

OCTIUM



**ANNUAL
REPORT 2021**

Octium Assurance Aktiengesellschaft

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2021 Highlights at a glance



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Offices in Vaduz (LI) and Milan (IT)



CHF 5.3 bn

We have CHF 5.3 billion
Asset under Management



203%

Solvency Capital Coverage Ratio
as at year end



> 3'000

We have served more
than 3'000 clients



Offices



Active Markets

Management Report

Octium Assurance Aktiengesellschaft (“Octium” or the “Company”) – former Credit Suisse Life & Pensions Aktiengesellschaft – is a life insurance company incorporated in Liechtenstein and regulated by the Financial Market Authority of Liechtenstein. The Company was first authorized to write life insurance business in 2001 and holds licenses for class III (Unit Linked). Octium writes unit linked policies on a cross border basis under the EU freedom of services legislation, and through its branch in Italy, Octium Assurance AG (Italian Branch) under the EU freedom of establishment legislation in Italy.

Octium offers single premium unit linked life insurance products to High Net Worth (“HNW”) individuals, whereby Clients have the flexibility to select from a broad range of investment options.

The Company operates cross border into EU under the third life directive’s freedom to provide services regime and in Italy under the directive’s freedom of establishment. Octium distributes its products directly or through banks. All products are offered subject to the local regulatory and tax requirements and in local language. The key markets for the Company are Italy and Germany.

The Company has had no material changes over the period to its business, performance, systems of governance, risk profile or valuation for solvency purposes. The Company maintains a strong solvency position with a ratio of available assets to solvency requirement of 203% as of 31 December 2021. Below is a summary of the business profile, key changes and events in 2021.

System of governance

Octium’s Board of Directors (“BoD”) has responsibility for compliance with the regulatory requirements and the governance arrangements. The Company continued in 2021 to strengthen its governance and procedures. For that purpose, the Company and its BoD has established effective governance and controls to manage business activities and risks. It decides on the strategic aims and the necessary financial and human resource requirements based on recommendations of the Executive Management and Chief Executive Officer.

Business and performance

In 2021 the COVID-19 pandemic continued to significantly impact the way how Octium was performing its business and still led to a higher level of new business volume compared to previous years – CHF 363m – but also to a higher level of full and partial surrender claims as well as death and maturity claims – CHF 308m of full and partial surrenders and CHF 249m of death and maturity claims. Despite these effects the level of fee income in original currency remained also in 2021 fairly stable. Nevertheless, one-off effects like additional costs for remediation activities and fx translation effects explain why the profit for 2021 decreased to CHF 1.9m compared to last year’s profit of CHF 7.5m.

Capital management

Octium Holding S.A., Luxembourg, (“Octium Group” or the “Group”) is Octium’s sole shareholder and the nominal share capital of CHF 15.0m is fully paid in. Octium’s capital requirements are assessed by its Appointed Actuary and the solvency coverage ratio on 31 December 2021 was 203% by already taking into account a foreseeable dividend of CHF 1.9m (2020: 235%). The solvency coverage ratio indicates the amount of capital relative to regulatory requirements and has remained strong year-on-year, even if Octium paid out a dividend in the amount of CHF 7.5m in 2021.

Significant events

Octium Group completed the acquisition of Credit Suisse Life & Pensions AG, a former subsidiary company of Credit Suisse AG, specializing in the provision of Life Insurance solutions, on 31st December 2021. The acquisition is highly complementary to the existing business from a client, product and distribution perspective, while at the same time being strategic for future development plans. The presence in Liechtenstein in particular guarantees access to further markets and the development of new products and solutions.

Octium Group is an independent international insurance group specializing in the design, structuring and distribution of unit-linked life insurance products. Octium Group has policyholder assets worth approximately EUR 10 billion and operates in global markets with a unique offering of insurance-financial products for wealth and succession planning. With Headquarters in Luxembourg, the Group operates the insurance companies Octium Life DAC (Dublin) and Octium Assurance AG (Vaduz and Milan Branch), as well as the insurance intermediary Octium International Insurance Agent AG (Vaduz and Zurich Branch).

At the moment of writing this report the further evolvement of the COVID-19- pandemic can hardly be assessed. Moreover, mortality incidents are likely to continue to be on a higher level also in 2022. In addition, inflation fear and a new turmoil on the capital markets or even an economic downturn caused by the war in Ukraine is likely to affect the economy and the capital market and lead to a significant, and possibly longer lasting impact on the development of the value of policyholder assets. This development as well as the impact on clients, contractors and other important stakeholders are monitored closely by the management and possibilities to mitigate the impact are reviewed.

