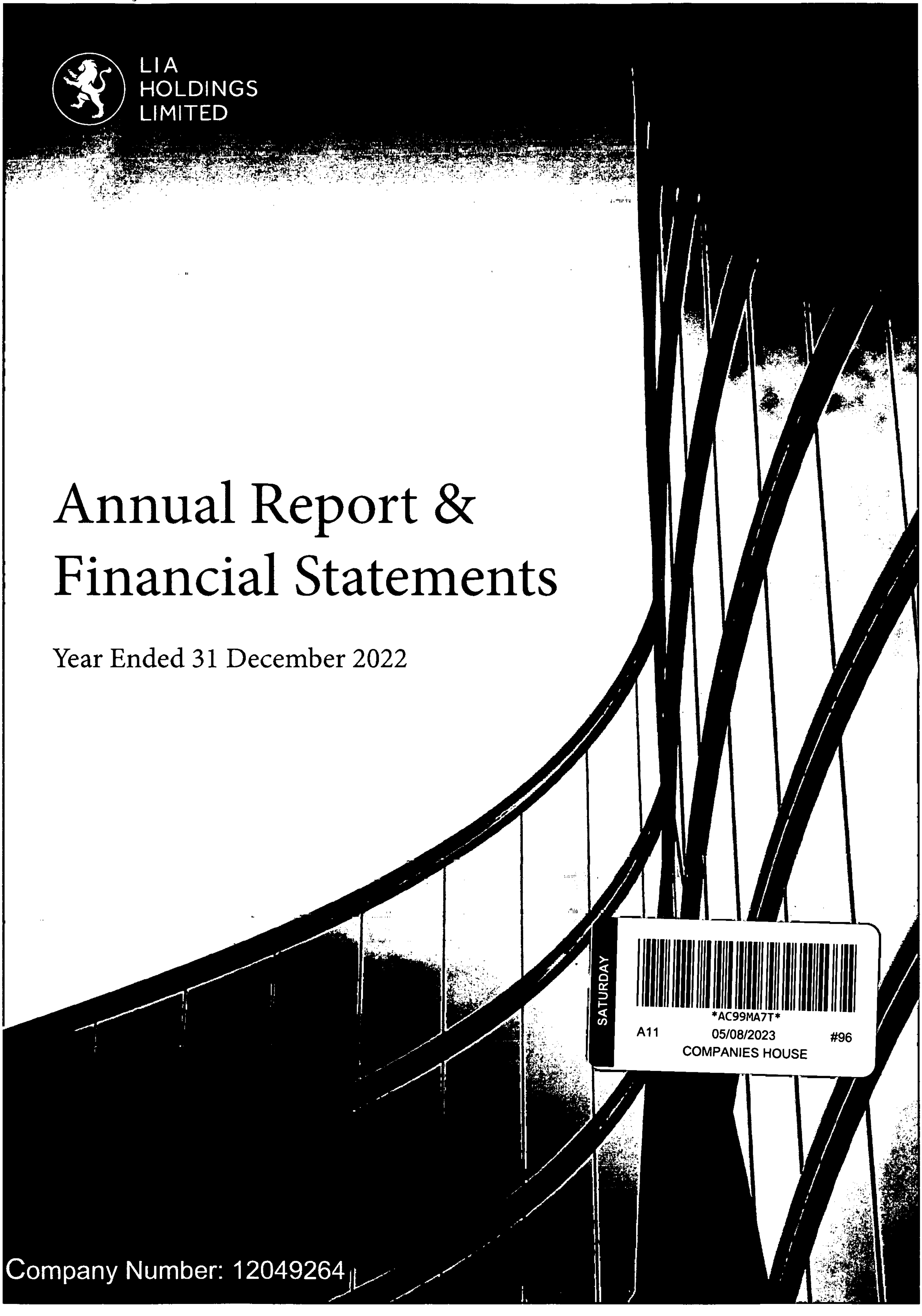
LIA HOLDINGS LIMITED



Annual Report & Financial Statements

Year Ended 31 December 2022

SATURDAY
AC99MA7T
A11 05/08/2023 #96
COMPANIES HOUSE

Company Number: 12049264

Company information

Directors

Abbas, Qasim
Albert, Florent
Baird, Patrick
Becker, Norbert
Boyle, Brendan
Carendi, Jan
Khatoun, Amer
Ludlow, Sharon
Miller, David
Parkinson, Stuart

Registered office

52 Lime Street, Level 27
London, EC3M 7AF
United Kingdom

Company number

12049264

Company Secretary

Monica Risam

Independent Auditors

Ernst & Young LLP
25 Churchill Place, Canary Wharf
London E14 5EY
United Kingdom

Table of contents

Directors' report

The directors of LIA Holdings Limited (the "Company"), company number 12049264, are pleased to present their report for the period from 1 January 2022 to 31 December 2022.

Principal activities and future developments

The Company is a holding company. The directors foresee no material change in the nature of the Company's activities.

Financial review and dividends

The results for the Company and its subsidiaries (collectively, the "Group") during the period are set out in the consolidated statement of profit or loss and other comprehensive income on page 19. There have been no dividends declared in 2022.

Directors

The directors who held office during the period were as follows:

Abbas, Qasim
Albert, Florent
Baird, Patrick
Becker, Norbert
Boyle, Brendan
Carendi, Jan
Howard-Cairns, Matthew (resigned 8 February 2022)
Khatoun, Amer
Ludlow, Sharon
Miller, David
Parkinson, Stuart

Several directors hold non-voting shares in the Company. Any potential conflicts of interest are disclosed and appropriately managed in compliance with the UK Companies Act 2006.

Neither at the end of the financial period, nor at any time during the period, did there subsist any arrangements, to which the Company is a party, whereby directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Related party transactions

No director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Financial risk management and exposure

It is the Company's policy to maintain a strong capital base in order to:

- Meet regulatory requirements;
- Protect creditors' interests; and
- Create shareholder value through support for business development.

Within the Group, each subsidiary manages its own capital in the context of a Company capital plan. Any capital in excess of planned requirements is returned to the Company, normally by way of dividends. The Company's capital position is monitored by the Company's Audit and Risk Committee (the "ARC") on behalf of the Company's Board of Directors. The Company's policy is for each subsidiary to hold the higher off:

- The capital required by any relevant supervisory body uplifted by a specified margin to absorb changes; or
- The capital required based on the Company's internal assessment.

Strategic report

A strategic report has been provided at page 6, which includes the other required disclosures.

The auditor, Ernst & Young LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Statement of Directors' Responsibility

The directors are responsible for preparing the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law the directors have elected to prepare the consolidated financial statements in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006. Additionally, the parent company financial statements have been prepared in accordance with financial reporting standard 101. Under company law the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing those consolidated financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently; make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in UK-endorsed IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group and Company's financial position and the Group's financial performance; and
- prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the consolidated financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board

Norbert Becker	Stuart Parkinson
Chairman	Director
52 Lime Street, Level 27	52 Lime Street, Level 27
London EC3M 7AF	London EC3M 7AF
18 April 2023	18 April 2023

Strategic report

Principal Activity

LIA Holdings Limited (the "Company") is the ultimate holding company of Lombard International Group (the "Group").

The Group is a leading provider of cross-border insurance-based wealth, estate and succession planning solutions for upper affluent, high net worth ("HNW") individuals, ultra-high net worth ("UHNW") individuals, families and institutions.

Wealth assurance, most commonly known as unit-linked life insurance across Europe and private placement life insurance in the US and other regions across the globe sits at the intersection of private banking, asset management, wealth planning and insurance. Providing a unique blend of insurance and investment benefits, the Group's solutions provide flexibility, portability, asset diversification and protection. They are adaptable to the evolving lifestyles of international clients, that stretch across multiple jurisdictions and asset classes. The Group serves over 25 markets across Asia, Europe, Latin America, and the United States, providing multi-jurisdictional wealth assurance solutions on a global basis.

The Group has two distinct but interrelated parts:

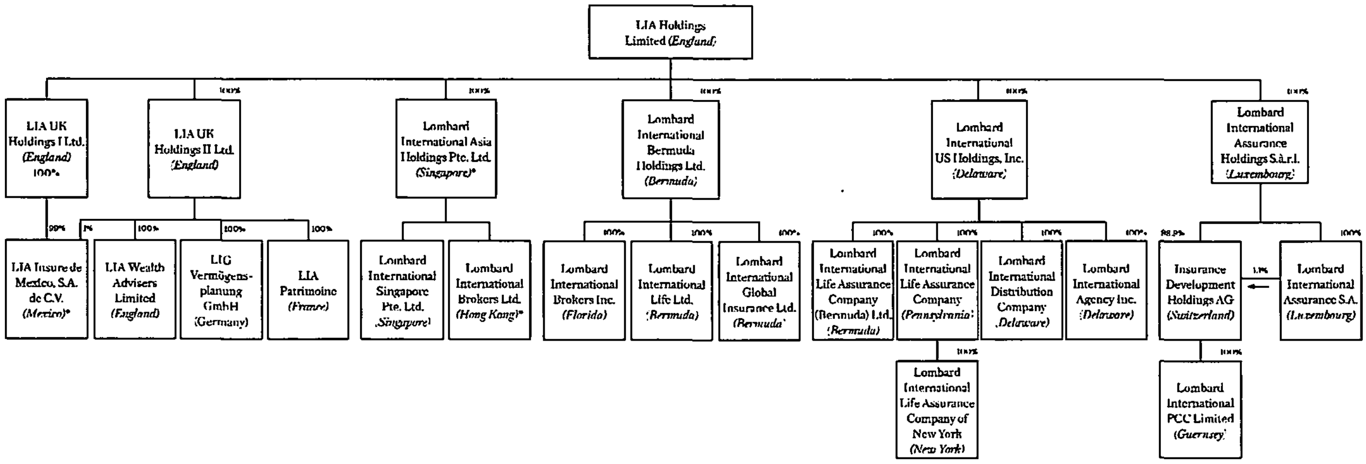
- **Private Clients' Business** which serves the wealth, estate and succession planning needs of upper affluent, high net worth, ultra-high net worth individuals and families, working in partnership with our business partners. These partners come in many different forms, all equally important to us, including private banks, family offices, asset managers, independent wealth and financial advisers, wealth and insurance brokers and professional advisory firms.
- **Global Institutional Solutions Practice** which focuses on improving global access to US private markets for institutional investors such as pension funds, corporations, sovereign wealth funds, foundations, endowments, family offices and funds of funds, to enable their investment allocation to be more efficient and effective. For investment managers, the Practice offers a compelling way to advance capital raising outside of the US, with established solutions which can be integrated into European fund structures.

Group assets under administration were €57.0 billion as of 31 December 2022. The Group's global team of over 500 employees includes more than 60 technical experts and over 100 client services professionals. This deep rooted expertise offers clients a proven capability that works across borders, regions and geographies, providing them the choice and flexibility to meet their unique needs including solutions that enable cross-border wealth planning; the transfer of wealth between generations; and structuring investments in unquoted assets.

The Group's 30+ years of experience means that it understands what matters when it comes to protecting and preserving wealth today, so that it can be passed on to future generations. It has the expertise, agility and eagerness to tackle complex problems to help clients and their trusted advisers navigate changing times, unpredictable geopolitical landscapes, multifaceted requirements, dynamic financial markets and shifting regulatory regimes. Whether it is for individuals, families, their advisers or institutions, as the leading global provider of customised insurance-based wealth solutions, the Group exists to make our clients' legacy count.

Group Structure

The Group's structure is set out below:



Notes:
* To be liquidated

The Company is the direct and indirect parent of the following seven insurance entities and six distribution entities:

Insurance Entities

- Lombard International Assurance S.A. ("LIA"), a life insurance company incorporated in Luxembourg with branches in Italy and Belgium;
- Lombard International PCC Limited, a life insurance company incorporated in Guernsey;
- Lombard International Life Assurance Company, a life insurance company incorporated in the United States of America and with licences in 48 US states;
- Lombard International Life Assurance Company of New York, a life insurance company incorporated in the United States of America, with a licence to operate in the State of New York;
- Lombard International Life Assurance Company (Bermuda) Ltd., a life insurance company incorporated in Bermuda with product offerings aimed primarily at US tax paying individuals;
- Lombard International Life Limited, a life insurance company incorporated in Bermuda, concentrating on clients outside of the United States; and
- Lombard International Global Insurance Ltd, a life insurance company incorporated in Bermuda, concentrating on clients outside the United States.

Distribution Entities

- Lombard International Distribution Company, a licenced broker dealer in the United States of America;
- Lombard International Brokers Inc., a licenced broker dealer in the United States of America;
- Lombard International Singapore Pte. Ltd., a licensed financial advisor in Singapore;
- LIA Wealth Advisers Limited, an FCA-regulated insurance and investment intermediary authorised in the UK;
- LIA Patrimoine, an insurance intermediary dually authorised as both a broker and a tied insurance representative ('mandataire d'assurances') in France; and
- LIG Vermögensplanung GmbH, an insurance intermediary dually authorised as a broker in Germany.

Review of Business

Lombard International Group (the "Group") delivered a strong performance in new business in 2022. The results reinforce the strength of the Company's business model and strategy in building a sustainable business that serves the wealth planning needs of the upper affluent, HNW and UHNW clients.

2022 key takeaways:

- €6.4 billion of new business premiums with key contributions from a number of core markets including the US, France, Italy, Sweden, Portugal, and the UK.
- Assets under Administration of €57.0 billion as of 31 December 2022.

