

Annual Accounts 2022

Swiss Life (Luxembourg)
Société Anonyme

Swiss Life (Luxembourg) S.A.
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L-2453 Luxembourg

A limited company under Luxembourg law authorised by ministerial order on 2 May 1985
Trade Register Luxembourg section B no. 22663

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Management report for the financial year 2022 to the Annual General Meeting of 17 May 2023

Comments on the financial year 2022

1 General considerations

Swiss Life (Luxembourg) S.A. (“the Company”) presents the result of the financial year 2022 a net profit of EUR 30.8 million (EUR 28.3 million in 2021). This confirms our robustness and stability in a challenging economic environment.

A stable asset base increasing our employee benefits client basis and a good cost management led to this result. The low-interest environment still affects the evolution of the investment margin. However, the Company successfully preserved a strong net margin after policyholders’ participation.

In 2022, a lot of efforts and resources have still been put into our strategic projects to improve the efficiency and support the growth. This will continue throughout 2023 as the regulatory changes on European level remain very demanding.

The management of Swiss Life Luxembourg has assessed the risks linked to the COVID 19 crisis based on the current available information and the current Swiss Life Luxembourg lines of business. The results of this assessment (including the review of solvency ratio, the review of asset liquidity and valuation and the review of claim ratio) do not reveal material impacts for the Company in 2022. The analysis demonstrates the Company’s resilience in terms of business continuity, solvency position, and compliance with regulatory requirements. The potential consequences will continue to be monitored and assessed on a regular basis.

The impacts of the Ukraine/Russia crisis do not have material impacts for the Company. Assessments of the sanction list are performed on the regular basis and the cyber risk monitoring has been reinforced. There is no impact in terms of Gross Written Premiums or on the annual accounts of the company.

2 Analysis

The year 2022 has proven to be yet another exceptional financial year for the Company. The profit before tax increased by 5% to EUR 41.1 million (EUR 39.3 million in 2021) and the net profit increased at EUR 30.8 million (compared to EUR 28.3 in 2021).

The Company’s own portfolio amounts to EUR 1 702.491 million on the balance sheet date, versus EUR 1 641.465 million for the previous year. This represents an increase of 4% explained by the assets evolution due to interest increase and the premium income. Strategic assets allocation remains in 2022 similar as in 2021 with a diversification in real estate and infrastructure investment funds, compensating the low interest rate environment.

The increase of the costs in 2022 is explained by the modernization of the IT infrastructure, the digitalization projects and the new administration system for Private Wealth business. The level of investments of the Company in its IT infrastructure and in the modernization of its processes has remained high.

2.1 Global Private Wealth business line

Gross Written Premiums increased by 20% from EUR 684 million to EUR 817 million in 2022 and surrenders increased by 39 % up from EUR 704 million to EUR 977 million in 2022, resulting in a combined net outflow of EUR 159 million in 2022.

Technical provisions relating to unit-linked products, totalled EUR 13 104 million at the end of 2022, versus EUR 14 320 million in 2021, a decrease of 8% mainly explained by the markets performances in 2022.

2.2 Global Employee Benefits business line

Gross Written Premiums increased by 9% in 2022 explained by the good performances of the risk and retirement lines of business. The periodic premiums increased by 10% due to the good performance of the risk business. The assets under control increased by 3% from EUR 1 492 to EUR 1 543 million in 2022, due to a good inflow.

3 Perspectives

Swiss Life Group continues to invest substantially in Swiss Life (Luxembourg) S.A. and the cross-border business. A significant cross-border competence center has been built up in Luxembourg under the new brand Swiss Life Global Solutions. More than 250 experts worldwide are offering their skills to corporates and individuals. However, focus will always remain on growth and profitability.

Outlook for business related to Private Wealth

Our strategic decisions, measures and focus defined in 2021 were continued in 2022. The principles of growth, expertise, efficiency and compliance will drive business in our increasingly global and dynamic financial environment. We will continue to provide innovative insurance solutions that combine specialist expertise and market knowledge with greater emphasis on engaged partners. With key partners, we will enter into strategic agreements, to foster cooperation and provide know-how.

The need of the Global Private Wealth Solutions' clients in respect of inheritance planning and asset protection by combining life insurance with sophisticated asset management remains unbroken. The uncertain global economic and political situation forces the wealthy individuals to review their situation and to start engineering their wealth according to their needs.

On a proposition perspective, the Company will enhance its proposition offerings by combining a portfolio of assets with the option of substantial death cover, which should bring growth and profitability.

Outlook for the Pension business – Employee Benefits

The Company continued to confirm its position as group insurance leader in Luxembourg in 2022 with positive outlook in 2023.

In 2023, we are concentrating our efforts to further establish the market share of our solution Swiss Life Preferred Germany, a locally compliant solution for group risk benefits targeting German multinationals. Furthermore, we would like to extend our relationships with Managing General Agents (“MGAs”) to offer simple biometric solutions to our strategic markets. We are also looking to further utilize Swiss Life Network, as a key generator of fee income via stronger partnerships with the respective partners.

With the support of our contract management systems we aim in improving efficiency as well as the clients’ experience.

4 Post-balance sheet events

There are no major post-balance sheet events to report that are likely to impact the Annual Accounts.

5 Acquisition of own shares

The Company did not acquire any of its own shares over the 2022 financial year.

6 Research and Development

The Company did not conduct any research and development activities over the 2022 financial year.

7 Branch

The Company opened a branch in France in 2021. The objective is to increase customer’s proximity in order to better serve our clients on the French market.

8 Description and management of main risks

The Risk Management functions are not isolated but an integral part of the overall management activities of Swiss Life (Luxembourg) S.A. as it is within Swiss Life Group. The Risk Management Function should not only analyse the developments of the past but should also provide the senior management with the analysis of future risk aspects. The Swiss Life Luxembourg Risk Management function is headed by the local Chief Risk Officer.

a) Competences

Risk monitoring (risk controlling) applies to all relevant risks and especially to the limits in place. Any limit breach requires the Company, in which the breach occurred, to immediately inform both the delegating unit or body and the risk functional line, including the Group Chief Risk Officer. The decision on further actions lies in the first place with the delegating unit or body.

b) Controls and reporting

Swiss Life (Luxembourg) S.A. has to report according to Internal Risk Reporting guideline.

c) Comprehensive system of limits

Swiss Life (Luxembourg) S.A. has set up a comprehensive system of limits to capture and reflect the nature of the underlying risks.

