



# Annual Report 2022

Octium Assurance  
Aktiengesellschaft

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# Management Report

Octium Assurance Aktiengesellschaft ("Octium" or the "Company") 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 I and III. 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 through brokers or its sister company Octium International Insurance AG. 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 226% as of 31 December 2022. Below is a summary of the business profile, key changes, and events in 2022.

## System of governance

Octium's Board of Directors ("BoD") has responsibility for compliance with the regulatory requirements and the governance arrangements. For that purpose, the Company and its BoD has established 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. The Company and its BoD have maintained governance and controls to manage business activities and risks.

## Business and performance

On the business side Octium has been indirectly affected by increased inflation rates and the Ukraine-War which have caused an additional turmoil on the capital markets and an economic downturn. Thus, it affected the economy and the capital markets and impacted the performance and the value of policyholder' assets. However, Octium maintained a high-level of service and compliance with regulatory obligations. Despite a decrease in Asset under Management due to net business outflows and negative performance, Octium reports a net profit of 1.2m EUR, mainly benefiting from the change of functional currency from CHF to EUR.

## Capital management

Octium Holding S.A., Luxemburg, ("Octium Group" or the "Group") is Octium's sole shareholder and the nominal share capital of CHF 15.0m (EUR 10.1m) is fully paid in. Octium's capital requirements are assessed by its Appointed Actuary and the solvency coverage ratio on 31 December 2022 is 226% (2021: 203%), including a foreseeable dividend of EUR 1.0m. The solvency coverage ratio indicates the amount of capital relative to regulatory requirements and has remained very strong year-on-year.

## Significant events

Octium Group entered into an agreement to buy the Private Placement Life Insurance business of YouPlus Assurance AG. This acquisition, subject to FMA approval, will transform the Company to one of Liechtenstein's largest PPLI providers.

As outlined by the European Commission when concluding the Paris Agreement on Climate Change the transition to a low-carbon, more sustainable, resource-efficient, and circular economy in line with the Sustainable Development Goals is key to ensuring the long-term competitiveness of the economy of the Union. As a consequence of the European Commission's Action Plan 'Financing Sustainable Growth' a series of amendments to the respective delegated regulation have been conducted which came into effect in 2022. Thus, it requires insurance undertakings to consider the integration of sustainability risks in their governance, investment management, and reporting as well as in the development and distribution of its products. Respective projects to assess and implement these far-reaching amendments have already been initiated.

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 the reporting period.

## Balance Sheet (in EUR)

<b>ASSETS</b>	<i>Pos.</i>	<b>31.12.2022</b>	<b>31.12.2021</b>
B. Financial Investments	<i>2.1</i>		
III. Other Financial Investments			
6 Other Money Market Investments		14,053,437	14,508,580
C. Investments held to cover linked liabilities	<i>1.3, 1.4</i>	4,176,380,003	5,086,526,384
D. Debtors			
I. Receivables arising out of direct insurance operations			
1c. from policyholders		3,583,069	4,257,103
II. Reinsurance Receivables			
3. from other debtors		100,019	58,507
III. Other debtors and receivables			
1. from group companies		23,123	1
3. Italian substitute tax receivable	<i>1.8</i>	49,344,609	40,245,133
E. Other assets	<i>1.12, 2.2</i>		
I. Tangible assets		537,021	13,730
II. Cash at bank and in hand		30,728,580	40,707,600
F. Prepayment and accrued income			
III. Other prepaid expenses		4,777,505	4,054,921
<b>TOTAL ASSETS</b>		<b>4,279,527,366</b>	<b>5,190,371,959</b>

## Balance Sheet (in EUR)

<b>LIABILITIES</b>	<i>Pos.</i>	<b>31.12.2022</b>	<b>31.12.2021</b>
A. Equity			
I. Share Capital	<i>2.3.</i>	10,084,034	10,084,034
II. Currency Translation Reserve		4,588,748	5,044,403
IV. Legal reserves		6,634,433	6,634,433
V. Retained earnings		76,916,227	76,919,094
VI. Net Profit for the year		1,176,363	1,846,403
<b>Total Equity</b>		<b>99,399,805</b>	<b>100,528,36</b>
D. III. Provision for unsettled claims	<i>1.7., 2.4.</i>		
1. Gross amount		690,741	267,439
2. <i>share of reinsurer</i>		(566,403)	(132,295)
E. Technical Provisions	<i>1.6, 2.5.</i>		
1. Technical provisions for linked liabilities		4,135,909,778	4,986,453,23
F. Other Provision	<i>2.6.</i>		
II. Tax provision		29,885	55,046
III. Provisions for other business activities		205,412	558,078
H. Creditors			
I. Liabilities out of direct insurance operations			
3. Arising from other creditors		40,607,980	100,312,351
II. Liabilities to reinsurer			
3. Other creditors		226,254	194,736
V. Other Liabilities			
1. Tax liabilities		1,922	997,060
2. Social security		63,177	30,877
3. To group companies		431,195	-
5. To other creditors		579,878	849,866
I. Accruals and deferred income		1,947,742	257,201
<b>TOTAL LIABILITIES</b>		<b>4,279,527,366</b>	<b>5,190,371,959</b>