Investing in our strategic growth framework

The Group is in robust health and financially strong as it continues to build excellent momentum and presence in its specialised sector. Innovation and leadership, using its inhouse talent and technology as enablers, remain a key focus and allow the business to confidently design enduring cross-border wealth, estate, and succession planning solutions for upper affluent, HNW and UHNW families. Its solutions are shaped by insights from the trusted partnerships it has forged over the past three decades.

With experienced personnel on the ground, the Group is able to foster strong local relationships with asset and investment managers, private bankers, wealth planners and advisers, brokers, and custodian banks, translating into valuable insights and lasting partnerships.

Our people are the Company's strongest asset and the Group is widely, and rightly, recognised as being home to some of the best talent and expertise in the market. Maintaining this, in 2023 and beyond, is a business imperative. As part of its comprehensive people and talent management plans, the Group will continue to invest in training, encouraging and supporting colleagues to broaden their expertise and skills.

Our robust, cross-border wealth, estate, and succession planning solutions for upper affluent, HNW and UHNW families remain best in class, delivered by our expert team of leaders and innovators across geographies. Last year we continued to be recognised by the industry for our market leading solutions. We secured "Most Effective Investment Service Offering" at the 2022 edition of the Private Banker International Global Wealth Awards. Most recently we have been awarded "Best Financial Services Group Europe" for the third consecutive year at the 2023 Global Banking & Finance Review awards, along with winning "Decade of Excellence Financial Services Group Europe".

On the front foot with ESG

Like the wider industry, the business has been working to determine its ESG targets, how it gets there, and how far along we are on that journey. In 2022 the Group published its approach to ESG, an inaugural paper outlining the Company's ESG journey, as well as its pathway to sustainability.

As we look ahead, UHNW/HNW individuals and families' expectations continue to evolve when it comes to ESG and sustainability. Legislation and regulatory requirements are also progressing at pace, with the SFDR Regulatory Technical Standards finally coming into force in January 2023. Our role is to support our partners and facilitate the increased appetite from clients for more sustainable investment options. We will be publishing an update to our "Approach to ESG" later this year.

Priorities for the year ahead

In 2022, the team delivered strongly for its partners and clients. In 2023, the Group will continue to further enhance its business strategy. It will continue to develop and grow its business in each of its core markets. The Group will also continue to invest in upgrading its processes and systems, enhancing its digital infrastructure and related offerings, as well as boosting its operational delivery.

The Group is well positioned, financially strong and equipped to deliver continued growth and value to its partners and clients.

Review of Business *(continued)*

Alternative Performance Measures (APM)

Metrics in €'m (*Non GAAP*)	2022	2021	Variance	Var. %
New Business	6,413	6,870	(457)	(7)%
Assets under Administration[1]	57,048	59,370	(2,322)	(4)%
Net Revenue	169.4	168.2	1.2	1%

- The Group delivered €6.4 billion of new premium income and Group AuA of €57.0 billion, a strong performance, especially in light of the challenging macroeconomic and geopolitical environment.
- The small reduction in AuA (4)%, due to the negative volatility in global investment markets, was offset by strong net in-flows.
- Net Revenue of €169.4 million was at the same level as 2021, in line with average AuAs.

The following table presents a reconciliation of IFRS revenue to non GAAP net revenue:

€'m	2022	2021
Revenue (IFRS)[2]	277.5	246.3
Cost of insurance[3]	(26.0)	(19.9)
Fees, commissions and other acquisition costs[4]	(69.7)	(63.4)
Other[5]	(12.4)	5.3
Net Revenue	**169.4**	**168.3**

1 Non GAAP AuA is presented without policyholder loans.

2 Revenue (IFRS) represents revenue from both continuing operations, €208.2 million and €192.4 million, and discontinuing operations. €69.3 million and €53.9 million for the year ended 31 December 2022 and 2021, respectively.

3 Represents policyholder premiums for mortality risk on US Life insurance contracts. The Company cedes the majority of mortality risk to third party reinsurers and therefore pays the majority of these premiums to reinsurers. The APM presents the revenue on a net basis, while IFRS presents the gross amount received in revenue with an offsetting amount in expenses.

4 Gross revenue taken on policies and paid back to third parties is presented net for the APM, while IFRS presents the gross amount in revenue with an offsetting amount in expenses. Certain items presented as revenue in IFRS such as deferred revenue. deferred acquisition costs and some marketing expenses are presented differently for the APM.

5 Other income includes €13.5 million in connection with the purchase of the European business in 2014 as well as realized/unrealised FX gain (loss) on third party debt revaluation and swaps amounting to a €(2.1) million loss and €(4.6) million loss for the year ended 31 December 2022 and 2021, respectively.

Review of Business *(continued)*

In Europe our business delivered €4.6 billion of new premium income, with AuA of €46.3 billion as at 31 December 2022. This strong performance was achieved with noteworthy contributions from a number of core markets including France, Italy, Sweden, Portugal and the UK.

The United States delivered €1.8 billion of new premium income and also continued to grow AuA to €10.8 billion ($1.9 billion/$11.5 billion $USD). Both the Global Institutional and Individual Business continue to show sustained performance and growth.

Divestments

The sale of the US and Bermuda businesses on 18 August 2022 to BroadRiver Asset Management and its affiliated entities is expected to complete by mid-2023, subject to customary closing conditions, including regulatory approvals. In Asia, the sale of our Singapore-based financial advisor on 24 November 2022 to MHK Insurance Services Limited has completed on 2 February 2023.

Principal Risks and Uncertainties

The Group's Enterprise Risk Management ("ERM") framework sets out its approach to managing risk within the Group. It is designed to ensure that Lombard International manages risk consistently across the Group, ensures risks are identified, assessed, managed, monitored and reported on through appropriate processes and controls and is aware of the risks, identifies the material risks and takes better decisions as a result to ensure the Group achieves its strategic objectives.

Further details of the ERM Framework can be obtained from the Solvency & Financial Condition Reports of the operating entities of the Group (e.g. Lombard International Assurance S.A.).

The Group is exposed to various risks, which include insurance risk, financial risk, operational risk and strategic risk. The following risks are of principal focus to the Management and the Board albeit there are additional key risks that are also monitored and reported on.

Risk	Description
Reputational	Risk of loss of new or existing business and/or market share as a result of a decline in reputation directly or indirectly as a result of company or employee actions.
Profitability Pressure	Risk of decreasing profitability due to intense fee pressure, market risk (including ESG Transition risk), lapse risk and rising cost base. Note: Market risk is generally borne by the policyholder of life insurance contracts, except for own assets which are generally invested in low risk and highly rated liquid instruments.
Human Capital	Retaining and attracting talent to support existing business and growth initiatives and minimising key person risk.
Operating Scalability / Efficiency	Operating model capable of supporting increased sales volume or achieve efficiencies to deliver bottom line growth.
Regulatory Environment	Risk that, as a result of a change in law, including tax law, or regulation, or a political event, the Company experiences a material negative impact on its overarching value proposition or business model and/or risk that a Group member fails to or is unable to identify, analyse, track, impact assess or correctly interpret applicable legislation.

Going Concern

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual accounts. This statement is made after having reviewed assumptions about future trading performance, valuation projections, capital expenditures, and debt requirements within the Company's current year plan. The directors also consider potential risks and uncertainties in the business which include credit, market, interest, insurance (lapses) and liquidity risk, as well as forecast covenant compliance. Further stress testing has been carried out to ensure the Company has sufficient cash resources to continue in operation for at least the next 12 months.

Section 172(1) Statement

In accordance with section 172 of the Companies Act, the Directors have a duty to promote the success of the Company. In carrying out this duty during 2022, the Directors have had regard for, amongst other matters, the areas set out below:

Area of consideration	Demonstrating this in practice
Consequences of decisions in the long-term	The Board is responsible for the overall direction and strategy of the Group as well as for delivery of sustainable value to its shareholders. The Board provides counsel and strategic input to the Management of the Group through: • setting the corporate strategy of the Group and determining business plans which support such strategy, taking into account the Group's long-term financial interests; • setting and approving the Group's enterprise risk management framework (including its risk appetite statement); • approving any material acquisitions, disposals of assets, joint ventures or strategic partnerships; • setting, monitoring and approving the Group's framework for internal controls over financial reporting; • setting the Group's remuneration strategy; and • setting the Group's values, culture and standards. Accordingly, for any material decisions relating to the Lombard International Group, the Board meets to discuss and provide counsel and advice on the long-term impact of those decisions.
Employee considerations	The Board regularly receives updates from the Group CEO and regional HR directors on retention and engagement of employees. The Board performs a deep dive into the annual employee engagement survey results. The Board's Remuneration and Nomination Committee is consulted on matters relating to compensation/reward and senior leadership appointments. The Group has a whistleblower framework under which concerns are escalated to the Chair of the Board's ARC. Material employee litigation matters are reported in the Group General Counsel's report to the Board (the "General Counsel Report").
Business relationships with customers	Policyholder matters are key for any insurance company Board. Through the General Counsel Report, the Board is made aware of any material complaints or litigation. The Board receives quarterly updates from the regional sales teams which also flag any issues in relationships with partners and/or customers. The Group has outsourcing relationships which are deemed material to the Group. In the event of any material performance or service delivery issues, the Group CEO is responsible for escalating this to the Board.

Section 172(1) Statement *(continued)*

Area of consideration	Demonstrating this in practice
Impact on the community and environment	*Citizenship* We believe in making a meaningful difference today to safeguard a sustainable future for the economy, environment, and society of tomorrow. Strongly connected to our values, corporate citizenship is our approach to having a positive impact on and in the communities in which we work and operate. We are motivated by the footprint we leave behind and believe in making our corporate legacy count. Our measure of success is to see long-term value in our philanthropic partnerships and projects. Our donations, charitable partnerships and volunteering initiatives address key environmental and social issues aligned with the UN's Sustainable Development Goals (SDG), whilst maximizing colleague engagement, our impact, and community prosperity. We develop charitable and influential partnerships and citizenship programming that go beyond simply committing to financial donations. Our approach includes thought leadership, inspiring and mobilising colleagues, providing community giving and engagement opportunities and leveraging appropriate business capabilities including technology, tools, or skill-based volunteerism. We engage and encourage our colleagues to be catalysts of change to build relationships across the firm, boost our organisational culture and reinforce our company values. *Our citizen footprint* At Lombard International Group, Corporate Citizenship is our approach to ensuring we have a positive impact in the communities in which we work and operate across the globe. We care about making a meaningful difference today, to safeguard a sustainable future for our colleagues, our clients, our partners, the environment, and society of tomorrow. In 2022, Lombard International Group supported 14 charities in Europe and in the US. The main charities the Group supported in 2022 were as follows: • The Group partnered with the 'Christmas in a Shoebox' initiative in Luxembourg, delivering Christmas goodies and winter essentials to children across Eastern Europe. Over 50 shoeboxes filled with brand new school supplies, Christmas treats, winter clothing, toys and other essentials were donated by colleagues. • The Group was proud to continue its partnership with Tree Nation, an international NGO which supports reforestation programmes across the world. As part of this partnership, Lombard International Group planted 1,000 Caucasian Fir Trees this festive season. • As part of its Corporate Citizenship approach, and in support of #PinkOctober, the Group partnered with Europa Donna, an independent Non-Profit Organisation. They work to raise awareness of breast cancer and lobby for improved breast cancer education, appropriate screening, optimal treatment and increased funding for research. • Lombard International Group supported MSF Luxembourg's projects in Ukraine through a number of donations including fundraising for the ING Marathon in Luxembourg. This fundraising also supported MSF's important work in the Congo to provide the Congolese with vital medical care.

Section 172(1) Statement *(continued)*

Area of consideration	Demonstrating this in practice
Impact on the community and environment *(continued)*	• Stëmm vun der Stroos: A Luxembourg non-profit organisation which supports the social and professional integration of those in Luxembourg who are in need of help. We have contributed to the construction of their new building that will serve to fight against food waste by recycling cold food and contributing to a sustainable change in consumption habits. The objective being also to create employment for 90 people. *Sustainability* We use ESG principles to guide our responsibilities and approach in helping to protect and preserve resources, assets, and communities for future generations. As a leading provider of cross-border wealth, estate, and succession planning solutions, we are in a privileged leadership position to use our international breadth, expertise, and experience to be a source for good and support our clients and partners in investing their wealth ethically and sustainably. We think long term and are geared towards delivering against our growth objectives in a sustainable manner. *On the road to carbon neutrality* Meaningfully addressing the excessive use of energy and goods is fundamental to successfully pursuing a carbon neutral strategy. In 2022 as employees returned to working in the Luxembourg head office, following the pandemic, the Company has maintained its electricity consumption at the same level as 2021. The energy supplied is still fully powered by 100% renewable energy produced by hydro-electric power, as certified by Enovos the Luxembourgish energy provider. The Luxembourg office building 'Energy Passport Certificate' was awarded 'very good' by Luxembourgish Authorities. The Company's target is to reduce electricity consumption over the next 5 years working closely with key functions including IT and the office landlords. In 2022 the European business emitted 1.24 MTCO2 per employee of greenhouse gas (GHG) emissions. This number is aligned with the European standard emission and strategy, with the ambition to reduce emissions by 50% by 2025. We continue to replace IT equipment with certified Energy Star Kit and installed automatic switch off capabilities where possible. Recycling and reducing waste is also crucial, and an area in which all aspects of our business have worked hard. For example, the majority of waste and garbage is segmented to be able to be recycled where appropriate. This process has been 100% certified by the Luxembourgish authorities. Over the last 12 months, the Company has stopped purchasing office supplies and furniture which has large amounts of plastic, with the objective to replace the majority of plastic furniture with more sustainable options by the end of 2023. In line with business objectives, the Company continues to reduce internal paper usage by 30% to a total of 800kg, with the objective to reduce consumption to 1 kg of paper per employee / per year over the next 36 months. *Streamlined energy and carbon reporting (SECR) in the UK* The Group continues to prioritise its focus on energy and carbon usage within the UK. The Group operates in a building in the UK with measures to reduce energy consumption which makes up the entirety of the consumption detailed below.