Quantitative risk

- The risk appetite is set on Board of Directors level and is expressed as Solvency II ratio limit for Swiss Life Luxembourg;
- Specific risk capital and exposure limits for units set by the Asset & Liability Committee (ALCO);
- For credit risk, rating-dependent exposure limits avoid concentration risk of counterparties.

Qualitative risk

- Strategic and operational risks have quantitative risk tolerance levels and thresholds.

Actuarial

- Insurance risk is managed through an underwriting process with limits and thresholds.

Product Management

- Profitability hurdle rates on unit and product level through pricing policy;
- Local product developments exceeding certain thresholds are subject to a local and group approval process.

The main risks which are monitored by Swiss Life (Luxembourg) S.A. are:

Business / Strategic risk

Business or Strategic risk is the current and prospective impact on capital and earnings (various metrics) arising from the unintended risk that can result as a by-product of planning or executing the strategy such as:

- Inadequate assessment of strategic plans;
- Improper implementation of strategic plans;
- Assumptions underlying the strategic plans do not materialize including changing business environments.

Strategic risks are potentially risks combining drivers from various risk categories (i.e. overarching risks) which might have a substantial impact on the achievement of strategic goals.

Market risk

Market risk refers to the risk of a loss due to changes in the financial position, which, directly or indirectly, arise from fluctuations in the level and/or volatility of market prices for assets, liabilities or financial instruments. Market risk includes the risk of currency rate changes.

Credit risk

Credit risk is the risk due to the uncertainty in counterparty's ability to meet its contractual obligations.

Liquidity risk

Liquidity risk means the risk that Swiss Life (Luxembourg) S.A. is unable to realise investments and other assets to settle their financial obligations when they fall due. For the Global Private Wealth business, this risk is limited given the unit-linked investments where the financial risk is supported by the client. For Global Employee Benefits business, the risk is more related to settle financial obligations related to client's benefits : benefits coming from risk business (death/disability) or from maturities or surrenders from guaranteed products. This risk is managed through a proper cash management (cash needs projected on different time-horizons with an additional buffer) and through own investments policy in liquid assets.

Insurance risk

Insurance risk refers to the risk of a loss based on deviation between the expected costs for claims and benefits and the actual costs as a result of accident, error or change of circumstances.

Concentration risk

Concentration risk describes the risk of a loss caused by assuming single or highly correlated risks with significant loss exposure or potential defaults.

Operational risk

Operational risk is the risk of losses resulting from inadequate or failed internal processes, people and systems, or from external events. This definition includes Outsourcing and Legal Risks.

Reputational risk

Reputational risk is the risk of a perceived reduction in Swiss Life (Luxembourg) S.A.'s ability to generate future profits due to a loss of credibility leading to a negative impact on shareholders' value. Reputational damage can be a consequence of internal or external events.

Emerging risk

Emerging risks are newly occurring or altering existing risks. By nature, Emerging Risks are difficult to quantify at an early stage and may have a major impact on the Swiss Life (Luxembourg) S.A. Generally, Emerging Risks are more important to reinsurance or liability insurance companies than to life insurance companies.

Alternative risk Categorisation

In addition to the above described risk categories, Swiss Life distinguishes between quantitative and qualitative risks. Quantitative risks comprise market risk, credit risk, liquidity risk, insurance risk and concentration risk. Qualitative risks comprise operational risk, strategic risk, reputational risk and emerging risk.

The risk management framework in place at Swiss Life (Luxembourg) S.A. refers to:

- The ALCO monitoring role;
- The monthly financial risk management reports;
- The elaboration of half-yearly market consistent embedded value appraisals;
- The tenue of Underwriting and compliance committees (CBAC);
- The adherence of Luxembourg regulatory requirements;
- The maintenance of Business Continuity Plan in the event of unavailability of serious IT and/or building failures.

Finally, the Company did not use derivatives during the financial year 2022.

9 Profit for the financial year and proposed allocation

The financial year under review resulted in a post-tax profit of EUR 30.753 million.

In view of the zero balance brought forward from financial year 2022, the balance available to the General Meeting totals EUR 30.753 million.

We propose the following allocation of this amount:

	EUR
Allocation to legal reserve:	0
Allocation to free reserves:	9 253 862
Allocation to reserve unavailable for tax reasons: ¹	0
Undistributable reserve brought forward for tax purposes: ²	0
Dividend payable to shareholders:	21 500 000
Balance carried forward:	0

¹ In accordance with article 174 bis of the Income Tax Law allowing net wealth tax to be charged to its base.

² Clawback of due allocation to undistributable reserve for tax purposes (undistributable reserve retained for five fiscal years following the year in which the request to establish the reserve was made) and transfer to the free reserve.

Acknowledgements

We once again thank our clients for the trust and loyalty they have shown the Company over many years.

This 2022 annual report also gives us the opportunity to warmly thank the Company's employees for their support, dedication and energy in serving the ambitions and excellent results of Swiss Life (Luxembourg) S.A. over the last 35 years.

The Board of Directors

Luxembourg, 17 May 2023



Audit report

To the Shareholder of
SWISS LIFE (LUXEMBOURG)

Report on the audit of the annual accounts

Our opinion

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of SWISS LIFE (LUXEMBOURG) (the "Company") as at 31 December 2022, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Our opinion is consistent with our additional report to the Audit Committee or equivalent.

What we have audited

The Company's annual accounts comprise:

- the balance sheet as at 31 December 2022;
 - the profit and loss account for the year then ended; and
 - the notes to the annual accounts, which include a summary of significant accounting policies.
-

Basis for opinion

We conducted our audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" (CSSF). Our responsibilities under the EU Regulation No 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the annual accounts" section of our report.

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

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts. We have fulfilled our other ethical responsibilities under those ethical requirements.

To the best of our knowledge and belief, we declare that we have not provided non-audit services that are prohibited under Article 5(1) of the EU Regulation No 537/2014.

The non-audit services that we have provided to the Company and its controlled undertakings, if applicable, for the year then ended, are disclosed in Note 21 to the annual accounts.