The management of Octium would like to take this opportunity, as well on behalf of the Board of Directors, to sincerely thank to business partners, customers and employees for their great collaboration and their trust they have shown in for reporting period.

Daniele Celia
Chief Executive Officer

Volkan Gökdemir
Chief Financial Officer

Balance Sheet

(in CHF)

| ASSETS | <i>Pos.</i> | 31.12.2021 | 31.12.2020 |
|---|------------------|----------------------|----------------------|
| B. Financial Investments | <i>21</i> | | |
| III. Other Financial Investments | | | |
| 6 Other Money Market Investments | | 15,000,000 | 21,000,000 |
| C. Investments held to cover linked liabilities | <i>1.3, 1.4</i> | 5,258,812,119 | 5,385,477,491 |
| D. Debtors | | | |
| I. Receivables arising out of direct insurance operations | | | |
| 1c. from policyholders | | 4,401,295 | 4,405,215 |
| II. Reinsurance Receivables | | | |
| 3. from other debtors | | 60,489 | 21,088 |
| III. Other debtors and receivables | | | |
| 1. from group companies | | 1 | 0 |
| 3. Italian substitute tax receivable | <i>1.8</i> | 41,608,276 | 62,833,246 |
| E. Other assets | <i>1.10, 2.2</i> | | |
| I. Tangible assets | | 14,195 | 6,189 |
| II. Cash at bank and in hand | | 42,086,407 | 28,002,651 |
| F. Prepayment and accrued income | | | |
| I. Accrued Interest and Rent | | 0 | 8,000 |
| III. Other prepaid expenses | | 4,192,265 | 1,230,660 |
| TOTAL ASSETS | | 5,366,175,047 | 5,502,984,540 |

Balance Sheet

(in CHF)

| LIABILITIES | <i>Pos.</i> | 31.12.2021 | 31.12.2020 |
|---|-------------------|----------------------|----------------------|
| A. Equity | | | |
| I. Share Capital | <i>2.3.</i> | 15,000,000 | 15,000,000 |
| IV. Legal reserves | | 7,500,000 | 7,500,000 |
| V. Retained earnings | | 79,524,421 | 79,512,755 |
| VI. Net Profit for the year | | 1,908,942 | 7,511,666 |
| Total Equity | | 103,933,363 | 109,524,421 |
| D. III. Provision for unsettled claims | <i>1.7., 2.4.</i> | | |
| 1. Gross amount | | 276,497 | 196,026 |
| 2. <i>share of reinsurer</i> | | (136,776) | (78,060) |
| E. Technical Provisions | <i>1.6., 2.5.</i> | | |
| 1. Technical provisions for linked liabilities | | 5,155,349,390 | 5,367,357,063 |
| F. Other Provision | <i>2.6.</i> | | |
| II. Tax provision | | 56,910 | 213,329 |
| III. Provisions for other business activities | | 576,981 | 1,676,594 |
| H. Creditors | | | |
| I. Liabilities out of direct insurance operations | | | |
| 3. Arising from other creditors | | 103,710,031 | 21,094,603 |
| II. Liabilities to reinsurer | | | |
| 3. Other creditors | | 201,332 | 331,475 |
| IV. Liabilities to banks | | | |
| 1. Arising from group companies | | 0 | 1,179,940 |
| V. Other Liabilities | | | |
| 1. Tax liabilities | | 1,030,831 | 430,048 |
| 2. Social security | | 31,923 | 68,694 |
| 3. To group companies | | 0 | 403,658 |
| 5. To other creditors | | 878,652 | 321,692 |
| I. Accruals and deferred income | | 265,913 | 265,057 |
| TOTAL LIABILITIES | | 5,366,175,047 | 5,502,984,540 |