Section 172(1) Statement *(continued)*

Area of consideration	Demonstrating this in practice
Impact on the community and environment *(continued)*	The table below provides the details of the Group's UK energy use.

SECR Reporting				Emission Factor	Emissions (kg of CO_2)
Scope	Emission Source	Consumption	Unit	Location Based	Location Based
2	Electricity Use	43,364	KwH	0.19338	8,386

Intensity Ratio

Our chosen intensity ratio is Mt of CO2E (market based) per Sq. Ft. of office space.

Total Market Based 2022 (Kg CO2E)	8,386
Total Sq. Ft. office space	9,167
Mt CO2E (market based) per Sq. Ft. office space	**0.91**

Methodology

To accurately calculate our Scope 2 carbon emissions, these have been calculated using the emissions factors set out in the 2021 UK Government Conversion Factors for Company Reporting.

ESG

The Board is aware of and monitoring the increasing regulatory focus on environmental, social and governance issues (ESG) and ESG reporting requirements across various governments and industries.

Area of consideration	Demonstrating this in practice
Reputation for high standard of business conduct	The Group is subject to multiple regulatory regimes across the UK, USA, Luxembourg and various other countries where it has branches and/or representative offices (collectively, the "Regulators"). Accordingly, the Group has stringent policies and procedures which must be adhered to regarding conduct, ethics and responsibilities embodied in our Code of Conduct and regional employee handbooks. The Regulators receive regular board reporting and minutes of meetings so that they can oversee the activity of Board and the Group. The ARC regularly reviews adherence to the policies and procedures through regular reporting and monitoring by the Risk, Compliance and Internal Audit teams. In addition, the ARC holds regular private sessions with the Company's external auditor, internal auditor, chief risk officer and chief financial officer.

Section 172(1) Statement *(continued)*

Area of consideration	Demonstrating this in practice
Acting fairly between members of the company.	The Board and Management are required to link in with the Group's shareholders on matters such as strategic direction and financial performance. In addition, representatives of the majority shareholder serve on the Board. The activities of the Group's operating companies are regularly included in reporting to the Board and a number of the Board's non-executive directors and members of the Group's global leadership team serve on various subsidiary boards which enables a robust flow of information across the Group. Any matters which have required escalation to the Group's shareholders and/or the Board are appropriately managed. For example, changes in the Articles of Association, submission of the financial accounts, approval of the financial plan and remuneration matters are discussed by Management with the majority shareholder and submitted to the Board (and the relevant Board committee) for discussion and approval.

By order of the board

Norbert Becker
Chairman
52 Lime Street, Level 27
London EC3M 7AF
18 April 2023

Independent auditor's report to the members of LIA Holdings Limited

Opinion

We have audited the financial statements of LIA Holdings Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 31 December 2022 which comprise and the Consolidated Statement of Profit or Loss and Other Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Parent Company Statement of Financial Position, the Parent Company Statement of Changes in Equity, the related notes 1 to 24 for the group and the related notes 1 to 8 for the parent company, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 31 December 2022 and of the group's result for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group and parent company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report set out on pages 2 to 15, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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 directors are responsible for assessing the group's and the parent 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 directors either intend to liquidate the group or the parent company or to cease operations, or have 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 ISAs (UK) 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are corporate and tax legislation, insurance regulations in Luxembourg and the USA and applicable accounting regulations.
- We understood how the group is complying with those frameworks by:
  - Discussing with key management matters that may affect compliance with those frameworks;
  - Reading minutes of the audit and risk committee;
  - Reading key regulatory correspondence;
  - Understanding the process by which the financial statements are produced and assessing the controls in place to adhere to those frameworks; and
  - Understanding the process by which those charged with governance approve the financial statements, prior to issuance.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by discussing and obtaining evidence of the company's policies and procedures in respect of controls designed to prevent and detect fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved:
  - journal entry testing;
  - examination of legal correspondence; and
  - enquiries of key management, internal counsel and external counsel.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Ernst & Young LLP

B5A84ED2BD2D4CF...

Angus Millar (*Senior statutory auditor*)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

19 April 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Notes	Year ended 31 December 2022 €000	Year ended 31 December 2021 €000
Continuing operations:			
Revenue			
Fee and commission income		196,544	196,304
Net investment loss		(1,368)	(929)
Other operating income/(expense)		13,041	(2,928)
Total revenue	8	**208,217**	**192,447**
Policyholder investment return			
Net investment return attributable to policyholders financial assets		(5,148,990)	5,851,047
Net investment loss attributable to policyholders financial liabilities		5,148,990	(5,851,047)
Net investment return (loss) attributable to policyholders		–	–
Expenses			
Cost of reinsurance and policyholder claims		3,765	1,708
Change in insurance contract liabilities		–	–
Fees, commission and other contract costs	4	61,669	57,282
Administrative expenses	5	89,253	97,013
Other operating expenses		19,440	22,112
Acquired value of in-force business amortisation	7	23,607	25,600
Finance costs		10,424	8,064
Total expenses		**208,158**	**210,779**
Profit (loss) before tax from continuing operations		**59**	**(18,332)**
Income tax (benefit)/expense	16	(1,139)	35,130
Profit (loss) after tax from continuing operations		**1,198**	**(53,462)**
Discontinued operations:			
Loss after tax from discontinued operations	17	(1,738)	(111)
Loss after tax		**(540)**	**(53,573)**
Items that may be reclassified subsequently to profit or loss:			
Change in other comprehensive income		3,378	4,832
Total comprehensive income (loss), net of tax		**2,838**	**(48,741)**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

	Notes	As at 31 December 2022 €000	As at 31 December 2021 €000
Assets			
Goodwill	6	14,680	14,680
Intangible assets	7	297,969	343,611
Property and equipment	8	12,152	27,384
Deferred tax assets	16	–	22,760
Financial investments	19	13,989	33,860
Separate account assets	9	46,322,478	59,466,264
Reinsurance assets	10	52,329	46,157
Corporate tax receivables	16	418	6,893
Other assets	11	304,274	289,096
Cash & cash equivalents	12	186,704	165,102
Assets held for sale	17	10,964,382	–
Total assets		**58,169,375**	**60,415,807**
Liabilities			
Insurance contract liabilities	13	52,370	46,903
Separate account liabilities	9	46,322,478	59,466,264
Provisions	14	8,295	26,109
Borrowings	15	254,312	217,196
Financing commitments	19	3,818	5,924
Deferred tax liabilities	16	54,515	56,982
Deferred income		49,712	60,542
Corporate tax payables	16	2,197	28,798
Other payables	18	321,949	308,023
Liabilities held for sale	17	10,897,898	–
Total liabilities		**57,967,544**	**60,216,741**
Net assets		**201,831**	**199,066**
Equity			
Share capital		35	35
Share premium		340,940	340,940
Other comprehensive income		1,463	(1,915)
Share based compensation reserve		3,815	3,888
Accumulated losses		(144,422)	(143,882)
Total equity		**201,831**	**199,066**

The accompanying notes are an integral part of these consolidated financial statements.

The consolidated financial statements were authorised on 18 April 2023 and signed by:

Stuart Parkinson
Group Chief Executive Officer

Florent Albert
Group Chief Financial Officer

Consolidated Statement of Changes in Equity

	Share capital[1]	Share premium[2]	Other comprehensive income	Share based compensation reserve	Accumulated losses	Total equity
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
At 1 January 2021	**35**	**340,940**	**(6,747)**	**3,119**	**(90,311)**	**247,036**
Loss for the period	–	–	–	–	(53,571)	(53,571)
Change due to foreign exchange conversions	–	–	4,832	–	–	4,832
Share based compensation	–	–	–	769	–	769
At 31 December 2021	**35**	**340,940**	**(1,915)**	**3,888**	**(143,882)**	**199,066**
Loss for the period	–	–	–	–	(540)	(540)
Change due to foreign exchange conversions	–	–	3,378	–	–	3,378
Share based compensation	–	–	–	(73)	–	(73)
At 31 December 2022	**35**	**340,940**	**1,463**	**3,815**	**(144,422)**	**201,831**

The accompanying notes are an integral part of these consolidated financial statements.

1 As at 31 December 2022 and 2021, the total authorised and issued number of ordinary shares was 4,448,204. Each share has a par value of 0.01 USD per share. All issued shares are fully paid. There are voting and non-voting classes of ordinary shares. The voting class represents 95.6% of the population.

2 Share premium consists of the additional contributions provided to the Company by the holders of the ordinary shares. Additionally, included in share premium are the total contributions by the holders of various other share classes. As at 31 December 2022 and 2021 the total authorised and issued number of other share classes was 830,672 and 830,672, respectively.

Consolidated Statement of Cash Flows

	Notes	Year ended 31 December 2022 €'000	Year ended 31 December 2021 €'000
Operating activities			
Cash flows from operating activities:			
Profit (loss) after tax from continuing operations		1,198	(53,461)
Adjustments for:			
Depreciation and amortisation		8,552	12,566
Amortisation of acquired value of in-force business	7	23,607	25,476
Share based compensation		(73)	769
Income tax expense (benefit)	16	(1,139)	34,152
Net investment gains/losses		2,077	1,108
Net gains/losses on foreign currency		1,705	4,301
Interest charges		10,424	8,486
Changes in operating assets and liabilities			
Decrease (Increase) in other assets		(17,816)	(3,763)
Decrease (Increase) in capitalised contract costs		7,452	(18,491)
Increase (Decrease) in deferred income		3,108	12,945
Increase (Decrease) in provisions		(17,814)	21,720
Increase (Decrease) in financing commitments		(2,106)	(2,780)
Increase (Decrease) in other payables		(6,855)	9,196
Net change from separate account activity		22,271	(9,807)
Net insurance activity		–	(737)
Cash generated from operating activities		**34,591**	**41,570**
Interest paid		(9,035)	(7,852)
Income taxes paid		(21,182)	(8,080)
Net cash generated from operating activities		**4,374**	**25,638**
Investing activities			
Proceeds from sales of investments		–	6,294
Acquisition of investments		–	(5,660)
Acquisition of property, equipment and software		(4,506)	(4,247)
Net cash used in investing activities		**(4,506)**	**(3,613)**
Financing activities			
Proceeds from issue of share capital/share premium		–	–
Additional borrowings		237,438	12,542
Repayment of borrowings		(193,636)	–
Deferred financing costs		(5,966)	–
Payment of lease liabilities		(5,649)	(9,951)
Net cash generated from financing activities		**32,187**	**2,591**
Net increase in cash and cash equivalents		**32,055**	**24,616**
Cash and cash equivalents at 1 January		165,102	138,987
Cash and cash equivalents at 1 January in assets held for sale		(8,165)	–
Effects of exchange rate changes on cash and cash equivalents		(2,288)	1,499
Cash and cash equivalents at 31 December		**186,704**	**165,102**

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1. Accounting Information and Policies

(a) Corporate Information

The consolidated financial statements of LIA Holdings Limited for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 18 April 2023. LIA Holdings Limited (the "Company") is a privately held limited liability company, limited by shares, domiciled in the United Kingdom. The registered office is 52, Lime Street, Level 27, London EC3M 7AF.

The consolidated financial statements include the results of the Company and its subsidiaries (collectively referred to as the "Group"). Refer to the notes to the consolidated financial statements for a complete listing of the entities that make up the Group. The Group is mainly focused on the sale of multi-jurisdictional private-placement / unit-linked insurance and annuities on a global basis. Information on related party relationships of the Group is provided in the notes to the consolidated financial statements.

(b) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets and liabilities which are measured at fair value through profit or loss. The consolidated financial statements are presented in euros, rounded to the nearest thousand euros (€ 000), except where otherwise indicated and provide comparative information in respect to the previous period.

Assets and liabilities which are expected to be recovered or settled no more than twelve months after the reporting date are disclosed as current within the notes to the consolidated financial statements. Those expected to be recovered or settled more than twelve months after the reporting date are disclosed as non-current.

(c) Going concern basis

The directors have a reasonable expectation that the Company has adequate financial resources, having given due consideration to the Company's recent financial performance and the management actions taken accordingly. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

(d) Discontinued operations

The Group has entered into two distinct sales agreements as of 31 December 2022, to divest from the US HNW business and the Singapore financial advisor. The sale of the US HNW business on 18 August 2022 to BroadRiver Asset Management and its affiliated entities is expected to complete by mid-2023, subject to customary closing conditions, including regulatory approvals. In Asia, the sale of our Singapore-based financial advisor on 24 November 2022 to MHK Insurance Services Limited has completed on 2 February 2023. In accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the Group is classifying all the subsidiaries included in both these sales as discontinued operations. See Note 23 for the listing of the subsidiaries considered discontinued operations. Regulatory approval from the Pennsylvania Insurance Department, Financial Industry Regulatory Authority, New York Department of Insurance and Bermuda Monetary Authority is required for the sale of the US HNW. Additionally, for the sale of Singapore financial advisor approval from the Monetary Authority of Singapore was obtained in 2023 before completion. An operation is classified as discontinued if it is a component of the Group that: (i) has been disposed of, or meets the criteria to be classified as held for sale, and (ii) represents a separate major line of business or geographic area of operations or will be disposed of as part of a single coordinated plan to dispose of a separate major line of business or geographic area of operations. The results of discontinued operations are presented separately from those of continuing operations. Refer to Note 17 for further details on discontinued operations. In accordance with IFRS 5, the Group ceased

1. Accounting Information and Policies *(continued)*

depreciating all Property and Equipment as of the date of the initial classification as held for sale and the assets are held at the lower of carry value and fair value less costs to sell.