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Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation of Unit Linked assets - Unquoted investments.</i></p> <p>Management estimates the market value of certain categories of assets in the absence of readily available market prices. As at 31 December 2022, the unquoted investments included in the unit-linked assets represent 1,422 million EUR (see Note 25).</p> <p>Reliable information as well as adequate valuation methods are required for Management to ensure that these assets are valued in accordance with the accounting principle described under Note 3(i) in the annual accounts.</p> <p>This process requires Management to exercise its judgement to:</p> <ul style="list-style-type: none"> • assess reliability of the underlying source information, including challenging independent experts involved in the valuation exercise; • select appropriate valuation models and techniques. 	<p>We have gained an understanding of the process implemented by the Company with respect to the valuation of these unquoted assets.</p> <p>We have performed the following procedures on the market value derived from supporting documentation such as external valuation reports and/or audited financial statements of the underlying assets, or others alternative approaches:</p> <ul style="list-style-type: none"> • Challenged Management's assessment of the reliability and independence of the experts involved; • Assessed the adequacy of the accounting framework and related disclosures; • Challenged the methodology and valuation model used. <p>Additionally, we have recomputed the market value based on the source information and the selected valuation models.</p>
<p><i>Valuation of certain technical provisions.</i></p> <p>Life insurance provision amounting to 1,751 millions EUR as at 31 December 2022 is valued in accordance with the accounting principle described under Note 3(l) in the annual accounts.</p> <p>Their valuation requires some level of judgment from Management when selecting methodologies and assumptions.</p>	<p>We have assessed and tested the key controls over the actuarial processes (mainly data collection and roll-forward of technical provisions) put in place by Management with respect to the valuation of the life insurance provision.</p>

Due to the size of the life insurance provision, inappropriate methodologies and/or inadequate assumptions setting may result in significant impact on their valuation.

Additionally, inaccurate or incomplete data used in the process of computation could also result in misstatements in the valuation.

We have complemented our work by procedures which include the following:

- Involving our actuarial experts to challenge Management's methodology, methods, and assumptions taking into consideration industry available studies and benchmark, as well as recognised actuarial practices and regulatory requirements;
- Independently calculating technical reserves for a sample of policies;
- Assessing the consistency of the actuarial methods used compared to prior year;
- Testing the completeness and the accuracy of a sample of data through a reconciliation with the source documentation.

Presentation of debtors and creditors balances related to "Investments for the benefit of life insurance policyholders who bear the investment risk".

The management of the unit-linked investments of the private wealth business was migrated to a new technical system during the last quarter of 2021. This change also required adapting accounting schemes to feed the accounting system. Due to the size of the business and number of operations, the corresponding debtors and creditors balances have been considered as an area of focus in our risk assessment.

Due to some inappropriate parameters within the technical system observed following the migration, a significant number of transactions generating inconsistent balances were recorded within the accounting system. This had an impact on the presentation of debtors and creditors balances linked to "investments for the benefit of life insurance policyholders who bear the investment risk".

This has required significant work from the Company to achieve a fair presentation in the annual accounts.

We have gained comfort over the technical system by involving our IT specialists to assess:

- The overall IT General Controls framework covering access to programs and data, computer operations, change management and program development;
- The reliability and completeness of key reports generated by the technical system.

We have complemented our work with the following procedures:

- Detailed reconciliation between the technical and accounting systems;
- Leveraging the work performed over the completeness and accuracy of the cash balances and investments, including investigations performed over the reconciling items at year-end;
- Substantially testing the existence and accuracy for a sample of debtors/creditors balances at year-end.

While this has not resulted in any impact on the Company's net profit, the fair presentation of the debtors and creditors balances linked to "Investments for the benefit of life insurance policyholders who bear the investment risk" could have been significantly affected if an insufficient or incomplete clearing process had not been performed by the Company.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the management report but does not include the annual accounts and our audit report thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the 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 and those charged with governance for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the “Réviseur d’entreprises agréé” for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit 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 the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 annual accounts.

As part of an audit in accordance with the EU Regulation No 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts, 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 by the Board of Directors;
- 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 audit report to the related disclosures in the annual accounts 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 audit 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 annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance 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 those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our audit report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We have been appointed as “Réviseur d’Entreprises Agréé” by the General Meeting of the Sole Shareholder on 13 May 2022 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 28 years.

PricewaterhouseCoopers, Société coopérative
Represented by

Luxembourg, 17 May 2023

Talat Kadret

Annual Accounts

Balance sheet as at 31 December 2022

(expressed in euros)

	Notes	31.12.2022	31.12.2021
ASSETS			
Subscribed capital unpaid	12	6 000 000	6 000 000
Intangible assets	3(b), 4	9 992 984	10 277 848
Investments in affiliated undertakings and participating interests	3(g), 6		
Debt securities issued by, and loans to affiliated undertakings		23 011 386	19 292 531
Debt securities issued by, and loans to, undertakings with which an insurance undertaking is linked by virtue of a participating interest		3 626 062	3 626 062
Other financial investments	3(e), 7		
Shares and other variable yield transferable securities and units in unit trusts	3(f)	256 844 702	232 394 008
Debt securities and other fixed income transferable securities	3(g)	1 316 522 788	1 273 256 911
Other loans		65 818	65 818
Deposits with credit institutions		861 176	1 160 485
Deposit with ceding undertakings	3(h), 8	10 313 698	9 398 771
Investments		1 611 245 630	1 539 194 586
Investments for the benefit of life insurance policyholders who bear the investment risk	3(i), 25	13 468 315 458	14 718 290 176
Reinsurer' share of technical provisions			
Life insurance provision		383 652 022	381 445 109
Provision for bonuses and rebates		2 017 790	5 663 370
Debtors arising out of direct insurance operations			
Policyholders	10	26 578 551	19 570 040
Intermediaries		7 286 305	2 516 421
Debtors arising out of reinsurance operations		26 066 054	9 701 476
Other debtors	9	21 374 242	17 154 884
Debtors	3(j), 9	81 305 152	48 942 821
Tangible assets and stocks	3(c), 5	1 214 026	1 344 688
Cash at bank and in hand		91 244 950	102 269 965
Other assets		92 458 976	103 614 653
Accrued interest and rent		17 415 498	18 442 022
Deferred acquisition costs	3(k), 11	480 749	463 035
Other prepayments and accrued income		7 567 496	4 956 708
Prepayments and accrued income		25 463 743	23 861 765
TOTAL ASSETS		15 680 451 755	16 837 290 328

The accompanying notes form an integral part of these Annual Accounts.