Income Statement

(in CHF)

| I. Life Insurance business – Technical Account | | <i>Pos.</i> | 31.12.2021 | 31.12.2020 |
|---|---|-------------|-------------------|-------------------|
| 1. | Premiums | | | |
| | a) Gross written premiums | 3.1 | 362,984,999 | 158,641,058 |
| | b) Reinsurer share | | (916,127) | (824,185) |
| 2. | Income from financial investments | | | |
| | c) Recurring revenues | 3.2 | 24,773,164 | 32,437,173 |
| | e) Realized gains | 3.3 | 178,970,396 | 157,510,304 |
| 3. | Unrealized gains from financial investments | 3.4 | 325,451,340 | 309,174,956 |
| 5. | Claims | | | |
| | a) Settled claims | | | |
| | aa) Gross amount | | (557,128,616) | (412,845,423) |
| | bb) share of reinsurer | | 439,148 | 104,720 |
| | b) Change in provision for unsettled claims | 1.7 | | |
| | aa) Gross amount | | (80,471) | (46,084) |
| | bb) share of reinsurer | | 58,716 | 18,864 |
| 6. | Change in other technical provisions | 1.6 | | |
| | a) Change in other technical provisions | | | |
| | bb) Gross amount | | 212,007,673 | 204,939,906 |
| 8. | Expenses arising from insurance operations | 3.5 | | |
| | a) Acquisition expenses | | (1,921,251) | (1,978,525) |
| | b) Administrative expenses | | (6,756,701) | (5,238,120) |
| 9. | Expenses for financial investments | | | |
| | a) From asset management activities and interest expenses | | (43,188,054) | (44,803,007) |
| | c) Realized losses from financial investments | 3.3 | (90,455,521) | (249,251,939) |
| 10. | Unrealized losses from financial investments | 3.4 | (395,771,681) | (137,922,497) |
| 14. | Result of technical account | | 8,467,014 | 9,917,201 |

Income Statement

(in CHF)

| | 2021 | 2020 |
|---|------------------|-------------------|
| 14. Result of technical account | 8,467,014 | 9,917,201 |
| II. NON TECHNICAL ACCOUNT | | |
| 5. Expenses for financial investments | | |
| a) From asset management activities and interest expenses | (506,280) | (389,336) |
| c) Realized losses from financial investments | (3,846,055) | (219,633) |
| 7. Other income | 1,223,467 | 1,569,893 |
| 8. Other expenses | (884,020) | (315,552) |
| 9. Result from non technical account | 4,454,126 | 10,562,573 |
| 13. Income taxes | (2,071,357) | (2,566,739) |
| 14. Other taxes | (473,827) | (484,168) |
| 15. Net Profit for the year | 1,908,942 | 7,511,666 |

Notes to the financial statement

1. Accounting policies

1.1. Basis of preparation

Octium Assurance Aktiengesellschaft was established under the local law and regulation in Liechtenstein and is a wholly owned subsidiary of Octium Holding S.A., domiciled in Luxembourg. The Company has as well a Branch in Milan operating under Italian law and regulation.

The financial statements are based on the principles of the Liechtenstein, Persons and Companies Act (PGR), the Law of 6 December 1995 on the supervision of insurance companies (Insurance Supervision Act; VersAG) and the associated ordinance (Insurance Supervision Ordinance; VersAV) in the currently valid versions. The financial statements are prepared in CHF which is the presentational and functional currency of the Company. These financial statements were prepared under the going concern assumption. The policy of individual valuation of all asset items and all debts was complied with.

1.2. Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the financial year. However, the nature of estimation means that actual outcomes could differ from those estimates. The areas that involve judgements and estimations and that have had the most significant effect on amounts recognized in the financial statements are described in below sections 1.3 to 1.5.

1.3. Investments held to cover linked liabilities

Insurance Products of Octium Assurance are classified as “insurance-based investment products” under Directive (EU) 2016/97 - Insurance Distribution Directive (IDD). Insurance risk stems from the degree of death cover and varies by the different products and countries. Products where investment risk is beard by the policyholder are deemed to be a life insurance contracts.

1.4. Valuation of investments held to cover linked liabilities

Investments are valued at the balance sheet date as follows:

- Listed securities are valued at market price;
- Short term deposits are valued at cost, exclusive of accrued interest.

These are investments whose fair value is determined using observable, unadjusted quoted prices in active markets for identical assets. An active market is one in which transactions for the asset occurs with sufficient frequency and volume to provide pricing information on an ongoing basis.

Money market vehicles, unlisted fixed income securities, valued using third-party fair value models, unlisted collective investment vehicles are investments whose fair value is determined using inputs other than quoted prices that are observable, either directly or indirectly through corroboration with market data.

Derivative financial instruments are valued at market rates ruling at the balance sheet date and the gain or loss on these contracts is recorded in the technical account. Assets held to cover linked liabilities are held at fair value to back the underlying liabilities to which these relate.

1.5. Derecognition of financial assets and financial liabilities

A financial asset or financial liability is derecognized when the contract that gives rise to it is settled, sold, cancelled, or expires.