(e) Consolidation

The consolidated financial statements include the assets, liabilities and the results of the Company and its subsidiaries. Subsidiaries are those entities in which the Group directly or indirectly exercises control. Control exists when the Group has the right to direct the relevant activities of a company, is exposed to variable returns and can use those rights to affect those results.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, and any income and expenses or unrealised gains and losses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(f) Change in accounting policies and disclosures

i. New and amended standards and interpretations, effective during the year:

The group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2022:

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16;
- Onerous contracts – Cost of Fulfilling a Contract – Amendments to IAS 37;
- Annual Improvements to IFRS Standards 2018-2020; and
- Reference to the Conceptual Framework – Amendments to IFRS 3

The Group also elected to adopt the following amendments early:

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction – amendments to IAS 12; and
- Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2.

The amendments listed above did not have any impact on the amounts recognised in prior periods and do not significantly affect the current or future periods.

ii. Issued amendments and interpretations, not yet effective:

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods an on foreseeable future transactions:

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure, which replaces IFRS 4 Insurance Contracts. The standard is effective from 1 January 2023, as endorsed by the UK Endorsement Board.

In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies for measurement purposes, IFRS 17 provides a comprehensive model (the general model) for insurance contracts, supplemented by the variable fee approach for contracts with direct participation features that are substantially investment related service contracts, and the premium allocation approach mainly for short-duration which typically applies to certain non-life insurance contracts.

The Group will apply IFRS 17 from 1 January 2023 with earliest comparative period 2022 and transition date of 1 January 2022. IFRS 17 requires specific transition provisions which requires a fully retrospective application of the standard. However, if full retrospective application for a group of insurance contracts is impracticable, then the Group will apply either a modified retrospective approach or a fair value approach.

The Group is currently working on the implementation project, below is a summary description of the likely potential impact:

Identifying contracts within the scope of IFRS 17:

Based on work performed to date, the Group is not expecting any significant change in the contracts that are considered to be subject to significant insurance risk and thus contracts currently classified as IFRS 4 are generally expected to also be within the scope of IFRS 17.

Transition:

Where not impracticable, the Group will apply the fully retrospective approach. However, it is expected that it may be impracticable to apply the fully retrospective approach to all past periods due to the granularity of information required by IFRS 17 which was previously not tracked in that manner under IFRS 4. When impracticable, the fair value approach is expected to be utilized. Under the fair value approach, the contractual service margin will be determined to be the difference between the fair value of the group of contracts (in accordance with IFRS 13) at that date and the fulfilment cash flows at that date.

Measurement Model:

Based on work performed to date, it is expected that most of the Group's insurance contracts issued will contain direct participation features. Direct participation features have a clearly identified pool of underlying; policyholders are expected to share in a substantial share of the fair value returns of the underlying; and the amount paid to policyholders are expected to substantially vary with the change in fair value of the underlying. Contracts with direct participation features are accounted for under the variable fee approach. Under the variable fee approach, both fulfilment cash flows (the sum of the estimated future cash flows and the risk adjustment) and the contractual service margin are remeasured at each reporting period. When applying the variable fee approach, the entity's share of the fair value changes of the underlying items is included in the contractual service margin. The results of insurers using this model are therefore likely to be less volatile than under the general model. The insurance acquired value of in-force will no longer exist under the new model.

Based on work performed to date, it is expected that the Group's reinsurance contracts held will be accounted for under the general measurement model. Under the general model for reinsurance contracts held, the associated contractual service margin may be positive or negative and is at a locked-in discount rate.

Estimates of future cash flows:

The Group estimates future cash flows in an unbiased manner using reasonable and supportable information. These estimates of future cash flows will reflect the Group's view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market information. Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, including an estimate of those for which the Group has discretion over the amount or timing. These cash flows include directly attributable costs that are incurred in fulfilling these contracts. Based on work performed to date, the Group is not expecting a significant change to the estimates of future cash flows.

Risk Adjustment for non-financial risks:

As required by IFRS 17, the Group will include an explicit risk adjustment for non-financial risks. The risk adjustment is the compensation the Group requires for bearing the uncertainty about the amount and timing of the cash flows that arises from non-financial risk as the Group fulfils insurance contracts. For reinsurance contracts held, the risk adjustment represents the amount of risk being transferred by the Group to the reinsurer. IFRS 4 accounting does not include an explicit risk adjustment.

The Group has taken the following accounting policy choices:

Insurance finance income or expenses:

IFRS 17 provides an accounting policy choice to recognize the impact of changes in discount rate and other financial variables in profit or loss or in Other Comprehensive Income (OCI). The accounting policy choice is applied on a portfolio basis. The Group will likely elect not to utilize this OCI option at this time and as such, the impact of changes in discount rate and other financial variables is expected to be recognized in profit or loss.

Disaggregation of changes in the risk adjustment for non-financial risk:

IFRS 17 allows to split the changes in the risk adjustments amounts between the insurance service results and the insurance finance income or expenses; or to include the entire change in the insurance service results. The Group will likely elect not to split these changes.

Quantification of the expected impact on restatement of opening retained earnings, assets and liabilities has not yet been finalized.

1. Accounting Information and Policies *(continued)*

iii. No other standards, interpretations or amendments that have been issued but are not yet effective are expected to have a material impact on the Group's financial statements.

(g) Foreign currency translation

The consolidated financial statements are presented in euros which is the Company's reporting currency. The Group's foreign subsidiaries report in their functional currency being the currency of the primary economic environment in which the subsidiary operates. Upon consolidation, all assets and liabilities on the consolidated statement of financial position are translated to euro based on the year-end exchange rate and shareholders' equity is converted at a historical rate. The consolidated statement of profit or loss and other comprehensive income and the consolidated statement of cash flows are translated at average exchange rates. The accumulated exchange differences arising from these translations are recognised via other comprehensive income to the foreign currency transaction reserve in shareholders' equity.

Transactions in foreign currencies during the year have been translated into the functional currency using the exchange rate prevailing at the respective transaction date. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the reporting date and the gain or loss on translation is recognised in the consolidated statement of profit or loss and other comprehensive income.

The principal foreign exchange rates used in the translation of financial statements for the years ended 31 December 2022 and 2021, expressed in United States Dollars, Singapore Dollars, Hong Kong Dollars, British Pound Sterling and Swiss Franc per €1, were as follows:

	2022	2021
United States Dollar		
Profit or loss and cash flows[1]	1.05	1.18
Assets and liabilities[2]	1.06	1.13
Singapore Dollar		
Profit or loss and cash flows[1]	1.45	1.59
Assets and liabilities[2]	1.43	1.53
Hong Kong Dollar		
Profit or loss and cash flows[1]	8.23	9.19
Assets and liabilities[2]	8.24	8.83
British Pound Sterling		
Profit or loss and cash flows[1]	0.85	0.86
Assets and liabilities[2]	0.87	0.84
Swiss Franc		
Profit or loss and cash flows[1]	1.00	1.08
Assets and liabilities[2]	0.99	1.03

(h) Product Classification

The Group's products are classified for accounting purposes as either investment contracts or insurance contracts.

i. Investment Contracts

These contracts do not transfer significant insurance risk to the Group (the insurer). Investment contracts represent the majority of the total business of the Group as at 31 December 2022 and 2021.

ii. Insurance Contracts

Insurance contracts are those contracts where the Group (the insurer) has accepted significant insurance risk from another party, the policyholder. As a general guideline, the Group determines whether it has significant insurance risk, when at least one scenario with commercial substance can be identified in which the Group has to

1 Weighted average rates

2 Year-end rates

1. Accounting Information and Policies *(continued)*

pay significant additional benefits to the policyholder. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime.

The Company adopted IFRS 4 *Insurance Contracts* on 1 January 2015. IFRS 4, Phase 1 allows for a temporary exemption which allows the Group to use legacy accounting policies. The Group's core insurance products are unit-linked life insurance contracts and are valued in accordance with US GAAP Accounting Standards Codification ("ASC") 944, as permitted in accordance with IFRS 4.

(i) Revenue recognition

i. Investment Contracts:

- Asset based fees represent charges to policyholders' accounts for the administration of the AuA and are recognised as revenue as the services are provided. The majority of the fees are dependent on the value of the AuA balance during the period (monthly or quarterly) and are therefore constrained by the variable nature of the balance.
- Other investment contract fees consist of policy fees charged and recognised at policy issuance.
- Deferred income includes initial fees, which relate to the future provision of services, and are generally deferred and amortised over the anticipated lifetime of the period in which services will be provided.

ii. Insurance Contracts:

- Asset based fees represent charges to policyholders' accounts for the administration of the AuA and are recognised as revenue as the services are provided. The majority of the fees are dependent on the value of the AuA balance during the period (monthly or quarterly) and are therefore constrained by the variable nature of the balance.
- Insurance premium is a fee assessed on unit-linked insurance contracts. The fee is a risk charge to policyholders' accounts and is recognised as revenue over the associated risk period.
- Deferred income includes initial fees, which relate to the future provision of services, and are generally deferred and amortised over the anticipated lifetime of the period in which services will be provided.
- Other insurance contract fees consist of policy fees charged and recognised at the inception of certain insurance contracts.
- Premiums received on unit-linked insurance contracts are treated as policyholder deposits and are not recorded as revenue in the consolidated statement of profit or loss and other comprehensive income.

iii. Third party administrative service fees consist of a management services agreement with a former related party.

- The Group performs services related to an existing administrative services agreement that a former related party has with another insurance company. During 2021, common ownership changed and the Group no longer is a related party. These services include preparation of budgets and business plans, financial reporting services, information technology services, actuarial services and general management oversight services. Fees are recognised over the service period.

iv. Commission income from the Group's insurance brokerage business.

- Commission income is recognised at the policy inception date date.

The services are provided on an ongoing basis, and revenue is recognised on an ongoing basis to reflect the nature of the performance obligations being discharged. This will be applicable for the following services in relation to contracts with customers:

- Asset based fees to policyholders' accounts for the administration of the AuA
- Other investment contract fees
- Deferred income fees
- Insurance premium fees
- Premiums on unit-linked insurance contracts
- Third party administrative service fees
- Commission

1. Accounting Information and Policies *(continued)*

(j) Net investment return (loss)

Net investment return (loss), as reported on the consolidated statement of profit or loss and other comprehensive income, consists of unrealised gain (loss), realised gain (loss) and interest income. Interest income, which is generated on assets classified as fair value through profit or loss, is accounted for using the effective interest method.

Policyholder investment returns due to unit-linked contracts are credited to the individual policyholder account; as unit-linked contracts bear the investment risk.

(k) Cost of reinsurance and policyholder claims

The mortality risk related to insurance contracts is substantially mitigated through reinsurance contracts. The cost of reinsurance is an expense paid by the Group to transfer the risk to another insurance company. The fee is recognised as expense over the associated risk period.

Policyholder claims are death claims, which are presented net of reinsurance and the policyholder's investments held within the separate account. Death claims are accounted for on notification of death for insurance contracts.

(l) Share based compensation

The Group maintains a share award plan (the Group's share plan). Awards are granted primarily to executive and senior members of management in order to attract and retain talent. The vesting of awards under the scheme is subject to the attainment of performance conditions defined in the plan document.

Performance conditions include the achievement of an exit or change in control. The fair value of these awards are determined based on market conditions at the grant date. When performance conditions are considered probable, the fair value of the awards are amortised over the relevant amortisation period.

The basis for calculation of the fair value of these awards is a Black-Scholes option pricing model. The expense is recorded within administrative expenses on the consolidated statement of profit or loss and other comprehensive income.

(m) Income taxes

The income tax expense or credit for the period is the tax payable on the current period's taxable income (loss) based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(n) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable net assets of the acquired entity at the date of acquisition. Goodwill is recognised as an asset at cost and must be tested for impairment on at least an annual basis, or when circumstances or events indicate there may be uncertainty over this value.

1. Accounting Information and Policies *(continued)*

If impairment is identified, the carrying value of the goodwill is written down immediately through the consolidated statement of profit or loss and other comprehensive income and is not subsequently reversed.

(o) Intangible assets

Acquired value of in-force ("AVIF") business

The AVIF business represents the present value of profits that are expected to emerge from insurance or investment contract business acquired on business combinations. It is calculated at the time of acquisition using best estimate actuarial assumptions for interest, mortality, persistency and expenses, net of any impairment losses, and it is amortised between 20 and 35 years, using present value of profits curve. The amortisation method is aligned to the methodology used to determine the AVIF business which is expressed as a measure of profits and the consumption of the economic benefits of the AVIF is highly correlated with the profit.

The AVIF is reported net of accumulated amortisation on the consolidated statement of financial position. The AVIF business is assessed for impairment at each reporting date and any impairment identified is recorded as an impairment expense on consolidated statement of profit or loss and other comprehensive income. The AVIF business is derecognised when the related contracts are settled or disposed of.

Capitalised contract costs

The Group has adopted IFRS 15 Revenue from contracts with customers for investment contracts. The revenue standard provides guidance on costs to obtain and fulfil a contract that should be recognised as assets. Costs that are recognised as assets are amortised over the period that the related goods or services transfer to the customer and are reviewed for impairment at each reporting date. Capitalised contract costs are the direct costs attributable to the successful acquisition of new or renewal contracts. Direct costs include initial commission and other costs of obtaining and processing new business. Contract costs are deferred to the extent the costs are recoverable in the future and are amortised on a straight line basis. The periods over which costs are expected to be recoverable are 20-25 years.