Balance sheet as at 31 December 2022

(expressed in euros)

	Notes	31.12.2022	31.12.2021
LIABILITIES			
Subscribed capital		23 000 000	23 000 000
Reserves			
Legal reserve	13	2 300 000	2 300 000
Other reserves		133 030 095	124 738 645
Profit or loss for the financial year		30 753 862	28 291 450
Capital and reserves	12	189 083 957	178 330 095
Subordinated liabilities	9	19 000 000	19 000 000
Technical provisions	3(l), 14		
Provision for unearned premiums		9 723 062	14 595 651
Life insurance provision		1 750 720 455	1 712 584 846
Claims outstanding		40 521 699	32 406 274
Provision for bonuses and rebates		28 938 996	29 131 914
Technical provisions		1 829 904 212	1 788 718 685
Technical provisions for life insurance policies where the investment risk is borne by the policyholders	3(l), 14, 23	13 468 315 458	14 718 290 176
Other provisions		941 327	859 918
Provisions for other risks and charges	3(m)	941 327	859 918
Creditors arising out of direct insurance operations	10	15 185 051	18 018 524
Creditors arising out of reinsurance operations		29 019 164	15 281 018
Other creditors, including tax and social security	15	128 573 936	98 251 776
Creditors	3(n), 9	172 778 151	131 551 318
Accruals and deferred income	3(o)	428 650	540 136
TOTAL LIABILITIES		15 680 451 755	16 837 290 328

The accompanying notes form an integral part of these Annual Accounts.

Profit and loss account for the year ended 31 December 2022

(expressed in euros)

	Notes	31.12.2022	31.12.2021
TECHNICAL ACCOUNT – LIFE INSURANCE BUSINESS	16		
Gross premiums written	17	1 119 965 160	962 202 270
Outward reinsurance premiums	16	-56 678 631	-63 906 703
Change in the provision for unearned premiums, net of reinsurance		4 872 589	-2 119 446
Earned premiums, net of reinsurance		1 068 159 118	896 176 121
Income from other investments		44 161 728	37 793 145
Gains on the realisation of investments		135 291 267	141 516 972
Investment income		179 452 994	179 310 117
Unrealised gains on investments	3(i)	312 727 274	1 641 458 898
Other technical income, net of reinsurance		7 673 978	9 856 245
Claims paid			
Gross amount		-1 160 783 400	-888 137 251
Reinsurer' share	16	46 649 111	58 986 031
Changes in the provision for claims			
Gross amount		-8 115 425	-4 023 436
Claims incurred, net of reinsurance		-1 122 249 714	-833 174 656
Life insurance provision			
Gross amount		1 235 574 976	-1 601 497 278
Reinsurer' share	16	-1 438 678	2 462 512
Changes in other technical provisions, net of reinsurance		1 234 136 298	-1 599 034 766
Bonuses and rebates, net of reinsurance		-23 542 949	-22 873 735
Acquisition costs	18	-19 190 568	-11 599 916
Change in deferred acquisition costs	11	17 713	188 370
Administrative expenses	3(q)	-48 768 903	-45 606 942
Reinsurance commissions and profit participation	16	3 133 792	2 232 442
Net operating expenses		-64 807 966	-54 786 046
Investment management charges, including interest		-11 710 181	-14 592 262
Value adjustments on investments	3(r)	-510 780	-114 300
Losses on the realisation of investments		-132 559 252	-135 760 132
Investment charges		-144 780 213	-150 466 694
Unrealised losses on investments	3(i)	-1 404 702 439	-26 989 578
Other technical charges, net of reinsurance		-961 437	-165 811
Allocated investment return transferred to the non-technical account	3(p)	-471 479	-940 390
BALANCE ON THE TECHNICAL ACCOUNT – LIFE INSURANCE BUSINESS		40 633 466	38 369 705

The accompanying notes form an integral part of these Annual Accounts.

Profit and loss account for the year ended 31 December 2022

(expressed in euros)

	Notes	31.12.2022	31.12.2021
NON-TECHNICAL ACCOUNT			
Balance on the technical account – life insurance business		40 633 466	38 369 705
Allocated investment return transferred from the life insurance technical account	3(p)	471 479	940 390
Tax on profit or loss on ordinary activities		-10 350 135	-10 868 483
PROFIT ON ORDINARY ACTIVITIES AFTER TAX	24	30 754 810	28 441 612
Other taxes not shown under the preceding items	24	-948	-150 162
PROFIT OR LOSS FOR THE FINANCIAL YEAR		30 753 862	28 291 450

The accompanying notes form an integral part of these Annual Accounts.

Notes to the Annual Accounts

1 General

Swiss Life (Luxembourg) S.A. („the Company”) is an insurance company incorporated in the Grand Duchy of Luxembourg on 27 March 1985, as a limited liability company (société anonyme). The purpose of the Company is to engage in any insurance and reinsurance business in the „life” branch, both in the Grand Duchy of Luxembourg and abroad, on its own behalf and on behalf of third parties, as follows:

1. Insurance operations

- in case of death
- in case of life, with or without reinsurance
- combined
- regarding complementary covers providing non-indemnity benefits in the event of sickness or accident, in particular in the event of disability.

2. Capitalisation operations

3. Management of collective pension funds, and more generally, any financial, asset and real estate transactions directly connected with the objects above.

The Company may also acquire any interests and shareholdings in any other companies or insurance companies which can further contribute to the Company’s business, and more particularly by establishing special purpose companies, investments, mergers, subscribing for and purchasing shares, bonds and other securities, purchasing interests in companies and by any partnership or other agreements of any kind whatsoever.

2 Presentation of the annual accounts

Basis of preparation

These Annual Accounts have been prepared in conformity with the law of 8 December 1994, as amended, on Annual Accounts with respect to insurance and reinsurance undertakings, and with the significant accounting policies generally accepted within the insurance industry in the Grand Duchy of Luxembourg.

The accounting policies and the valuation rules apart from those defined by the law or the Commissariat aux Assurances are determined and applied by the Board of Directors.