1.6. Technical provision for linked liabilities

Linked liabilities are established by reference to the value of the underlying assets which are held to meet those liabilities.

Notes to the financial statement

1.7. Provision for unsettled claims

The company foresees a provision for unsettled claims for reasons of materiality. It only includes death coverage based on reported deaths and an estimate of deaths that have occurred but not yet reported (IBNR). All death payments are lump sum payments. For these reasons, the provision is considered a short-term obligation to be paid out, which in its amount is well defined and not at risk. A provision is made for unreported cases based on the expected number of unreported cases.

1.8. Italian substitute tax receivable

Payments to the Italian Revenue because of the Company becoming a withholding tax agent for substitute tax are recognised as a prepaid tax receivable. All Italian substitute tax on gains due on policies surrendering, or on death, is charged against the receivable.

1.9. Foreign currency

Transactions denominated in foreign currencies are initially recorded in the functional currency at the exchange rate ruling at the date of the transactions. All assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate ruling on the balance sheet date.

The following rates were used:

| | on 31. December 2021 | on 31. December 2020 |
|-----------------------|----------------------|----------------------|
| Pounds sterling (GBP) | 1.235127 | 1.202650 |
| Euro (EUR) | 1.033871 | 1.082988 |
| US-Dollar (USD) | 0.914525 | 0.880675 |

1.10. Tax provision

Current tax liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

1.11. Tangible assets

Tangible fixed assets are stated at cost less accumulated depreciation and any provision for impairment. Depreciation is provided on a straight-line basis to write off the cost of the assets over their expected useful lives as follows:

Fixtures and fittings: 10 years or premises lease term if shorter
Computer equipment: 5 years

Notes to the financial statement

2. Notes related with Statement of financial position

2.1. Financial investments

These are deposits held at custodian bank in the form of time deposits at standard market conditions.

2.2. Other assets

| Tangible assets (in CHF) | 2021 | 2020 |
|---|-------------------|-------------------|
| Opening balance 1.1. gross | 34,609 | 28,925 |
| + Purchase gross | 0 | 5,684 |
| ./. Sale gross | (800) | 0 |
| +/- valuation change | 0 | 0 |
| Closing balance 31.12. gross | 33,809 | 34,609 |
| ./. Accumulated depreciation | (27,159) | (27,090) |
| ./. Depreciation for the current financial year | 7,545 | (1,330) |
| Closing balance 31.12. net | 14,195 | 6,189 |
| | | |
| Cash at bank | 2021 | 2020 |
| Opening balance 1.1. | 28,002,651 | 17,868,474 |
| Closing balance 31.12. | 42,086,407 | 28,002,651 |
| Total other assets as on 31.12. | 42,100,602 | 28,008,840 |

The cash at bank balances are in CHF (CHF 8,223,582), EUR (CHF 33,862,720) and USD (CHF 105) available.

2.3. Share Capital

As of the balance sheet date, 15,000 registered shares are available with a nominal value of CHF 1,000 each were issued and fully paid in.

2.4. Provisions for unsettled claims

The share of IBNR from provisions for unsettled claims is as of year-end CHF 51,694 (2020: 54,149).

2.5. Technical Provisions

Investments held to cover linked liabilities are higher than technical provisions for linked liabilities due pending transactions out of direct insurance operations against other creditors reported under H.I.3. of CHF 103,710,031.

2.6. Other Provision

The income taxes for Italy were considered with a tax rate of 30.82% on the net income of the year before taxes. For Liechtenstein a tax rate of 12.5% was applied. The provisions for other business activities include provisions as well for pending litigation cases.

Notes to the financial statement

3. Notes to the Income Statement

3.1. Gross written premiums

| | 2021 | 2020 |
|------------------|--------------------|--------------------|
| Life business | 362,984,999 | 158,641,058 |
| Total CHF | 362,984,999 | 158,641,058 |

Country breakdown of gross written premiums

| | 2021 | 2020 |
|------------------|--------------------|--------------------|
| Germany | 8,699,481 | 7,955,934 |
| Italy | 354,285,518 | 150,685,124 |
| Total CHF | 362,984,999 | 158,641,058 |

3.2. Income from financial investments

| | 2021* | 2020* |
|--|-------------------|-------------------|
| Dividend income | 16,374,138 | 21,865,427 |
| Interest income on bonds | 8,352,911 | 10,548,658 |
| Income on time deposits and derivative instruments | 45,794 | 20,801 |
| Interest income on cash at bank | 321 | 2,287 |
| Total CHF | 24,773,164 | 32,437,173 |