For insurance contracts, capitalised contract costs comprise direct costs such as initial commission and the indirect costs related to securing new contracts. The capitalised contract costs are subsequently amortised in relation to estimated gross profits over the life of the policies in accordance with ASC 944. The expected contract life is between 20 and 30 years.

Computer software

Computer software is stated at cost less accumulated amortisation and any recognised impairment loss. Computer software is recognised as an intangible asset during development with amortisation commencing when the software is operational. The capitalised costs are classified as capitalised compensation costs within administrative expenses within the statement of profit or loss and other comprehensive income. Amortisation is charged to the consolidated statement of profit or loss and other comprehensive income to depreciation and amortisation within administrative expenses on a straight-line basis over the estimated useful life. The carrying value is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Insurance licenses

The Group has acquired insurance licenses which are required to operate as an insurance company in certain jurisdictions. These licenses are considered to have indefinite lives as they are intended to be used by the Company in perpetuity and the licenses can only be revoked if the Company fails to maintain them. The insurance licenses are reassessed each reporting period to determine whether events or circumstances continue to support an indefinite useful life.

(p) Property and equipment

Property and equipment is stated at cost less accumulated depreciation and any impairment in value. The initial cost of an asset comprises its purchase price and any costs directly attributable to bring the asset into operation. Qualifying assets are defined as an asset or programme where the period of capitalisation is more than 12 months. The purchase price is the aggregate amount paid and the fair value of any other consideration given to acquire the asset. All property and equipment is depreciated over the useful life of the asset, which can range from 3 to 7 years.

1. Accounting Information and Policies *(continued)*

(q) Financial investments

The Group's investments are initially and subsequently recognised at fair value through profit or loss, with all gains and losses recognised within net investment return in the consolidated statement of profit or loss and other comprehensive income. The decision by the Group to designate its investments at fair value through the profit or loss reflects the fact that the investment portfolio is administered, and its performance evaluated, on a fair value basis.

The Group recognises purchases and sales of investments on trade date. The costs associated with investment transactions are included within administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

(r) Separate account assets and liabilities

Separate account assets and liabilities represent the fair value of the underlying investments supporting the policyholders' unit-linked accounts and the amortised costs of any policyholder loans. The separate accounts are made up of contributions, investment performance returns, cost of insurance, and other administrative expenses that are added or deducted from the account. The separate account is legally segregated from the Group's own assets. The policyholders assume all of the investment risk with these assets.

Separate account liabilities represent the Group's obligation to distribute the policyholder financial assets to the policyholders. The separate account assets and liabilities typically offset each other. When there is a net difference it is usually attributed to the timing of transfers of funds between the Group's funds and the separate account.

The separate account assets and liabilities for investment and insurance contracts are accounted for under IFRS 9 and ASC 944, respectively; however, the accounting treatment is identical. The amounts are disclosed separately in the notes to the consolidated financial statements.

(s) Reinsurance assets

Reinsurance assets represent the amount that is recoverable from reinsurers by the Group, based on the reinsurance coverage purchased by the Group to cover death benefits in excess of account value. The amounts recoverable are determined based upon the related gross insurance reserves in the insurance contract liabilities line item of the consolidated statement of financial position.

The Company purchases reinsurance as part of its risk mitigation program. Retention limits for the excess of loss reinsurance vary by product line and territory. Reinsurance contracts are contracts entered into by the Group in order to receive compensation for claims/benefits incurred on contracts written by the Group. A reinsurance asset is recognised for contracts transferring sufficient insurance risk.

Reinsurance premiums are premiums paid to reinsurers and are accounted for when payment is due. Reinsurance recoveries, in respect of insurance contract liabilities, are accounted for in the same period as the related claim. Amounts recoverable from reinsurers in respect of claims are reported in cost of reinsurance and policyholder claims. Amounts payable in respect of future reinsurance premiums are reported in other payables on the consolidated statement of financial position.

(t) Other assets

Other assets are initially recognised at fair value and subsequently held at amortised cost less impairment losses. The value of any impairment recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

(u) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, money market funds and other short-term highly liquid investments with original maturities of three months or less.

(v) Insurance contract liabilities

Insurance contract liabilities represent the gross actuarial life insurance reserve for death benefits. This is the gross liability and is prior to any reinsurance considerations that may be in place. The liability includes incurred but not reported ("IBNR") related to long duration life insurance contracts. The reinsurance recoverable asset offsets a substantial portion of the gross reserve liability.

(w) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event that it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as provisions is management's best estimate of the future cash flows necessary to settle the obligations at the balance sheet date. As the estimates may involve uncertainty about future events outside the control of the Group, the actual outcomes may be significantly different.

(x) Borrowings

Borrowings are measured initially at fair value, net of directly attributable transaction costs, and subsequently stated at amortised cost. Borrowings are recognised on drawdown and derecognised on repayment.

(y) Currency swaps

The Group's Risk Management Policy allows for the use of derivative financial instruments to prudently manage foreign currency exchange rate exposures. The Group's policy specifies that derivatives are not to be used for speculative purposes. The currency swaps are recorded at fair value. Changes in fair value are recorded in other operating income on the statement of profit or loss and other comprehensive income.

(z) Leases

i. Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (aa) Impairment of non-financial assets.

ii. Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date as the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in other payables on the consolidated statement of financial position.

iii. Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a

1. Accounting Information and Policies *(continued)*

purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value.

Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

(aa) Impairment policy

i. Non-Financial assets

Assets that are subject to amortisation are reviewed for impairment when circumstances or events indicate there may be uncertainty over this value. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use.

ii. Financial assets

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Financial assets held at amortised cost are impaired using an expected credit loss model based on the simplified approach. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

2. Significant Accounting Judgments, Estimates and Assumptions

The preparation of consolidated financial statements in conformity with UK-endorsed IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years, if the revision affects both current and future years.

The following areas where estimates and judgment are exercised by management and are described further in the significant accounting policies described in Note 1:

- Valuation of separate account assets and liabilities
- Recoverability of acquired in-force business
- Recoverability of capitalised contract costs
- Determining the recoverability of deferred tax assets
- Identifying performance obligations for contracts with customers

Valuation of separate account assets and liabilities

The fair value of unit-linked assets and liabilities are assessed by reference to the value of the underlying net asset value of the separate account assets, at the reporting date. The underlying net asset value is determined using various inputs based on the investment type inclusive of quoted prices, other observable processes, either directly (that is, as prices) or indirectly (that is, derived from prices).

Recoverability of acquired in-force business

AVIF included within intangibles asset represents the value of the businesses acquired in an acquisition. The amount is determined using estimates for mortality, lapse, maintenance expenses, investment returns and other applicable assumptions at date of purchase. The amount determined represents the purchase price paid to the seller of the business. The Group assesses at the end of each reporting period whether there is any indication that AVIF may be impaired. The calculation of the recoverable amount (value in use) is consistent with the measurement methodology for AVIF at initial recognition and is based on pre-acquisition business only.

2. Significant Accounting Judgments, Estimates and Assumptions *(continued)*

Recoverability of capitalised contract costs

The periods over which costs are expected to be recoverable are 20-30 years. Management uses estimation techniques to determine the amortisation profile and impairment test by reference to the present value of estimated future profits. These tests are sensitive to expense and lapse assumptions.

Determining the value of deferred tax assets

In line with IAS 12, the Group has recognised deferred tax assets for future tax benefits that will accrue. The asset value has taken into consideration the likelihood of appropriate future income or gains against which the tax asset can be utilised. In particular, tax assets in relation to deferred income will be utilised as the underlying income is recognised.

Identifying performance obligations for contracts with customers

In line with IFRS 15, the Group assess its contracts with customers that have more than one service. There is judgement involved during this assessment for certain services performed whether the Group acts as principal or agent. The Group has made judgements when determining if control exists when providing services for certain distribution partners.

3. Revenue

Fee and commission income related to the provision of investment management services and administration services are recognised as services are provided. Fees paid in advance, which are charged at the inception of service contracts, are deferred as a liability and recognised over the life of the contract. No significant judgements are required in determining the timing or amount of fee income or the costs incurred to obtain or fulfil a contract

Fee and commission income

	Year ended 31 December 2022	Year ended 31 December 2021
	€000	€000
Asset based fees	140,792	144,538
Movement in deferred income	50,703	46,818
Other investment contract fees	1,398	1,171
Total investment contract income	**192,893**	**192,527**
Commission income	1,931	2,890
Other contract fees	1,720	887
Total other income	**3,651**	**3,777**
Total fee and commission income	**196,544**	**196,304**

Remaining performance obligations

The remaining performance obligations are not disclosed as the Group has the right to consideration from customers in amounts that correspond with the performance completed to date. Specifically, third party administrative service fee income and commission income from the insurance brokerage business which become due from customers over the service period and/or at a point in time matches the Group's provision of such fee and commission expenses.

3. Revenue *(continued)*

Net investment loss

	Year ended 31 December 2022	Year ended 31 December 2021
	€ 000	€ 000
Interest income	67	18
Realised / unrealised loss	(2,254)	(720)
Other	819	(227)
Net investment loss	**(1,368)**	**(929)**

Other operating income/(expense)

	Year ended 31 December 2022	Year ended 31 December 2021
	€ 000	€ 000
Administrative service fees	–	–
Foreign exchange revaluations	(1,806)	(4,319)
Other operating income	14,847	1,391
Total other operating in-come/(expense)	**13,041**	**(2,928)**

Other operating income includes €13.5 million in connection with the purchase of the European business in 2014.

4. Fees, Commission and Other Contract Costs

The following items are included within fees, commission and other contract costs in the consolidated statement of profit or loss and other comprehensive income:

	Year ended 31 December 2022	Year ended 31 December 2021
	€ 000	€ 000
Distribution costs	62,569	60,237
Capitalised distribution costs	(11,453)	(12,659)
Amortisation of capitalised distribution costs	9,128	7,226
Impairment of capitalised contract costs	1,327	1,244
Other contract costs	98	1,234
Total fees, commission and other contract costs	**61,669**	**57,282**

5. Administrative Expenses

The following items are included within administrative expenses in the consolidated statement of profit or loss and other comprehensive income:

	Year ended 31 December 2022	Year ended 31 December 2021
	€000	€000
Compensation	60,362	62,652
Capitalised compensation cost	(6,572)	(9,548)
Professional fees	11,317	18,394
Depreciation and amortisation	8,552	10,190
Software, equipment and computer supplies	4,716	3,872
Capitalised software, equipment and computer supplies	–	–
Facilities charges (non-IFRS 16)	2,177	1,606
Travel and expense	3,070	1,233
Marketing	793	811
Other	4,838	6,803
Total administrative expenses	**80,253**	**96,013**

The Other balance consists of insurance expenses, regulatory fees, other IT expenses, other staff expenses and other trivial expenses for the year ended 31 December 2022 and 2021, respectively.

The Group's annual fees related to audit services are recorded within professional fees and summarised below:

	Year ended 31 December 2022	Year ended 31 December 2021
	€000	€000
For audit services		
Audit of the financial statements of the Company	558	479
Audit of the financial statements of the Company's subsidiaries	1,367	1,086
For other services		
Taxation compliance services	199	230
Taxation advisory services	–	–
Total fees payable to the Group's auditors	**2,124**	**1,795**

The Group's average monthly number of employees employed during the year was:

	Year ended 31 December 2022	Year ended 31 December 2021
Sales and marketing	100	111
Operations	207	199
Administrative and other	244	230
Average number of employees	**551**	**540**

5. Administrative Expenses *(continued)*

The aggregate remuneration of those employees related to continuing operations and discontinuing operations is comprised of:

	Year ended 31 December 2022	Year ended 31 December 2021
	€ 000	€ 000
Wages and salaries	71,176	68,565
Other benefits	8,142	7,419
Share based compensation	(73)	769
Social security	6,769	6,677
Payroll taxes	734	790
Total Compensation	**86,748**	**84,220**

6. Goodwill

On 27 October 2014, Blackstone Group LP, through LIA Holdings Limited purchased 100% of the shares in Lombard International Assurance S.A. ("LIA") and Insurance Development Holdings A.G. ("IDH") from Friends Life & Pension Ltd ("FLPL"), a UK insurance company. The goodwill recorded is €14.7 million as at 31 December 2022 and 2021, respectively. The value of acquired intangibles assets used to determine the goodwill on acquisition are reviewed at least annually for impairment. The value calculated by management is based on estimating the present value of future cash inflows and outflows to be derived from continuing use of the assets. The key assumptions used in the calculation are: investment returns, lapses, mortality, expenses, tax rate, inflation, and discount rate 2.93% and 0.37% as at 31 December 2022 and 2021, respectively). Based on the review performed, no evidence of impairment was identified. It is considered that a reasonably possible change in the key assumptions would not result in impairment of the goodwill.