The preparation of annual accounts requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the accounting policies. Changes in assumptions may have a significant impact on the annual accounts in the period in which the assumption changed. The Board of Directors believes that the underlying assumptions are appropriate and that the annual accounts therefore present the financial position and results fairly.

The Company makes estimates and assumptions that may affect the reported amounts of assets and liabilities in the next financial years. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the context of the “Covid-19” pandemic, since the first half of 2020, Management has paid particular attention to the possible impacts linked to the health crisis on certain significant elements of its balance sheet and its income statement, and more particularly to aspects of valuation and recoverability of investments and receivables, but also the estimation of technical provisions. Indeed, as mentioned above, forward-looking and / or estimated elements may enter into the calculation of certain items in the financial statements and be impacted by the pandemic and its related events, in particular greater volatility of the financial markets, but also a higher level of uncertainty in apprehending certain parameters relevant to the calculation of technical provisions. Based on its monitoring, Management has not identified any major impacts on the annual accounts requiring additional mention in the annual accounts. Management has also not identified any deterioration in the claims experience during this period.

3 Summary of significant accounting policies

The significant accounting policies applied by the Company are as follows:

(a) Translation of items expressed in foreign currencies

The assets and liabilities, expressed in foreign currencies, are translated into euros (EUR) at the exchange rates prevailing at the balance sheet date.

Transactions during the accounting period, expressed in foreign currencies, are translated into euros (EUR) at the exchange rates prevailing at the balance sheet date.

These transactions are translated into euros (EUR) in the profit and loss accounts with the monthly rate prevailing at the transaction date.

(b) Intangible assets

The intangible assets are valued at historical acquisition cost including incidental expenses.

Intangible assets are amortised on a straight line basis at the following rates:

Formation Expenses	33.3%
Software	16.67% – 50%
Goodwill	10%

Where the Company considers that intangible fixed assets have suffered a durable decline in value in excess of the accumulated amortization recognized, an additional write-down is recorded to reflect this impairment. These value adjustments are reversed if the reasons for which the value adjustments were made have ceased to apply.

(c) Tangible assets and stocks

Land and buildings and tangible assets, are valued at historical acquisition cost. The acquisition cost includes expenses incidental to the purchase.

Buildings and tangible assets with limited useful economic lives are amortised on a straight line basis at the following rates:

Technical installations	10% – 33.3%
Machines	20% – 33.3%
Office furniture	10% – 33.3%
Room fitting	10% – 33.3%

(d) Shares in affiliated undertakings and participating interests

Affiliated undertakings are considered to be the undertakings between which the Company or the parent company exercises a dominant influence either directly or indirectly. Participating interests refer to rights contained in the capital of other undertakings which, when creating a durable link with those undertakings, are intended to contribute to the Company's activities.

Shares in affiliated undertakings and participating interests are valued at the lower of historical acquisition cost (which includes expenses incidental to the purchase) or market value.

If an impairment in value is of a permanent nature, the shares in affiliated undertakings and participating interests are valued at the lower value to be attributed to them between the historical acquisition costs and the market value at the balance sheet date.

These value adjustments should no longer continue when the reasons for which they were made cease to apply.

(e) Other financial investments

Other financial investments are valued at the lower of historical cost (which includes incidental purchase expenses) or market value.

If the directors expect the impairment in value to be permanent in nature, the other financial investments are valued at the lower value to be attributed to them at the balance sheet date. These value adjustments may not be carried when the reasons for which they were made cease to apply.

(f) Shares and other variable yield transferable securities and units in unit trusts

Shares and other variable yield transferable securities and units in unit trusts are valued at the lower of historical acquisition cost and realisable value. The acquisition cost includes expenses incidental to the purchase. The value adjustments which correspond to the difference between the realisable value and the acquisition cost are maintained even if the reasons for which they were made cease to apply.

(g) Debt securities and other fixed income transferable securities

Debt securities and other fixed income securities are valued at historical acquisition cost, or redemption value, taking into account the following elements:

- a positive difference between the acquisition cost and redemption value is written off in instalments over the duration of the holding of the security;
- a negative difference between the acquisition cost and redemption value is released to income in instalments over the period remaining to repayment.

If the Directors expect the impairment in value to be permanent in nature, debt securities and other fixed income transferable securities are valued at the lower value to be attributed to them at the balance sheet date. These value adjustments may not be carried when the reasons for which they were made cease to apply.

(h) Deposit with ceding undertakings

Deposits with ceding undertakings are valued at nominal value. In case of a durable depreciation in value, value adjustments are made, so that these are valued at the lower amount to be attributed to these at the balance sheet date. These value adjustments are not continued if the reasons for which these were made have ceased to apply. The actual value of deposits with ceding undertakings corresponds to the nominal value of these deposits.

(i) Investments for the benefit of life insurance policyholders who bear the investment risk

Investments for the benefit of life insurance policyholders who bear the investment risk are valued at the market value at the balance sheet date and any difference between this value and the acquisition cost is disclosed in the technical account for life insurance in the unrealised gains or losses on investments line items.

The market value shall refer to the last available value at the balance sheet date quoted on a stock exchange or the value at which the investment could be sold, or the value resulting from generally accepted valuation models and techniques (such as last available third party external report for private equity investment) subject to management estimates, when no quoted price on a stock exchange is available.

In accordance with article 79.3 of the law dated 8 December 1994 as amended, the investments for the benefit of life insurance policyholders who bear the investment risk are valued at their cost less durable impairment when no reliable information is available to determine the market value.

(j) Debtors

Debtors are valued at the lower of their nominal and their probable realisable value. Value adjustments shall be made when recoverability is questionable, either in part or entirely. These value adjustments shall no longer be carried when the reasons for which they were made cease to apply.

(k) Deferred acquisition costs

Deferred acquisition costs directly related to life insurance contracts, disclosed as an asset, are based on the calculation of the life insurance provision.

(l) Technical provisions

Sufficient technical provisions are set up in order that the Company can meet, as far as can be reasonably foreseen, any liabilities arising from insurance contracts.

Provision for unearned premiums

Written premiums include all the amounts received or receivable with respect to insurance contracts concluded prior to the end of the accounting period.

That part of written premiums which is to be allocated to one or more subsequent financial years is deferred by way of the provision for unearned premiums, computed separately for each contract on a prorata basis.

Life insurance provision

The life insurance provision, which consists of the actuarial value of the Company's liabilities net of future premiums, is calculated separately for each contract.