## Income Statement (in EUR)

<b>I. Life Insurance business – Technical Account</b>		<i>Pos.</i>	<b>31.12.2022</b>	<b>31.12.2021</b>
1.	Premiums			
	a) Gross written premiums	<i>3.1</i>	69,661,488	351,093,124
	b) Reinsurer share		(927,321)	(886,113)
2.	Income from financial investments			
	c) Recurring revenues	<i>3.2</i>	23,201,138	23,961,562
	e) Realized gains	<i>3.3</i>	113,974,898	173,107,086
3.	Unrealized gains from financial investments	<i>3.4</i>	201,471,489	314,789,118
5.	Claims			
	a) Settled claims			
	aa) Gross amount		(434,941,383)	(538,876,336)
	bb) <i>share of reinsurer</i>		359,332	424,761
	b) Change in provision for unsettled claims	<i>1.7.</i>		
	aa) Gross amount		(402,699)	(77,835)
	bb) <i>share of reinsurer</i>		419,984	56,792
6.	Change in other technical provisions	<i>1.6.</i>		
	a) Change in other technical provisions			
	bb) Gross amount		850,543,455	205,062,017
8.	Expenses arising from insurance operations	<i>3.5</i>		
	a) Acquisition expenses		(4,075,903)	(1,858,308)
	b) Administrative expenses		(7,490,425)	(6,535,342)
9.	Expenses for financial investments			
	a) From asset management activities and interest expenses		(31,825,669)	(41,773,155)
	c) Realized losses from financial investments	<i>3.3</i>	(221,331,017)	(87,492,077)
10.	Unrealized losses from financial investments	<i>3.4</i>	(555,358,566)	(382,805,670)
<b>14.</b>	<b>Result of technical account</b>		<b>3,278,801</b>	<b>8,189,624</b>

## Income Statement

(in EUR)

	<u>2022</u>	<u>2021</u>
<b>14. Result of technical account</b>	<b>3,278,801</b>	<b>8,189,624</b>
<b>II. NON TECHNICAL ACCOUNT</b>		
5. Expenses for financial investments		
a) From asset management activities and interest expenses	(225,462)	(489,694)
c) Realized losses from financial investments	-	(3,720,053)
7. Other income	-	1,183,385
8. Other expenses	(127,287)	(855,058)
<b>9. Result from technical and non-technical account</b>	<b>2,926,052</b>	<b>4,308,204</b>
13. Income taxes	(1,233,202)	(2,003,497)
14. Other taxes	(516,487)	(458,304)
<b>15. Net Profit for the year</b>	<b>1,176,363</b>	<b>1,846,403</b>



## 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 also has 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 EUR 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 born by the policyholder are deemed to be a life insurance contract.

#### 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.

### 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: change of functional and reporting currency

As of 1.12.22, an IT migration to new accounting and securities system has taken place. Simultaneously the Company decided to change the functional currency for the Liechtenstein Business Unit from CHF to EUR. The Italian Branch functional currency remains to be EUR as in previous years.

In addition, the Company changed the reporting currency from CHF to EUR as of 31.12.2022.

Balance sheet accounts have been migrated to the new accounting system at the closing rate 30.11.2022; income statement accounts at the average rate of November 2022; share capital and legal reserve at the historical rate (EUR/CHF 1.4875 as of 13.12.2001); retained earnings at the closing rate as at 31.12.2021. Translation effect is shown in the separate/new account Currency Translation Reserve within equity.