7. Intangible Assets

	Capitalised contract costs	Acquired Value of In-Force Business	Insurance Licenses	Computer Software	Total
	€ 000	€ 000	€ 000	€ 000	€ 000
Cost					
At 1 January 2021	121,345	453,420	2,769	30,592	608,126
Currency translation differences	1,547	473	237	81	2,338
Additions	27,531	–	–	4,637	32,168
Impairments	(1,244)	–	–	–	(1,244)
At 31 December 2021	149,179	453,893	3,006	35,310	641,388
DiscOps at 1 January 2022	(25,048)	(6,002)	(3,006)	(1,196)	(35,252)
Additions	18,026	–	–	4,509	22,535
Write-offs	(70)	–	–	–	(70)
Impairments	(1,327)	–	–	–	(1,327)
At 31 December 2022	**140,760**	**447,891**	–	**38,623**	**627,274**
Accumulated amortisation					
At 1 January 2021	(17,941)	(219,946)	–	(24,554)	(262,441)
Currency translation differences	(152)	(20)	–	(40)	(212)
Amortisation	(7,560)	(25,476)	–	(2,088)	(35,124)
At 31 December 2021	(25,653)	(245,442)	–	(26,682)	(297,777)
DiscOps at 1 January 2022	2,082	126	–	749	2,957
Write-offs	69	6	–	4	79
Amortisation	(9,127)	(23,607)	–	(1,830)	(34,564)
At 31 December 2022	**(32,629)**	**(268,917)**	–	**(27,759)**	**(329,305)**
Carrying amount					
At 31 December 2021	123,526	208,451	3,006	8,628	343,611
At 31 December 2022	**108,131**	**178,974**	–	**10,864**	**297,969**

Amortisation expense of capitalised contract costs is charged within the fees, commission and other contract costs line in the consolidated statement of profit or loss and other comprehensive income. The amortisation expense of the AVIF business is charged within AVIF business amortisation and the amortisation of computer software is charged within administrative expenses of the consolidated statement of profit or loss and other comprehensive income. The value of any impairment recognised is the difference between the carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate.

8. Property and Equipment

The following table analyses property and equipment:

	Right of Use Asset[1]	Leasehold Improvements	Equipment	Furniture and Fixtures	Total
	€000	€000	€000	€000	€000
Cost					
At 1 January 2021	34,874	4,943	10,130	5,696	55,643
Currency translation differences	718	404	54	133	1,309
Additions	10,452	236	180	124	10,992
Disposals	(34)	–	(1,043)	(1,528)	(2,605)
At 31 December 2021	46,010	5,583	9,321	4,425	65,339
DiscOps at 1 January 2022	(15,506)	(1,851)	(580)	(897)	(22,085)
Currency translation differences	589	–	8	3	366
Additions	2,474	–	459	279	3,212
Disposals	(3,485)	–	(1,157)	(314)	(1,471)
At 31 December 2022	**30,082**	**3,732**	**8,051**	**3,496**	**45,361**
Accumulated depreciation					
At 1 January 2021	(13,009)	(2,778)	(9,066)	(4,711)	(29,564)
Currency translation differences	(7)	(162)	(36)	(279)	(484)
Depreciation	(8,959)	(878)	(464)	(182)	(10,483)
Disposals	5	–	1,043	1,528	2,576
At 31 December 2021	(21,970)	(3,818)	(8,523)	(3,644)	(37,955)
DiscOps at 1 January 2022	4,330	1,493	496	820	10,028
Currency translation differences	(565)	–	(8)	(2)	(388)
Depreciation	(5,346)	(740)	(201)	(373)	(6,348)
Disposals	3,388	–	1,150	304	1,454
At 31 December 2022	**(20,163)**	**(3,065)**	**(7,086)**	**(2,895)**	**(33,209)**
Carrying amount					
At 31 December 2021	24,040	1,765	798	781	27,384
At 31 December 2022	**9,919**	**667**	**965**	**601**	**12,152**

9 Separate Account Assets and Liabilities

	2022	2021
	€000	€000
Balance at 1 January	59,466,264	49,400,776
DiscOps at 1 January	(9,328,465)	–
Deposits	4,585,227	6,760,966
Withdrawals	(3,112,135)	(4,019,707)
Interest on policy loans	–	3,900
Mortality experience	–	(21,580)
Fees	(140,792)	(191,426)
Investment performance	(5,147,621)	6,816,267
Currency translation differences	–	717,068
Balance at 31 December	**46,322,478**	**59,466,264**

1 Right of use assets for continuing operations include carrying amounts related to property leases of €7.9 million and €9.5 million, equipment leases of €1.2 million and €1.8 million, and car leases of €0.8 million and €1.2 million as of 31 December 2022 and 31 December 2021, respectively.

9 Separate Account Assets and Liabilities *(continued)*

Separate Account Liabilities

Separate account liabilities are made up of Unit-Linked Investment Contracts. The Investment Contract Benefits represent movement in account value for the annuity contracts in Europe of €46,322 million and €50,137 million as of 31 December 2022 and 2021, respectively.

Separate Account Assets

The separate account assets were €46,322 million and €59,466 million as of 31 December 2022 and 2021, respectively and offset separate account liabilities. Separate account assets are presented net of any liabilities on a policyholder basis, which the Company believes is appropriate given the right to offset when the policies are terminated.

10. Reinsurance Assets

A reconciliation of the movement in the net reinsurance asset is set out below:

	2022	2021
	€000	€000
Balance at 1 January	46,157	24,612
DiscOps at 1 January	(8,852)	–
Reinsurance component of change in insurance liabilities	15,024	28,916
Net death claims	–	(8,644)
Other	–	(103)
Currency translation differences	–	1,376
Balance at 31 December	**52,329**	**46,157**

11. Other Assets

	31 December 2022	31 December 2021
	€000	€000
Prepayments	3,703	4,148
Advance of foreign taxes relating to policyholders	239,633	217,691
Fees and commissions receivables	39,779	48,877
Swap asset	–	3,320
Deposits	1,098	1,379
Receivables from policyholders	19,295	10,416
Other	766	3,266
Total other assets	**304,274**	**289,096**
Current	76,572	66,562
Non-current	227,702	222,534
Total other assets	**304,274**	**289,096**

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses (ECL) for all other assets as these items do not have a significant financing component. The Group has recorded a provision for expected losses included within fees and commissions receivables for €2.1 million and €1.9 million as of 31 December 2022 and 2021, respectively.

12. Cash and cash equivalents

	31 December 2022	31 December 2021
	€ 000	€ 000
Checking accounts	68,945	69,415
Cash equivalents	72,795	60,573
Unrestricted cash and cash equivalents	*141,740*	*129,988*
Restricted group cash equivalents	310	305
Restricted policyholder cash equivalents	44,654	34,809
Restricted cash equivalents	*44,964*	*35,114*
Total cash and cash equivalents	**186,704**	**165,102**

Restricted policyholder cash equivalents include premium and claims cash which is cash held by the Group on behalf of policyholders prior to being transferred to a separate account or the policyholder.

13. Insurance Contract Liabilities

	31 December 2022	31 December 2021
	€ 000	€ 000
Balance at 1 January	46,903	26,044
DiscOps at 1 January	(9,557)	–
Movement in mortality reserve	15,024	28,184
Movement in legacy business	–	(103)
Death claim activity	–	(8,644)
Movement due to foreign currency transla-tion	–	1,422
Balance at year end	**52,370**	**46,903**
Insurance products	52,370	40,615
Legacy business	–	6,288
Total insurance contract liabilities	**52,370**	**46,903**
Current	–	–
Non-current	52,370	46,903
Total insurance contract liabilities	**52,370**	**46,903**

The Group's insurance risk arises through its exposure to mortality risk from its unit-linked life insurance contracts and a legacy block of traditional life insurance products. The Legacy Business is fully coinsured, fully mitigating the mortality risk. Additionally, the Group uses reinsurance to minimise mortality risk of its unit-linked life insurance contracts. There are no other insurance specific risks that would significantly impact the Group's consolidated financial statement.

14. Provisions

	Legal Provisions	Other Provisions	Total Provisions
	€ 000	€ 000	€ 000
At 1 January 2022	8,218	17,891	26,109
Released during the year	(3,851)	(34,731)	(38,582)
Additional provisions	191	20,577	20,768
At 31 December 2022	**4,558**	**3,737**	**8,295**
Current	–	3,737	3,737
Non-current	4,558	–	4,558
Total provisions	**4,558**	**3,737**	**8,295**
At 1 January 2021	3,566	823	4,389
Released during the year	(1,219)	–	(1,219)
Additional provisions	5,871	17,068	22,939
At 31 December 2021	**8,218**	**17,891**	**26,109**
Current	–	17,891	17,891
Non-current	8,218	–	8,218
Total provisions	**8,218**	**17,891**	**26,109**

Provisions are obligations of the Group which are of uncertain timing or amount. They are recognised when the Group has a present obligation as a result of past event, it is probable that a loss will be incurred in settling the obligation and a reliable estimate of the amount can be made.

Legal provisions of €4.6 million and €8.2 million as of 31 December 2022 and 2021, respectively, relate to other obligations that the Group has determined it is probable that a loss will be incurred. There are also legal matters arising in the context of the Group's delivery of services and solutions that the Group has assessed as being contingent liabilities rather than provisions on the basis that the Group does not consider it probable that they will result in an economic outflow, or considers that a reliable estimate cannot be made. Further information on provisions and contingent liabilities is not disclosed on the grounds that it can be expected to prejudice seriously the outcome of the legal process.

15. Borrowings

	31 December 2022	31 December 2021
	€ 000	€ 000
Senior unsecured notes due 2022	-	170,131
Senior unsecured notes due 2024	37,374	35,341
Credit facility	222,914	-
Revolving facility	-	12,727
Total non-current borrowings	**260,288**	**218,199**
Net deferred financing costs	(5,976)	(1,003)
Total borrowings	**254,312**	**217,196**

The Company issued senior unsecured notes on 21 November 2017 through one EUR tranche and two USD tranches as follows: Series A: €72.5 million 5-year notes at 2.94%; Series B: $110.5 million 5-year notes at 5.01%; Series C: $40.0 million 7-year notes at 5.36%. Costs of €(3.8) million were deferred in 2017 related to the issuance of the senior unsecured notes. Series A, €72.5 million, and Series B, $110.5 million, were both fully repaid on 21 November 2022. The fully amortised deferred costs of $3.3 million associated with Series A and B were written off on the maturity date.

15. Borrowings *(continued)*

On 21 November 2017 the USD received through the Series B tranche issuance was swapped for EUR. This was accomplished through two swap agreements with two counterparties. The total notional amount of the swap agreements was €95.3 million with a termination date of on 21 November 2022. These two swaps were fully settled on the termination date of 21 November 2022.

The fair value of the swaps was an asset as at 31 December 2021 of €3.3 million, recorded within other assets and other payables on the consolidated statement of financial position with the impact recorded in the consolidated statement of profit or loss and other comprehensive income, for the year ended 31 December 2021 of €6.4 million.

During the year ended 31 December 2021, the Company entered into a revolving credit facility ("RCF") of which the value of drawdowns amounted to €12.7 million. Additional drawdowns were made on the RCF in 2022 of €12.5 million. The unused RCF as at 31 December 2021 was €12.2 million. The Company was required to pay a fixed interest rate plus a margin on the value of drawdowns and a commitment fee on any unused amounts of the RCF. The Company fully repaid the outstanding amount in October of 2022 and terminated the RCF.

During the year ended 31 December 2022, the Company entered into a new credit facility ("CF") of which the value of drawdowns amounted to €172.5 million at a variable rate based on the 6 months EURIBOR and $54.0 million at a variable rate based on the 6 months Term SOFR. The proceeds from the CF were mainly used to refund Series A and B of the senior unsecured notes and the RCF. Costs of €(5.9) million were deferred in 2022 related to the issuance of CF. The CF terminates in October 2025, has been fully drawn down upon as of 31 December 2022 and requires quarterly covenant reporting requirements.

16. Taxes

This note analyses the tax expense and tax benefit for the year and explains the factors that affect it.

	Year ended 31 December 2022	Year ended 31 December 2021
	€ 000	€ 000
Current tax on profits for the year	9,826	10,311
Adjustment in respect of prior year	(8,915)	23,809
Total current tax expense	**911**	**34,120**
Deferred tax		
Origination and reversal of temporary differences	(6,506)	(14,248)
Adjustments due to tax rate changes in deferred items	(1,190)	(99)
Write down of deferred tax assets	5,646	15,358
Total deferred benefit	**(2,050)**	**1,011**
Total income tax expense (benefit) for the year	**(1,139)**	**35,130**

16. Taxes *(continued)*

Reconciliation of Tax (Credit)/Charge

A reconciliation of the difference between the provision for income taxes and the expected tax provision at the UK statutory tax rate for the years ending 31 December 2022 and 2021 is provided below:

	Year ended 31 December 2022	Year ended 31 December 2021
	€ 000	€ 000
Expected tax expense (benefit) at UK statutory tax rate	(12)	(7,061)
Effect of local rates different than statutory	1,254	373
Permanent differences	1,281	2,768
Adjustments due to tax rate changes in deferred items	(1,190)	(99)
Write down of deferred tax assets	5,646	15,358
Adjustment in respect of prior year	(8,915)	(1,499)
Other taxes like wealth tax	797	1,096
Uncertain tax position	–	24,194
Total income tax expense (benefit)	**(1,139)**	**35,130**

Deferred tax (credited)/charged to the consolidated statement of profit or loss and other comprehensive income represents movements on the following items:

	Year ended 31 December 2022	Year ended 31 December 2021
	€ 000	€ 000
Capitalised contract costs	3,479	235
Provisions and other temporary differences	(4,099)	(8,112)
Unused losses and tax credits	–	
Amortisation of acquired value of in-force business	(5,886)	(6,371)
Adjustments due to tax rate changes in deferred items	(1,190)	(99)
Write down of deferred tax assets	5,646	15,358
Total deferred tax benefit	**(2,050)**	**1,011**

Tax Assets and Liabilities

This note analyses the tax assets and liabilities that appear in the consolidated statement of financial position and explains the movements in these balances during the year.

Current Tax

Corporate taxes receivable and payable are each their own line on the consolidated statement of financial position. The balances are presented gross on the consolidated statement of financial position as there is no legal right to offset.