The technical basis and methods applied for computing the balance sheets' life insurance provision are specified in the annual actuarial report communicated to the supervisory authority.

Provision for claims outstanding

The provision for claims outstanding corresponds to the total estimated cost (including claims settlement costs) for settling all claims arising from events which have occurred up to the end of the financial year.

The provision for claims outstanding is computed separately for each claim known by the Company. Claims occurred but not declared as at balance sheet date are assessed globally on a flat-rate basis.

Provision for bonuses and rebates

This provision consists of amounts intended for policyholders or contract beneficiaries to the extent that such amounts represent an allocation of surplus or profit arising on business, or a partial refund of premium made based on the performance of the contracts.

Technical provisions for life insurance contracts where the investment risk is borne by the policyholders

This item shall comprise technical provisions set up to cover liabilities relating to investments in the context of life insurance contracts whose value or return is determined by reference to an index or to investments for which the policyholder bears the risk.

(m) Provisions for other risks and charges

Provisions for other risks and charges are intended to cover losses or debts whose nature is clearly defined but are, at the balance sheet date, either likely or certain to be incurred but amounts or timing are indeterminable.

The liabilities for the employees' pension fund are included under the technical provisions item.

(n) Creditors

Creditors are included in liabilities at settlement value.

If the amount payable is greater than the amount received, the difference is charged to the profit and loss account at the date when the debt is recognised.

If the amount payable is lower than the amount received, the difference is released to income in instalments over the remaining period of the contract.

(o) Accruals and deferred income

This item consists of both income receivable before the balance sheet date but relating to a subsequent financial year and charges that relate to the current financial year but payable in a subsequent financial year.

(p) Allocated investment return transferred to the non-technical account

The allocated investment return transferred from the technical account to the non-technical account represents the income relating to assets being part of the Company's free assets.

(q) Administrative expenses

Administrative expenses specifically consist of costs arising from premium collection, portfolio administration, handling of bonuses and rebates and inward and outward reinsurance. In particular they include staff costs and depreciation provisions in respect of office furniture and equipment in so far as these need not to be shown under acquisition costs, claims incurred or investment charges.

(r) Value adjustments

Value adjustments are deducted directly from the related individual asset.

4 Intangible assets

The movements in intangible assets incurred during the financial year are summarised as follows:

EUR	Formation expenses	Capital increase costs	Software	Goodwill	Total
Gross Book value 01/01/2022	0	0	34 515 835	0	34 515 835
Additions during the year	0	0	2 882 441	0	2 882 441
Disposals during the year	0	0	0	0	0
Gross Book value 31/12/2022	0	0	37 398 276	0	37 398 276
Accumulated depreciation 01/01/2022	0	0	-24 237 987	0	-24 237 987
Depreciation during the year	0	0	-3 167 305	0	-3 167 305
Accumulated depreciation 31/12/2022	0	0	-27 405 292	0	-27 405 292
Net book value 31/12/2022	0	0	9 992 984	0	9 992 984
Net book value 31/12/2021	0	0	10 277 848	0	10 277 848

5 Tangible assets

The movements during the financial year in respect of tangible assets are as follows:

EUR	Technical Installations	Machines	Office Furniture	Room Fitting	Total
Gross Book value 01/01/2022	686 541	458 887	1 608 171	1 124 421	3 878 020
Additions during the year	0	87 635	0	0	87 635
Disposals during the year	0	0	0	0	0
Gross Book value 31/12/2022	686 541	546 522	1 608 171	1 124 421	3 965 655
Accumulated depreciation 01/01/2022	-279 436	-453 238	-1 101 559	-699 099	-2 533 332
Depreciation during the year	-22 305	-18 701	-95 850	-81 441	-218 297
Accumulated depreciation 31/12/2022	-301 741	-471 939	-1 197 409	-780 540	-2 751 629
Net book value 31/12/2022	384 800	74 583	410 762	343 881	1 214 026
Net book value 31/12/2021	407 105	5 649	506 612	425 322	1 344 688

6 Investments in affiliated undertakings and participating interests

Investments in affiliated undertakings and participating interests are composed by corporate loans for EUR 26 637 448 (2021: EUR 22 918 593).

In relation to the acquisition of the Forest Buildings, the Company has entered into a shareholder loan agreement with Forest 1, Forest 2 and Forest 3 for a total principal amount of EUR 3 084 691 with a fixed interest rate of 2.5% per annum and maturity date on 2nd February 2036. The loan has been partially repaid in December 2022 for EUR 319 563 which in the financial year 2022 stands at EUR 2 765 128 (2021: EUR 3 084 691).

In relation to the acquisition of the Place de Paris Building, the Company has entered into a shareholder loan agreement with SwissLife Co-Invest for a principal amount of EUR 5 294 766 with a fixed interest rate of 2.86% per annum and maturity date on 2nd February 2041. The loan has been partially repaid in 2021 for EUR 301 539 and in 2022 for EUR 657 400 which in the financial year 2022 stands at EUR 4 335 827 (2021: EUR 4 993 227).

In relation to the acquisition of Bijou Building, the Company has entered into a shareholder loan agreement with SwissLife Co-Invest for a respective principal amount of EUR 11 214 613 (2021: EUR 11 214 613) with a fixed interest rate of 1.92% per annum and maturity date on 2nd February 2041.

In 2022, in relation to the acquisition of Montoyer Building, the Company has entered into a shareholder loan agreement with Montoyer 51 Leasehold for a respective principal amount of EUR 5 000 000 with a fixed interest rate of 3.79% per annum and maturity date on 12 December 2032 with tacit renewal. The loan has been partially repaid in 2022 for EUR 304 182 which in the financial year 2022 stands at EUR 4 695 818 (2021: EUR 0).

The Company has entered into a loan agreement with France Immo Residence for a respective principal amount of EUR 3 626 062 (2021: EUR 3 626 062) with a fixed interest rate of 1.7% per annum and maturity date on 8 November 2022 with tacit renewal.