Comparative figures (as at 31.12.2021) have been translated as well (refer to the note 5). The following rates were used:

	on 31. December 2022	on 31. December 2021
EUR / Pounds sterling (GBP)	0.8843	0.8394
EUR/ Swiss Francs (CHF)	0.9893	1.0339
EUR / US-Dollar (USD)	1.0675	1.1324

### 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

## 2. Notes related with Statement of financial position

### 2.1. Financial investments

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

### 2.2. Other assets

<b>Tangible assets (in EUR)</b>	<b>2022</b>	<b>2021</b>
Opening balance 1.1. gross	32,701	33,475
+ Purchase gross	616,340	-
./ Sale gross	-	(774)
+/- valuation change	2,812	-
<b>Closing balance 31.12. gross</b>	<b>651,853</b>	<b>32,701</b>
./ Accumulated depreciation	(189,124)	(26,269)
./ Depreciation for the current financial year	74,292	7,298
<b>Closing balance 31.12. net</b>	<b>537,021</b>	<b>13,730</b>
<b>Cash at bank</b>	<b>2022</b>	<b>2021</b>
Opening balance 1.1.	40,707,600	27,085,247
Closing balance 31.12.	30,728,580	40,707,600
<b>Total other assets as on 31.12.</b>	<b>30,728,580</b>	<b>40,707,600</b>

The cash at bank balances are in CHF (EUR 1,765,655), EUR (EUR 28,914,291) and USD (EUR 48,628) 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 (EUR 672,27 at historical rate) 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 EUR 50,000 (2021: EUR 50,000).

### 2.5. Technical Provisions for linked liabilities

Investments held to cover linked liabilities are higher than technical provisions for linked liabilities, due to pending transactions out of direct insurance operations against other creditors reported under H.I.3. of EUR 40,607,980.

### 2.6. Other Provision and Other liabilities

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.

## 3. Notes to the Income Statement (in EUR)

### 3.1. Gross written premiums

	2022	2021
Life business	69,661,488	351,093,124
<b>Total</b>	<b>69,661,488</b>	<b>351,093,124</b>

#### Country breakdown of gross written premiums

	2022	2021
Germany	8,714,024	8,414,474
Italy	60,947,464	342,678,650
<b>Total</b>	<b>69,661,488</b>	<b>351,093,124</b>

### 3.2. Income from financial investments

	2022	2021
Dividend income	15,024,797	15,837,699
Interest income on bonds	8,107,904	8,079,258
Income on time deposits and derivative instruments	20,144	44,294
Interest income on cash at bank	48,293	310
<b>Total</b>	<b>23,201,138</b>	<b>23,961,561</b>

### 3.3. Realized gains and losses from financial investments

	2022	2021
Realized gains	113,974,898	173,107,086
Realized losses	(221,331,017)	(87,492,077)
<b>Total net</b>	<b>(107,356,119)</b>	<b>85,615,009</b>

### 3.4. Unrealized gains and losses from financial investments

	2022	2021
Unrealized gains	201,471,489	314,789,118
Unrealized losses	(555,358,566)	(382,805,670)
<b>Total net</b>	<b>(353,887,077)</b>	<b>(68,016,552)</b>

### 3.5. Expenses arising from insurance operations

<b>Acquisition expenses *</b>	<b>2022</b>	<b>2021</b>
Personnel expenses	(1,212,596)	(390,556)
Depreciation of equipment	(39,142)	(910)
Other Office Expenses	(1,185,625)	(565,603)
Acquisition expenses	(96,803)	(159,665)
Other directly attributable expenses	(1,541,737)	(741,573)
<b>Total</b>	<b>(4,075,903)</b>	<b>(1,858,307)</b>

<b>Administrative expenses *</b>	<b>2022</b>	<b>2021</b>
Personnel expenses	(1,818,894)	(1,530,742)
Depreciation of equipment	(35,150)	(910)
Other Office Expenses	(2,275,793)	(2,015,371)
Other directly attributable expenses	(3,360,588)	(2,988,319)
<b>Total</b>	<b>(7,490,425)</b>	<b>(6,535,342)</b>

### 3.6. Transactions with related parties

	<b>2022</b>	
	<b>Parent Company</b>	<b>Sister Companies</b>
Acquisition expenses	0	0
Other directly attributable expenses	0	
Expenses for outsourced services to group companies	0	(3,036,394)
<b>Total</b>	<b>0</b>	<b>(3,186,920)</b>

	<b>2021</b>	
	<b>Parent Company</b>	<b>Sister Companies</b>
Acquisition expenses	(838,587)	0
Other directly attributable expenses	0	(112,454)
Expenses for outsourced services to group companies	(2,715,689)	(380,088)
<b>Total</b>	<b>(3,554,276)</b>	<b>(492,542)</b>

\* The split between administrative and acquisition expenses is determined through a percentage allocation attributed to any single expense type of balance sheet account

## 4. Other information

### 4.1. Number of employees

In reporting period an average of 19 employees (2021: 16 employees) were employed.