*including transactions for the financial year 2021, CHF 285,857.96 (2020: 631,187) with former parent company, Credit Suisse AG and its subsidiaries

3.3. Realized gains and losses from financial investments

| | 2021 | 2020 |
|----------------------|-------------------|---------------------|
| Realized gains | 178,970,396 | 157,510,304 |
| Realized losses | (90,455,521) | (249,251,939) |
| Total CHF net | 88,514,875 | (91,741,635) |

3.4. Unrealized gains and losses from financial investments

| | 2021 | 2020 |
|----------------------|---------------------|--------------------|
| Unrealized gains | 325,451,340 | 309,174,956 |
| Unrealized losses | (395,771,681) | (137,922,497) |
| Total CHF net | (70,320,341) | 171,252,459 |

Notes to the financial statement

3.5. Expenses arising from insurance operations

| Acquisition expenses | 2021 | 2020 |
|--------------------------------------|--------------------|--------------------|
| Personnel expenses | (403,785) | (323,387) |
| Depreciation of equipment | (941) | (665) |
| Other Office Expenses | (584,761) | (789,565) |
| Acquisition expenses | (165,073) | (99,333) |
| Other directly attributable expenses | (766,691) | (765,575) |
| Total CHF | (1,921,251) | (1,978,525) |

| Administrative expenses | 2021 | 2020 |
|--------------------------------------|--------------------|--------------------|
| Personnel expenses | (1,582,590) | (1,296,307) |
| Depreciation of equipment | (941) | (665) |
| Other Office Expenses | (2,083,634) | (848,169) |
| Other directly attributable expenses | (3,089,536) | (3,092,979) |
| Total CHF | (6,756,701) | (5,238,120) |

3.6. Transactions with related parties

| | 2021 | |
|---|------------------------|--------------------------|
| | Parent Company* | Sister Companies* |
| Acquisition expenses | (866,991) | 0 |
| Other directly attributable expenses | 0 | (116,263) |
| Other expenses | 0 | 0 |
| Expenses for outsourced services to group companies | (2,807,672) | (392,962) |
| Total CHF | (3,674,663) | (509,225) |

*including transactions for the financial year 2021 with former parent company, Credit Suisse AG and its subsidiaries

| | 2020 | |
|---|-----------------------|-------------------------|
| | Parent Company | Sister Companies |
| Acquisition expenses | (813,305) | 0 |
| Other directly attributable expenses | 0 | (118,675) |
| Other expenses | 0 | (66,000) |
| Expenses for outsourced services to group companies | (2,855,889) | (250,113) |
| Total CHF | (3,669,194) | (434,788) |

Notes to the financial statement

4. Other information

4.1. Number of employees

In reporting period an average of 16 employees (2020: 9 employees) were employed, with the majority of policy management and administration being carried out by the former parent company.

4.2. Remuneration of the administrative and management bodies

The remuneration of the governing bodies amounts to CHF 974,026.54 (2020: CHF 600,380).

4.3. Contingent liabilities

There are contingent liabilities for various risks amounting to CHF 2,998,226 (2020: CHF 5,898,000).

4.4. Remuneration of independent auditor

| | 2021 | 2020 |
|------------------------|----------------|---------------|
| Audit fees | 110,000 | 92,000 |
| Audit related services | 52,000 | 0 |
| Other fees | 0 | 0 |
| Total CHF | 152,000 | 92,000 |

4.5. Subsequent events

There are no subsequent events.

4.6. Appropriation of retained earnings

Proposal of the Board of Directors on the appropriation of the balance sheet profit for 2021

| | |
|---|-------------------|
| Balance sheet profit | 79,524,421 |
| Net Profit for the year | 1,908,942 |
| At the disposal of the General Assembly | 81,433,363 |
| Dividend payment | (1,900,000) |
| Allocation to the Legal Reserve* | 0* |
| Carry forward for new account | 79,533,363 |

*The allocation to legal reserves is waived because the provisions of Art. 309 Para. 1 PGR are met.

On 19th November 2021 an extraordinary general meeting (EGM) took place at headquarter of the company. The general meeting approved a dividend payment of CHF 7,500,000 which was paid out to former shareholder in December 2021.

Independent Auditor's report

Statutory auditor's report

to the General Meeting of Octium Assurance AG, Vaduz

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Octium Assurance AG (the "Company", formerly Credit Suisse Life and Pensions AG), which comprise the balance sheet as at 31 December 2021, the income statement for the year then ended, and the notes to the financial statements, including the accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 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.