The movements in Investments in affiliated undertakings and participating interests incurred during the financial year are summarised as follows:

EUR	Debt securities issued by, and loans to affiliated undertakings		Debt securities issued by, and loans to, undertakings with which an insurance undertaking is linked by virtue of a participating interest	
	2022	2021	2022	2021
Book value 01/01/2022	19 292 531	19 594 070	3 626 062	3 626 062
Additions during the year	5 000 000	0	0	0
Disposals during the year	-1 281 145	-301 539	0	0
Book value 31/12/2022	23 011 386	19 292 531	3 626 062	3 626 062
Fair value 31/12/2022	22 489 992	22 695 330	3 531 136	3 696 659

7 Other financial investments

As at 31 December 2022 and 2021, the book and actual values of other financial investments were as follows:

EUR	2022		2021	
	Book value	Actual value	Book value	Actual value
Shares and other variable yield transferable securities and units in unit in trusts	256 844 702	277 016 327	232 394 008	247 723 260
Debt securities and other fixed income transferable securities	1 316 522 788	1 140 322 694	1 273 256 911	1 366 077 456
Total	1 573 367 490	1 417 339 021	1 505 650 919	1 613 800 716

The current value of the investment portfolio has been determined by the following methods:

- transferable securities which are admitted to official listing on a stock exchange or dealt in on another regulated market are valued on the basis of the last available price;
- transferable securities not admitted to official listing on a stock exchange or not dealt in on another regulated market and transferable securities admitted to official listing on a stock exchange or dealt in on another regulated market for which the last available price is not representative are valued on the basis of their reasonably foreseeable sales price determined with prudence and good faith by the Board of Directors.

The depreciation of the positive and negative differences between the acquisition cost and the redemption value (agio/disagio) in the financial year 2022 stands at EUR 7 468 506 (2021: EUR 7 494 679) and EUR 924 578 (2021: EUR 593 211) respectively.

The balance as at 31 December 2022 for discount depreciation remaining unamortised stands at EUR -10 872 653 (2021: EUR -4 251 893) and for premium depreciation remaining unamortised stands at EUR 79 310 936 (2021: EUR 85 405 820).

8 Deposit with ceding undertakings

The deposit under reinsurance contracts corresponds to the provision for claims for accepted reinsurance business. It is reevaluated on a quarterly basis based on the information sent by the counterparty.

9 Amounts owed by or to affiliated undertakings or undertakings with which the Company is linked by virtue of a participating interest

The items may be broken down as follows:

EUR	Affiliated undertakings	
	2022	2021
DEBTORS		
Debtors arising out of reinsurance operations	24 093 776	7 001 515
Other debtors	5 465 556	4 950 998
CREDITORS		
Creditors arising out of reinsurance operations	25 668 725	13 622 327
Debenture loans		
of which subordinated loans	19 000 000	19 000 000
Other creditors	-54 416 876	-46 850 333

10 Debtors, creditors arising out of direct insurance operations

Debtors and creditors arising out of direct insurance operations represent amounts open as at balance sheet date and are mainly related to insurance operations which occurred close to the end of the financial period.

11 Deferred acquisition costs

The movements in deferred acquisition costs during the financial year can be summarised as follows:

EUR		
	2022	2021
Net acquisition costs, opening balance	463 035	274 665
Conversion differences (net)	25	34
Net difference in additions/depreciation during the year	17 689	188 336
Net acquisition costs, closing balance	480 749	463 035

12 Capital and reserves

The movements during the financial year in respect of capital and reserves may be broken down as follows:

EUR	Subscribed capital	Legal reserve	Other reserves	Profit brought forward	Profit for the year
As at 31/12/2021	23 000 000	2 300 000	124 738 645	0	28 291 450
Allocation of result 2021	0	0	28 291 450	0	-28 291 450
Dividend paid to shareholders	0	0	-20 000 000	0	0
Movements during the year 2022	0	0	0	0	30 753 862
As at 31/12/2022	23 000 000	2 300 000	133 030 095	0	30 753 862

As at 31 December 2022 and 31 December 2021, the subscribed capital amounting to EUR 23 000 000, is represented by 23 000 shares with no nominal value; the paid up capital amounts to EUR 17 000 000.

13 Legal reserve

The Company must allocate 5% of its net profit for each financial year in order to comply with Luxembourg company law requirements. This allocation ceases to be compulsory once the legal reserve balance reaches 10% of the issued share capital.

The legal reserve is not available for distribution to shareholders, except upon the dissolution of the Company.

14 Technical provisions

EUR	Provision for unearned premiums	Life insurance provision	Provision for claims outstanding	Provision for bonuses	Technical provisions ¹	Total
Closing balance 31/12/2021	14 595 651	1 712 584 846	32 406 274	29 131 914	14 718 290 176	16 507 008 861
Conversion Difference	39	8 608 511	-305 513	36 033	179 697 740	188 036 810
Opening balance 01/01/2022	14 595 690	1 721 193 357	32 100 761	29 167 947	14 897 987 916	16 695 045 671
Movements during financial year 2022	-4 872 628	29 527 098	8 420 938	-228 951	-1 429 672 458	-1 396 826 001
Closing balance 31/12/2022	9 723 062	1 750 720 455	40 521 699	28 938 996	13 468 315 458	15 298 219 670

¹ relating to life insurance where investment risks are borne by the policyholder.

15 Other creditors, including tax and social security

The significant amount of other creditors, including tax and social security is mainly explained by:

- some significant disinvestment transactions amounting to EUR 54 million, initiated before the end of the year and finalized only in 2023 (2021: EUR 26 million);
- the liability representing tax provisions of its income tax for a total of EUR 45 million (2021: EUR 42 million) towards its parent company, as this is the one liable towards the tax administration in the scope of the tax unity in place.

16 Results from the life insurance business

The principal results of the life insurance business may be broken down as follows:

EUR		Life Insurance	
	2022	2021	
Direct Premium			
	EUR	EUR	
Individual premiums	824 503 748	697 186 326	
Premiums under group contracts	288 614 649	258 985 423	
Periodic premiums	257 215 076	227 753 344	
Single premiums	855 903 321	728 418 405	
Premiums for non-bonus contracts	250 643	287 652	
Premiums for bonus contracts	269 038 085	257 797 362	
Premiums from contracts where the investment risks are borne by the policyholders	843 829 669	698 086 736	
Reinsurance balance	-8 334 406	-225 718	

17 Geographical breakdown of written premiums

Gross insurance premiums amounting to EUR 1 119 965 160 (2021: EUR 962 202 270), may be broken down into geographic zones according to where the contracts have been concluded:

EUR		Life Insurance	
	2022	2021	
Contracts concluded in the Grand Duchy of Luxembourg	162 191 742	203 577 982	
Contracts concluded in other countries of the EEA	840 008 814	539 554 595	
Contracts concluded in other countries outside the EEA	117 764 604	219 069 693	

As from 2020, United Kingdom is classified in the other countries outside the EEA.