### 4.2. Remuneration of the administrative and management bodies

The remuneration of the governing bodies amounts to EUR 802,543 (2021: EUR 942,116).

### 4.3. Contingent liabilities

There are contingent liabilities for various risks amounting to EUR 3,271,000 (2021: EUR 2,900,003).

### 4.4. Remuneration of independent auditor (in EUR)

	2022	2021
Audit fees	129,917	106,396
Audit related services	72,210	50,296
<b>Total</b>	<b>202,126</b>	<b>156,692</b>

### 4.5. Subsequent events

Octium Group entered into an agreement to buy the Private Placement Life Insurance business of YouPlus Assurance AG. This transaction is subject to FMA approval.

### 4.6. Appropriation of retained earnings (in EUR)

Proposal of the Board of Directors on the appropriation of the balance sheet profit for 2022

Balance sheet profit	76,916,227
Net Profit for the year	1,176,363
At the disposal of the General Assembly	78,092,590
Dividend payment	(1,000,000)
Allocation to the Legal Reserve*	0*
<b>Carry forward for new account</b>	<b>77,092,590</b>

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

## 5. Translation of comparative figures from CHF to EUR

As disclosed in note 1.9, the Company decided to change the functional currency for the Liechtenstein Business Unit from CHF to EUR. Further the Company changed the reporting currency from CHF to EUR as of 31.12.2022 (including the comparative figures as at 31.12.2021).

Comparative figures as at 31.12.2021 were translated as follows: Balance sheet (excluding equity) and income statement at closing rate as at 31.12.2021; share capital and legal reserve at the historical rate (EUR/CHF 1.4875 as of 13.12.2001) and retained earnings by closing rate as at 31.12.2021. Translation effect is shown in the previous year's equity (in the separate/new account Currency Translation Reserve).

### Balance Sheet

	(in CHF)	(in EUR)
	<b>31.12.2021</b>	
<b>ASSETS</b>		
B. Financial Investments		
III. Other Financial Investments		
6 Other Money Market Investments	15,000,000	14,508,580
C. Investments held to cover linked liabilities	5,258,812,119	5,086,526,384
D. Debtors		
I. Receivables arising out of direct insurance operations		
1c. from policyholders	4,401,295	4,257,103
II. Reinsurance Receivables		
3. from other debtors	60,489	58,507
III. Other debtors and receivables		
1. from group companies	1	1
3. Italian substitute tax receivable	41,608,276	40,245,133
E. Other assets		
I. Tangible assets	14,195	13,730
II. Cash at bank and in hand	42,086,407	40,707,600
F. Prepayment and accrued income		
III. Other prepaid expenses	4,192,265	4,054,921
<b>TOTAL ASSETS</b>	<b>5,366,175,047</b>	<b>5,190,371,959</b>

<b>LIABILITIES</b>	<b>CHF 31.12.2021</b>	<b>EUR 31.12. 2021</b>
A. Equity		
I. Share Capital	15,000,000	10,084,034
II. Currency Translation Reserve	-	5,044,403
IV. Legal reserves	7,500,000	6,634,433
V. Retained earnings	79,524,421	76,919,094
VI. Net Profit for the year	1,908,942	1,846,403
<b>Total Equity</b>	<b>103,933,363</b>	<b>100,528,367</b>
D. III. Provision for unsettled claims		
1. Gross amount	276,497	267,439
2. <i>share of reinsurer</i>	(136,776)	(132,295)
E. Technical Provisions		
1. Technical provisions for linked liabilities	5,155,349,390	4,986,453,233
F. Other Provision		
II. Tax provision	56,910	55,046
III. Provisions for other business activities	576,981	558,078
H. Creditors		
I. Liabilities out of direct insurance operations		
3. Arising from other creditors	103,710,031	100,312,351
II. Liabilities to reinsurer		
3. Other creditors	201,332	194,736
V. Other Liabilities		
1. Tax liabilities	1,030,831	997,060
2. Social security	31,923	30,877
3. To group companies	-	-
5. To other creditors	878,652	849,866
I. Accruals and deferred income	265,913	257,201
<b>TOTAL LIABILITIES</b>	<b>5,366,175,047</b>	<b>5,190,371,959</b>