	31 December 2022	31 December 2021
	€ 000	€ 000
Corporate taxes receivable	418	6,893
Corporate taxes payable	(2,197)	(28,798)
Net current tax payable	**(1,779)**	**(21,905)**

16. Taxes *(continued)*

Deferred Tax

(i) The deferred tax balances are comprised of the following:

	Year ended 31 December 2022	Year ended 31 December 2021
	€ 000	€ 000
Deferred tax assets	–	22,760
Deferred tax liabilities	(54,515)	(56,982)
Net deferred tax liability	**(54,515)**	**(34,222)**

(ii) The net deferred tax liability arises on the following items:

	Year ended 31 December 2022	Year ended 31 December 2021
	€ 000	€ 000
Acquired value of in-force business	(44,636)	(51,758)
Contract costs	(18,702)	7,287
Other temporary differences	8,823	10,251
Net deferred tax liability	**(54,515)**	**(34,222)**

As at 31 December 2022 the group has overall unrecognized deferred tax asset of €14.5 million. This includes unrecognized DTA of €9.3 million in respect of unutilized losses (UK - €8.9 million, Singapore - €0.2 million, Italy - €0.1 million and Luxembourg - €0.1 million) and unrecognized DTA of €5.2 million (UK) in respect of other timing differences.

(iii) The movement in the net deferred tax liability was as follows:

	Year ended 31 December 2022	Year ended 31 December 2021
	€ 000	€ 000
Balance at 1 January	(34,222)	(39,692)
DiscOps at 1 January	(22,265)	–
Deferred income tax benefit	2,051	3,965
Foreign currency translation	(79)	1,505
Balance at 31 December	**(54,515)**	**(34,222)**

Deferred Tax Asset – Tax Net Operating Losses

The carry back losses are prohibited, except in the UK where carry back is allowed into the previous tax accounting period. In the UK, corporation tax losses can be carried forward indefinitely and allowed to offset up to 50% of taxable income in the year of utilisation, after a £5 million allowance. In the US, NOL's can be carried forward indefinitely and allowed to offset up to 80% of taxable income in the year of utilisation with no carry back capacity. Limitations apply in utilising NOL's of acquired operations.

Future realisation of the tax benefit of the existing NOL carryforward ultimately depends on the existence of sufficient taxable income within the carryforward period available under the respective tax laws of each jurisdiction. NOL's reflected in the deferred asset tax balance is nil and €1.7 million for the years ended 31 December 2022 and 2021, respectively. The change of €1.7 million in the Luxembourg NOL's carried forward relates to the derecognition of LIA UK Holdings II carried forward NOL's as a consequence of the proposed UK restructuring to transfer LWA from LIA UK Holdings II to proposed new Lux Distribution Holdco.

16. Taxes *(continued)*

Tax Provisions

From time to time the Group engages with tax authorities around the world where their view of tax paid or payable differs from the Group's own assessment of taxes due. Where these differences arise (often due to uncertainties regarding the interpretation of tax legislation), the Group reassesses its estimates of tax due. The provision for taxation as of 31 December 2022 and 2021 is nil and €27.8 million, respectively, and is included in the corporate tax payables line item on the consolidated statement of financial position. This decrease is a result of the Group's assessment of the uncertain tax position in some of the jurisdictions where the company is actively doing business. Given the inherent subjectivity and uncertainty associated with interpreting tax legislation, it is possible that the ultimate outcome may differ materially from that currently provided.

17. Discontinued operations

As described in Note 1, the sale of the US HNW business on 18 August 2022 to BroadRiver Asset Management and its affiliated entities, is expected to complete by mid-2023, subject to customary closing conditions, including regulatory approvals. In Asia, the sale on 24 November 2022 of our Singapore-based financial advisor to MHK Insurance Services Limited has completed on 2 February 2023. The subsidiaries that are classified as discontinued operations are listed in Note 23 resulting from these two distinct sales.

The results of the discontinued operations which have been included in the consolidated statement of profit or loss and other comprehensive income were as follows:

Discontinued operations	Year ended 31 December 2022	Year ended 31 December 2021
	€ 000	€ 000
Revenue		
Fee and commission income	61,536	48,514
Net investment loss	(1,187)	(300)
Other operating income	8,981	5,763
Total revenue	**69,330**	**53,977**
Policyholder investment return		
Net investment return attributable to policyholders financial assets	411,362	829,424
Net investment loss attributable to policyholders financial liabilities	(411,362)	(829,424)
Net investment return (loss) attributable to policyholders	–	–
Expenses		
Cost of reinsurance and policyholder claims	22,131	17,306
Change in insurance contract liabilities	91	104
Fees, commission and other contract costs	14,430	9,859
Administrative expenses	33,740	28,503
Other operating expenses/(income)	1,315	(1,005)
Acquired value of in-force business amortisation	340	(124)
Finance costs	563	421
Total expenses	**72,610**	**55,064**
Loss before tax from discontinuing operations	**(3,280)**	**(1,087)**
Income tax (benefit)/expense	(1,542)	(976)
Loss after tax from discontinuing operations	**(1,738)**	**(111)**
Items that may be reclassified subsequently to profit or loss:		
Change in other comprehensive income	2,562	5,272
Total comprehensive income, net of tax	**824**	**5,161**

17. Discontinued operations *(continued)*

The carrying amounts of assets and liabilities reclassified as held for sale in relation to the discontinued operations as at 31 December 2022:

Discontinued operations	Year ended 31 December 2022
	€ 000
Assets classified as held for sale	
Intangible assets	38,482
Property and equipment	10,216
Deferred tax assets	31,488
Financial investments	14,595
Separate account assets	10,823,081
Reinsurance assets	21,169
Corporate tax receivables	20
Other assets	16,432
Cash & cash equivalents	8,899
Total assets of disposal groups held for sale	**10,964,382**
Liabilities directly associated with assets classified as held for sale	
Insurance contract liabilities	22,296
Separate account liabilities	10,823,081
Deferred income	19,820
Corporate tax payables	1,895
Other payables	30,806
Total liabilities of disposal groups held for sale	**10,897,898**
Net assets	**66,484**

The cash flows of discontinued operations:

Discontinued operations	Year ended 31 December 2022	Year ended 31 December 2021
	€ 000	€ 000
Net cash used in operating activities	(2,149)	(8,199)
Net cash generated from investing activities	3,555	290
Net cash used in financing activities	(3,177)	(1.985)
Net increase/(decrease) in cash and cash equivalents	**(1,771)**	**(9,894)**
Cash and cash equivalents at 1 January	**8,165**	**15,930**
Effects of exchange rate changes on cash and cash equivalents	2,505	2,129
Cash and cash equivalents at 31 December	**8,899**	**8,165**

18. Other Payables

	31 December 2022	31 December 2021
	€ 000	€ 000
Payables related to policyholders foreign taxes	214,104	185,284
Lease liabilities	10,462	25,618
Reinsurance payables	–	1,637
Payables to policyholders	–	6,944
Swap liabilities	–	–
Accruals	27,247	37,379
Cash premium in advance and liquidation payables	61,699	37,427
Fees and commissions payable	3,188	4,480
Other taxes and social security payable	3,770	6,048
Other	1,479	3,206
Total other payables	**321,949**	**308,023**
Current	111,869	105,502
Non-current	210,080	202,521
Total other payables	**321,949**	**308,023**

19. Financial Risks

Risk Management Objectives and Risk Policies

Under IFRS 7, the Group is required to analyse its exposure to credit risk, liquidity risk, market risk and currency risk. The Group's financial risk can usefully be considered in two categories of assets:

Separate account financial assets and liabilities (see Note 9)

Separate account financial assets are made up of unit-linked investment and insurance policies where the policyholder bears the investment risk. The policyholder financial liabilities are directly linked to the value of the assets in the fund. Therefore, the Group has no material exposure to credit, liquidity, market, or currency risks on separate account financial assets and liabilities.

The Group accepts the risk that the fall in equity or other asset markets will reduce the level of annual management charge income derived from policyholder assets and the risk of lower future profits.

Group's financial assets and liabilities

Under IFRS 7, the Group is required to analyse its exposure to credit risk, liquidity risk, market risk and currency risk. The Group's financial risk can usefully be considered in two categories of assets:

Credit Risk

Credit risk is the risk of adverse financial impact resulting from fluctuations in credit quality of third parties including default, rating transition and credit spread movements. The Group credit risks arise principally through exposures to debt security investments, bank deposits, derivative counterparties, reinsurance counterparties, and insurance and investment contract receivables. The Group has limited appetite for credit risk and will assess the creditworthiness of counterparties when entering into significant contracts.

Liquidity Risk

Liquidity risk is the risk of not being able to make payments as they become due because there are insufficient assets in cash form. The Group is averse to liquidity risk and seeks to ensure that it maintains sufficient financial resources to meet its obligations as they fall due. The Company has financial covenant requirements associated with the senior unsecured notes which the Company is in compliance with.

19. Financial Risk *(continued)*

Market Risk

Market risk is the risk of loss arising from a change in the values of, or the income from, assets or in interest or exchange rates. The Group adopts a risk adverse approach to market risk. The Group's exposure to the market is limited to investment grade bonds and money market funds.

Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group operates internationally and as a result is exposed to foreign currency exchange risk arising from fluctuations in exchange rates of various currencies. The Group's financial assets are generally held in the local currency of its operational geographic location, principally to assist with the matching liabilities. However, foreign currency risk arises when the financial assets are held in other currencies.

The Group's principal transactions are carried out in euros and its exposure to foreign exchange risk arise primarily with respect to US Dollar, British Pound Sterling, Swiss Franc, Singapore Dollar, Hong Kong Dollar, Swedish Krona and Danish Krone.

19. Financial Risk *(continued)*

Categories of Financial Assets and Financial Liabilities

The categories and carrying values of the financial assets and financial liabilities held in the Group's consolidated statement of financial position, which includes the Group's financial assets and liabilities and the policyholder's financial assets and liabilities, are summarised in the tables below:

	Financial Assets at Fair Value Through Profit or Loss[1]	Financial Assets Measured at Amortised Cost	Financial Liabilities at Fair Value Through Profit or Loss[3]	Financial Liabilities Measured at Amortised Cost	Total
	€ 000	€ 000	€ 000	€ 000	€ 000
31 December 2022					
Group financial assets:					
Fixed income securities	13,989	-	–	–	13,989
Investment in collective investment schemes	196	–	–	–	196
Cash and cash equivalents	–	186,704	–	–	186,704
Other receivables	–	304,274	–	–	304,274
Policyholder financial assets:					
Equities	10,737,150	–	–	–	10,737,150
Fixed income securities	6,904,084	–	–	–	6,904,084
Investment in collective investment schemes	23,995,887	–	–	–	23,995,887
Derivative financial instruments	106,405	–	–	–	106,405
Policyholder loans	–	–	–	–	-
Other receivables	130,722	–	–	–	130,722
Cash and cash equivalents	4,524,471	–	–	–	4,524,471
Total financial assets	**46,412,904**	**490,978**	–	–	**46,903,882**
Group financial liabilities:					
Borrowings	–	–	-	(254,312)	(254,312)
Other financial liabilities	–	–	-	(3,818)	(3,818)
Other payables	–	–	-	(321,950)	(321,950)
Policyholder financial liabilities:					
Investment contract benefits	–	–	(46,322,478)	-	(46,322,478)
Derivative financial instruments[2]	–	–	(38,750)	–	(38,750)
Other payables[3]	–	–	(37,492)		(37,492)
Total financial liabilities	–	–	**(46,398,720)**	**(580,080)**	**(46,978,800)**

1 All financial assets and liabilities at fair value through profit or loss are designated as such upon initial recognition.

2 All derivative financial instruments and other payables are policyholder's financial liabilities and are included in investments in unit-linked assets on the consolidated statement of financial position.

3 None of the change in the fair value of financial liabilities at fair value through profit or loss is attributable to changes in their credit risk.

19. Financial Risk *(continued)*

	Financial Assets at Fair Value Through Profit or Loss[1]	Financial Assets Measured at Amortised Cost	Financial Liabilities at Fair Value Through Profit or Loss[3]	Financial Liabilities Measured at Amortised Cost	Total
	€ 000	€ 000	€ 000	€ 000	€ 000
31 December 2021					
Group financial assets:					
Fixed income securities	33,498	–	–	–	33,498
Investment in collective investment schemes	362	–	–	–	362
Cash and cash equivalents	–	165,102	–	–	165,102
Other receivables	3,320	285,776	–	–	289,096
Policyholder financial assets:					
Equities	13,949,690	–	–	–	13,949,690
Fixed income securities	6,449,067	–	–	–	6,449,067
Investment in collective investment schemes	34,175,278	–	–	–	34,175,278
Derivative financial instruments	50,304	–	–	–	50,304
Policyholder loans	–	96,028	–	–	96,028
Other receivables	145,075	–	–	–	145,075
Cash and cash equivalents	4,673,715	–	–	–	4,673,715
Total financial assets	**59,480,309**	**546,906**	–	–	**60,027,215**
Group financial liabilities:					
Borrowings	–	–	–	(217,196)	(217,196)
Other financial liabilities	–	–	–	(5,924)	(5,924)
Other payables	–	–	–	(308,023)	(308,023)
Policyholder financial liabilities:					
Investment contract benefits	–	–	(59,466,264)	–	(59,466,264)
Derivative financial instruments[2]	–	–	(27,834)	–	(27,834)
Other payables[3]	–	–	(45,059)	–	(45,059)
Total financial liabilities	–	–	**(59,539,157)**	**(531,143)**	**(60,070,300)**

1 All financial assets and liabilities at fair value through profit or loss are designated as such upon initial recognition.

2 All derivative financial instruments and other payables are policyholder's financial liabilities and are included in investments in unit-linked assets on the consolidated statement of financial position.

3 None of the change in the fair value of financial liabilities at fair value through profit or loss is attributable to changes in their credit risk.