18 Commissions

Commissions paid to insurance intermediaries relating to direct insurance amount to EUR 26 802 187 (2021: EUR 18 387 462) and are included in the acquisition costs item.

19 Personnel employed during the year

The average number of persons employed during the financial year 2022 amounts to 165 (2021: 159) and may be broken down in the following categories:

Category	Number of persons	
	2022	2021
Management	7	9
Executives	69	60
Salaried employees	89	90

EUR		
	2022	2021
Wages and salaries	15 344 762	14 316 147
Social securities costs	2 066 824	1 863 189
of which pensions	1 805 463	1 628 648

20 Remuneration granted to members of the Board of Directors and to Management

Directors' fees or other remuneration to members of the Board of Directors amount to Euro 0, including employer charges (2021: EUR 0).

Remuneration granted to the Company's Management amount to EUR 1 631 951 (2021: EUR 3 005 264) including employer charges.

21 Fees of the Independent Auditor

The fees of the independent auditor for the years ending 31 December 2022 and 31 December 2021 are broken down as follows:

EUR		
	2022	2021
Audit fees ¹	513 147	324 401
Audit-related fees	4 303	4 303
Tax fees	11 321	9 758
Other fees	35 118	0

¹ Such fees cover the audit of the Company's statutory accounts, Group reporting work and the issuance of supplementary regulatory reports as applicable and required by the Commissariat aux Assurances.

22 Off balance sheet commitments

At 31 December 2022 and 31 December 2021, the Company has the following commitments:

EUR		
	2022	2021
Leasing of hardware	37 499	39 448
Leasing of vehicles	416 115	540 862
Building's lease agreement	5 459 512	6 446 917
Infrastructure fund	23 826 135	32 812 379
Real Estate fund	3 636 940	6 331 158
Other contingencies	1 545 352	1 654 128

The other contingencies included in the above table concern the engagement of the Company towards our IT infrastructure provider.

Swiss Life (Luxembourg) S.A. has an uncalled commitment amount of EUR 23 826 135 (2021: EUR 32 812 379) in four infrastructure funds which are Luxembourg common limited funds and has a commitment in two real estate funds amounting to EUR 3 636 940 (2021: EUR 6 331 158).

Finally, the Building lease agreement is due to the move of the Company to its new premises in the Cloche d'Or, effective 1 January 2017, and the related lease agreement signed.

23 Collective pension funds

EUR		
	2022	2021
Investments		
Investments for the benefit of life insurance policyholders who bear the investment risk		
Shares and other variable yields transferable securities and units in unit trusts	4 640 444	4 922 629
Other assets		
Cash at bank and in hand	24 249	100 475
ASSETS	4 664 693	5 023 104
Technical provisions		
Technical provisions for life insurance contracts where the investment risk is borne by the policyholders	4 664 693	5 023 104
LIABILITIES	4 664 693	5 023 104

During 2021 the initial collective pension fund (invested since the 7th January 2015), has been divided into two collective pension funds.

24 Tax status

Swiss Life (Luxembourg) S.A. is subject to the tax legislation in force in the Grand Duchy of Luxembourg and included in a tax unity with its parent company.

25 Investments for the benefit of life insurance policyholders who bear the investment risk

The investments for the benefit of life insurance policyholders who bear the investment risk amount to EUR 13 468 million as at 31 December 2022 (2021: EUR 14 718 million).

This caption also includes private equity type vehicles for a total amount of EUR 1 422 million (2021: EUR 1 455 million).

The Company determines the best estimate of the fair value based on the type of inputs available at the time of preparation of the Annual Accounts, as follows:

- Level 1: The fair value is based on independent external experts valuation reports.
- Level 2: The fair value is determined using valuation techniques that maximize the use of recent audited financial statements and other reliable financial information and rely as little as possible on entity specific estimates.
- Level 3: Typically, when one or more of the significant inputs is not based on recent audited financial statements and data, specific management assumptions are used.

As at 31 December 2022, these investments can be split as follows:

Million EUR		
	2022	2021
Level 1	374	507
Level 2	1 045	930
Level 3	3	18
Total	1 422	1 455

26 Details on pledges to cover reinsurance treaties

Million EUR	2022		2021	
	Treaty A	Treaty B	Treaty A	Treaty B
	Private Wealth	Employee Benefits	Private Wealth	Employee Benefits
a. Technical provision Lux GAAP	278	103	285	99
b. Technical provision SII	252	86	279	102
Max(a,b)	278	103	285	102
Pledge	315	111	302	114

In 2022 and 2021, two reinsurance treaties are covered by pledges: one treaty which is a 100% quota share treaty covering the guaranteed rate fund for Private Wealth business (Treaty A) and one treaty which is a quota share treaty (one share with 50% and another share with 80%) covering the guaranteed rate fund for Employee Benefits business (Treaty B). A quarterly monitoring is in place to compare the value of the pledged assets to the provisions covered.

27 Information concerning consolidated companies

Swiss Life (Luxembourg) S.A. is included in the consolidated Annual Accounts prepared by Swiss Life Holding, a société anonyme under Swiss law, whose registered office is at CH-8022 Zurich, General-Guisan-Quai 40 (Switzerland), being the largest group of companies to which the Company belongs as a subsidiary.

The consolidated accounts are available at the head office of Swiss Life (Luxembourg) S.A..

28 Subsequent events

No significant subsequent events occurred after the balance sheet date.

Caution regarding forward-looking statements

This Annual Report contains forward-looking statements about Swiss Life (Luxembourg) S.A. which involve certain risks and uncertainties. All forward looking statements are based on the data available to Swiss Life at the time this Annual Report was compiled.

Swiss Life (Luxembourg) S.A.
2-6 rue Eugène Ruppert
L-2453 Luxembourg

A limited company under Luxembourg law authorised by ministerial order on 2 May 1985
Trade Register Luxembourg section B no. 22663

*We enable people to lead
a self-determined life.*

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