## Income Statement

<b>I. Life Insurance business – Technical Account</b>		<b>CHF 31.12.2021</b>	<b>EUR 31.12.2021</b>
1.	Premiums		
	a) Gross written premiums	362,984,999	351,093,124
	b) Reinsurer share	(916,127)	(886,113)
2.	Income from financial investments		
	c) Recurring revenues	24,773,164	23,961,562
	e) Realized gains	178,970,396	173,107,086
3.	Unrealized gains from financial investments	325,451,340	314,789,118
5.	Claims		
	a) Settled claims		
	aa) Gross amount	(557,128,616)	(538,876,336)
	bb) <i>share of reinsurer</i>	439,148	424,761
	b) Change in provision for unsettled claims		
	aa) Gross amount	(80,471)	(77,835)
	bb) <i>share of reinsurer</i>	58,716	56,792
6.	Change in other technical provisions		
	a) Change in other technical provisions		
	bb) Gross amount	212,007,673	205,062,017
8.	Expenses arising from insurance operations		
	a) Acquisition expenses	(1,921,251)	(1,858,308)
	b) Administrative expenses	(6,756,701)	(6,535,342)
9.	Expenses for financial investments		
	a) From asset management activities and interest expenses	(43,188,054)	(41,773,155)
	c) Realized losses from financial investments	(90,455,521)	(87,492,077)
10.	Unrealized losses from financial investments	(395,771,681)	(382,805,670)
<b>14.</b>	<b>Result of technical account</b>	<b>8,467,014</b>	<b>8,189,624</b>

# OCTIUM

	<u>CHF 31.12.2021</u>	<u>EUR 31.12.2021</u>
<b>14. Result of technical account</b>	<b>8,467,014</b>	<b>8,189,624</b>
<b>II. NON TECHNICAL ACCOUNT</b>		
5. Expenses for financial investments		
a) From asset management activities and interest expenses	(506,280)	(489,694)
c) Realized losses from financial investments	(3,846,055)	(3,720,053)
7. Other income	1,223,467	1,183,385
8. Other expenses	(884,020)	(855,058)
<b>9. Result from technical and non-technical account</b>	<b>4,454,126</b>	<b>4,308,204</b>
13. Income taxes	(2,071,357)	(2,003,497)
14. Other taxes	(473,827)	(458,304)
<b>15. Net Profit for the year</b>	<b>1,908,942</b>	<b>1,846,403</b>



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”), which comprise the balance sheet as at 31 December 2022, the income statement for the year then ended, and the notes to the financial statements, including 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 2022 and its financial performance for the year then ended in accordance with Liechtenstein law.


Basis for opinion

We conducted our audit in accordance with Liechtenstein law and International Standards on Auditing (ISAs). Our responsibilities under those provisions and standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

<p><b>Overview</b></p> 	<p>Overall materiality: EUR 994,000</p> <p>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.</p> <p>As a key audit matter, the following area of focus has been identified:</p> <p>Management and valuation of Investments held to cover linked liabilities and technical provisions for linked liabilities</p>
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## 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 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.

<b>Overall materiality</b>	EUR 994,000
<b>Benchmark applied</b>	Total equity
<b>Rationale for the materiality benchmark applied</b>	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 2022, the Company recorded investments held to cover linked liabilities in the amount of EUR 4.2 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 2022. 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 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.

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



Michael Stämpfli  
Liechtenstein Certified Public Accountant  
Auditor in charge



Adrian Oehri  
Liechtenstein Certified Public Accountant

Zurich, 22 March 2023

### Enclosures:

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

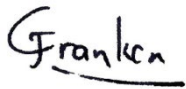
## Actuarial confirmation

as of 31 December 2022, for Octium Assurance AG, Vaduz

In accordance with Art 41 VersAG, I confirm as the responsible actuary that the actuarial provisions listed below have been correctly calculated and adequately valued in accordance with the applicable legal provisions of the Liechtenstein Insurance Supervision Act and the associated Ordinance and recognised actuarial principles:

- Technical provisions for life insurance contracts, insofar as the investment risk is borne by the policyholders of EUR 4,135,909,778.
- Provision for outstanding claims of EUR 690,741 (gross), of which incurred but not reported claims (IBNR) of EUR 50,000, and reinsurer's share of EUR 566,403.

No reinsurance business was accepted.



Vaduz, 10.03.2023

Cornelius Franken  
(Responsible actuary)



