419.665