Our audit approach

Overview

Overall materiality: CHF 1,039,000



We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As a key audit matter, the following area of focus has been identified:

Management and valuation of Investments held to cover linked liabilities and technical provisions for linked liabilities

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

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

| | |
|--|--|
| Overall Group materiality | CHF 1,039,000 |
| Benchmark applied | Total equity |
| Rationale for the materiality benchmark applied | We chose total equity as the benchmark because, in our view, it is the benchmark that best represents the solvency and stability of the Company and it is of major relevance for economic decisions made by the owners, customers and the regulator. |

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

Management and valuation of Investments held to cover linked liabilities and technical provisions for linked liabilities

| Key audit matter | How our audit addressed the key audit matter |
|--|---|
| <p>Investments to cover linked liabilities are held by the Company to match the amount of the technical provisions for linked liabilities. The investments and the related technical provisions represent the largest balance sheet accounts. As a result, a significant portion of our audit effort was directed towards the audit of the management and valuation of the investments and the related technical provisions. Therefore, the management and valuation of these two accounts was identified as a key audit matter.</p> <p>As of 31 December 2021, the Company recorded investments held to cover linked liabilities in the amount of CHF 5.3 billion.</p> <p><i>See sections 1.3, 1.4 and 1.6 on page 10 (Accounting principles)</i></p> | <p>We have assessed the control activities related to the management and the valuation and reconciliation processes for investments and the related technical provisions, and reviewed the design and effectiveness of the relevant controls identified therein.</p> <p>On the basis of the inspection of and reconciliation with documentation from third parties, we performed sample testing on the portfolio as at 31 December 2021. In addition, we performed sample testing on the valuation of investments by comparing the Company's valuation of the investments with independent price sources. Where no independent prices were available, we obtained details of the Company's pricing and assessed for appropriateness. We also considered externally available information and assessed its impact on the valuation.</p> <p>Our audit procedures did not raise any concerns with regard to the management and valuation of investments held to cover linked liabilities and the related technical provisions.</p> |

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 reports thereon.

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

In connection with our audit of the financial statements, 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements or, whether due to fraud 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 Board of Directors or 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.

We also provide the Board of Directors or the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Board of Directors or the Audit Committee, we determine those matters that were of most significance in the audit of the 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 25 March 2021. We have been the statutory auditor of the Company without interruption since the financial year ending 31 December 2020.

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.

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

Further confirmations according to article 196 PGR and article 54 para. 3 VerAV

The accompanying management report 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 complies with Liechtenstein law, the articles of incorporation and the regulatory requirements. We recommend that the accompanying financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Enrico Strozzi
Liechtenstein Certified Public Accountant
Auditor in charge



Adrian Oehri
Liechtenstein Certified Public Accountant

Zurich, 23 March 2022

Enclosures:

- Management report
- Financial statements (balance sheet, income statement and notes)
- Appropriation of retained earnings

Confirmation Actuarial Function

Basierend auf den Untersuchungen und Erläuterungen in diesem Bericht wird folgende Bestätigung ohne Einschränkungen abgegeben:

Versicherungsmathematische Bestätigung per 31. Dezember 2021 für die Octium Assurance AG, Vaduz

Im Sinne von Art 41 VersAG bestätige ich als verantwortlicher Aktuar, dass die unten aufgeführten versicherungstechnischen Rückstellungen nach den hierfür geltenden gesetzlichen Vorschriften des liechtensteinischen Versicherungsaufsichtsgesetzes und der dazugehörigen Verordnung und anerkannten versicherungsmathematischen Grundlagen richtig berechnet und aus reichend dotiert sind:

- Versicherungstechnische Rückstellung für Lebensversicherungsverträge, soweit das Anlagerisiko von den Versicherungsnehmern getragen wird über CHF 5'155'349'390.
- Rückstellung für noch nicht abgewickelte Versicherungsfälle über CHF 276'497 (brutto), davon für noch nicht bekannte Versicherungsfälle (IBNR) CHF 51'694, und Anteil des Rückversicherers CHF 136'776.

Es wurde kein Geschäft in Rückversicherung genommen.

Die Kapitalanforderungen an das Versicherungsunternehmen sind per 31. Dezember 2021 erfüllt.



Vaduz, 03.03.2022

Lars Kauffmann

Octium Assurance Aktiengesellschaft

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