19. Financial Risk *(continued)*

Fair Value Estimation

Financial assets and liabilities, which are measured at fair value on a recurring or non-recurring basis in the consolidated financial statements, are required to have disclosed their fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The following tables present the Group's assets and liabilities measured at fair value:

	Level 1	Level 2	Level 3	Total
	€ 000	€ 000	€ 000	€ 000
31 December 2022				
Group financial assets:				
Fixed income securities	13,989	–	–	13,989
Investment in collective investment schemes	196	–	–	196
Other assets	–	304,274	–	304,274
Policyholder financial assets:				
Equities	7,288,630	–	3,448,520	10,737,150
Fixed income securities	3,901,888	1,762,120	1,240,076	6,904,084
Investment in collective investment schemes	17,326,187	73,433	6,596,267	23,995,887
Derivative financial instruments	–	72,533	33,872	106,405
Policyholder loans	–	–	–	–
Other assets	21,757	108,323	642	130,722
Cash and cash equivalents	4,524,471	–	–	4,524,471
Total financial assets	**33,077,118**	**2,320,683**	**11,319,377**	**46,717,178**
Group financial liabilities:				
Borrowings	–	(266,200)	–	(266,200)
Financing commitments	(3,818)	–	–	(3,818)
Other payables	–	(321,950)	–	(321,950)
Policyholder financial liabilities:				
Separate account liabilities	–	(46,322,478)	–	(46,322,478)
Derivative financial instruments	–	(32,375)	(6,376)	(38,750)
Other payables	(37,492)	–	–	(37,492)
Total financial liabilities	**(41,310)**	**(46,943,002)**	(6,376)	**(46,990,688)**

19. Financial Risk *(continued)*

	Level 1	Level 2	Level 3	Total
	€ 000	€ 000	€ 000	€ 000
31 December 2021				
Group financial assets:				
Fixed income securities	16,066	17,432	–	33,498
Investment in collective investment schemes	362	–	–	362
Other assets	–	289,096	–	289,096
Policyholder financial assets:				
Equities	9,583,288	730,412	3,635,990	13,949,690
Fixed income securities	3,576,211	1,485,160	1,387,696	6,449,067
Investment in collective investment schemes	20,887,432	569,158	12,718,688	34,175,278
Derivative financial instruments	–	31,196	19,108	50,304
Policyholder loans	–	96,028	–	96,028
Other assets	19,572	104,307	21,196	145,075
Cash and cash equivalents	4,671,331	2,384	–	4,673,715
Total financial assets	**38,754,262**	**3,325,173**	**17,782,678**	**59,862,113**
Group financial liabilities:				
Borrowings	–	(221,167)	–	(221,167)
Financing commitments	(5,924)	–	–	(5,924)
Other payables	–	(308,023)	–	(308,023)
Policyholder financial liabilities:				
Separate account liabilities	–	(59,466,264)	–	(59,466,264)
Derivative financial instruments	–	(27,784)	(50)	(27,834)
Other payables	(45,058)	–	–	(45,058)
Total financial liabilities	**(50,982)**	**(60,023,238)**	**(50)**	**(60,074,270)**

The fair value of financial instruments traded in active markets is based on quoted bid prices at the reporting date. These instruments are included in Level 1.

The Group closely monitors the valuation of assets in markets that have become less liquid. Determining whether a market is active requires the exercise of judgment and is determined based upon the facts and circumstances of the market for the instrument being measured. Where it is determined that there is no active market, fair value is established using a valuation technique. The techniques applied incorporate relevant information available and reflect appropriate adjustments for credit and liquidity risks. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. The relative weightings given to differing sources of information and the determination of non-observable inputs to valuation models can require the exercise of significant judgment. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. The following methods and assumptions are used in estimating the fair value of financial instruments:

Marketable Securities

The fair value of fixed maturity securities, equity securities and mutual funds is based on quoted market prices, obtained from an independent pricing service.

19. Financial Risk *(continued)*

Alternative Investments

The alternative investments are valued at estimated fair value with the assistance of the investment managers of the underlying investments and the consolidated financial statements which are generally audited annually. Fair value generally represents the separate account's proportionate interest in the fair value of the underlying net assets of such alternative investment as determined from financial information provided by the investment manager. The Company performs due diligence procedures in validating the appropriateness of the valuation techniques employed by the investment managers in determining net asset values.

Borrowings

The fair value is disclosed for the outstanding principle related to all borrowings. The value is derived by discounting is anticipated cash flows associated with the borrowings through the life of the instrument. The cost of debt is the discount rate used which is obtained via observable market data.

As at 31 December 2022 and 2021, respectively, approximately 5% and 4% of unquoted securities were valued based on information received 12 months or more than 12 months ago. Additional procedures were performed on the valuation of unquoted securities to ensure that the assets were appropriately valued with reference to their latest available prices or latest available information.

Transfers into and out (or Movement in) of Level 3 portfolios

Transfers out of Level 3 portfolios arise when inputs that could have a significant impact on the instrument's valuation become market-observable; conversely, transfers into the portfolios arise when consistent sources of data cease to be available.

Transfers in of certain investments in collective investment schemes occur when asset valuations can no longer be obtained from an observable market price i.e. where they have become illiquid, in liquidation, suspended etc. The converse is true if an observable market price becomes available.

The following table presents the changes in Level 3 financial assets and liabilities at fair value through the Consolidated Statement of Profit or Loss and Comprehensive Income:

2022	Equities	Fixed income securities	Investment in collective investment schemes	Derivative financial instruments	Other receivables	Total
	€000	€000	€000	€000	€000	€000
Opening balance	3,635,990	1,387,696	5,755,692	19,108	528	10,799,014
Transfer into Level 3	51,861	9,678	15,925	–	88	77,552
Transfers out of Level 3	(906)	(100,880)	(37,451)	(917)	–	(140,154)
Additions during the year	96,918	231,729	1,128,720	33,720	188	1,491,275
Disposed during the year	(297,177)	(218,792)	(318,205)	(13,267)	(162)	(847,603)
(Losses)/gains recognised in the statement of profit or loss	(38,166)	(69,355)	51,586	(4,772)	–	(60,707)
As at 31 December 2022	**3,448,520**	**1,240,076**	**6,596,267**	**33,872**	**642**	**11,319,377**

19. Financial Risk *(continued)*

2021	Equities	Fixed income securities	Investment in collective investment schemes	Derivative financial instruments	Other receivables	Total
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
Opening balance	2,797,095	1,467,597	9,413,791	3,691	57,890	13,740,064
Transfer into Level 3	240,622	159,600	819,086	2,888	75	1,222,271
Transfers out of Level 3	(210,594)	(112,299)	(89,694)	(141)	–	(412,728)
Additions during the year	95,403	299,056	2,424,798	13,710	133,148	2,966,115
Disposed during the year	(61,403)	(339,707)	(2,107,821)	(3,569)	(174,760)	(2,687,260)
(Losses)/gains recognised in the statement of profit or loss	774,867	(86,551)	2,258,528	2,479	4,843	2,954,166
As at 31 December 2021	**3,635,990**	**1,387,696**	**12,718,688**	**19,058**	**21,196**	**17,782,628**

Sensitivity of Level 3 Valuations

The investments classified as Level 3 relate to unit-linked business and all price variance is borne by policyholders. Any price variance resulting from the sensitivity analysis on the assets will result in an opposite price variance on the liability as the liabilities relating to the unit link are fair valued.

Credit Risk

The following table sets out the maximum credit risk exposure and ratings of financial and other assets which are neither past due or impaired and susceptible to credit risk:

2022	AAA	AA+	A+	BBB+	BB+	Unrated	Unit-linked Funds[1]	Total
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
31 December 2022								
Equities	–	–	–	–	–	–	10,737,150	10,737,150
Fixed income securities	13,989	–	–	–	–	–	6,904,084	6,918,073
Investment in Collective Investment Schemes	–	17,379	–	–	–	–	23,995,887	24,013,266
Derivative financial instruments	–	–	–	–	–	–	106,405	106,405
Other assets	418	–	–	239,633	–	64,223	130,722	434,996
Cash and cash equivalents	29,981	32,959	84,910	29,284	45	17	4,524,471	4,701,667
Total	**44,388**	**50,338**	**84,910**	**268,917**	**45**	**64,240**	**46,398,719**	**46,911,557**

1 Credit risk relating to unit-linked and unit-trust funds is borne by the policyholder/unit holder.

19. Financial Risk *(continued)*

	AAA	AA+	A+	BBB+	BB+	Unrated	Unit-linked Funds[1]	Total
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
31 December 2021								
Equities	–	–	–	–	–	–	13,949,690	13,949,690
Fixed income securities	25,561	580	2,469	4,619	–	544	6,449,067	6,482,840
Investment in Collective Investment Schemes	151	–	–	–	–	–	34,175,278	34,175,429
Derivative financial instruments	–	–	–	–	–	–	50,304	50,304
Policyholder loans	–	–	–	–	–	–	96,028	96,028
Other assets	7,147	37,304	–	217,691	–	71,405	145,075	478,622
Cash and cash equivalents	69,819	24,513	32,805	32,465	170	76	4,673,715	4,833,563
Total	**102,678**	**62,397**	**35,274**	**254,775**	**170**	**72,025**	**59,539,157**	**60,066,476**

Contractual Maturity and Liquidity Analysis

The following table sets out the contractual maturity analysis of the Group's financial assets and financial liabilities as at 31 December 2022 and 2021:

	Up to 1 Year	1–5 Years	Over 5 Years	Unit-Linked Funds	Total
	€000	€000	€000	€000	€000
31 December 2022					
Financial assets					
Equities	–	–	–	10,737,150	10,737,150
Fixed income securities	–	7,968	6,021	6,904,084	6,918,073
Investment in Collective Investment Schemes	17,379	–	196	23,995,887	24,013,462
Derivative financial instruments	–	–	–	106,405	106,405
Other	76,572	386	227,316	130,722	434,996
Cash and cash equivalents	186,704	–	–	4,524,471	4,711,175
Total financial assets	**280,655**	**8,354**	**233,533**	**46,398,719**	**46,921,261**
Financial liabilities					
Separate account liabilities	–	–	–	(46,322,478)	(46,322,478)
Borrowings	–	(254,312)	–	–	(254,312)
Other financial liabilities	(3,218)	(600)	–	–	(3,818)
Other payables	(111,869)	(5,126)	(204,955)	–	(321,950)
Total financial liabilities	**(115,087)**	**(260,038)**	**(204,955)**	**(46,322,478)**	**(46,902,558)**

1 Credit risk relating to unit-linked and unit-trust funds is borne by the policyholder/unit holder.

19. Financial Risk *(continued)*

	Up to 1 Year	1–5 Years	Over 5 Years	Unit-Linked Funds	Total
	€ 000	€ 000	€ 000	€ 000	€ 000
31 December 2021					
Financial assets:					
Equities	–	–	–	13,949,690	13,949,690
Fixed income securities	1,133	19,968	12,671	6,449,067	6,482,839
Investment in Collective Investment Schemes	151	–	211	34,175,278	34,175,640
Derivative financial instruments	–	–	–	50,304	50,304
Policyholder loans	–	–	–	96,028	96,028
Other	71,405	–	217,691	145,075	434,171
Cash and cash equivalents	165,102	–	–	4,673,715	4,838,817
Total financial assets	**237,791**	**19,968**	**230,573**	**59,539,157**	**60,027,489**
Financial liabilities					
Separate account liabilities	–	–	–	(59,466,264)	(59,466,264)
Borrowings	(181,855)	(35,241)	–	–	(217,196)
Other financial liabilities	(524)	(5,400)	–	–	(5,924)
Other payables	(123,585)	(7,965)	(176,473)	–	(313,138)
Total financial liabilities	**(305,964)**	**(48,706)**	**(176,473)**	**(59,466,264)**	**(59,997,407)**

Sensitivity Analysis to Market Risks

The majority of the Group's business is unit-linked and the direct associated market risk is therefore borne by policyholders. Financial assets and liabilities held outside unitised funds primarily consist of fixed interest securities, units in money market funds, cash and cash equivalents, and other assets and liabilities. The fixed interest securities are held to match non linked liabilities and the liability values move broadly in line with the matching asset values such that fair value interest rate risk is immaterial, although there is some residual risk due to imperfect matching. Cash held in unitised money market funds and at bank is valued at par and is unaffected by movement in interest rates. Other assets and liabilities are similarly unaffected by market movements.

As a result of these combined factors, the Group's financial assets and liabilities held outside unitised funds are not materially subject to market risk, and movements at the reporting date in interest rates and equity values have an immaterial impact on the Group's profit after tax and equity. Future profits from annual management charges may be affected by movements in interest rates and equity values.

19. Financial Risks *(continued)*

Currency Risk

The following analysis is performed for reasonably possible movements in key variables with all other variables held constant, showing the impact on profit before tax and equity due to changes in the fair value of currency sensitive monetary assets and liabilities. The correlation of variables will have a significant effect in determining the ultimate impact of currency risk, but to demonstrate the impact due to changes in variables, variables had to be changed on an individual basis. It should be noted that movements in these variables are non-linear.

The table below summarises the Group's assets and liabilities by currencies:

	31 December 2022			31 December 2021	
Currency	Change in exchange rate	Impact on profit before tax (€000)	Impact on equity (€000)	Impact on profit before tax (€000)	Impact on equity (€000)
USD to EUR	10%	(3,369)	–	(10,078)	88
	-10%	3,369	–	10,078	(88)
GBP to EUR	10%	390	(15)	305	12
	-10%	(390)	15	(305)	(12)
SGD to EUR	10%	1	131	16	24
	-10%	(1)	(131)	(16)	(24)
HKD to EUR	10%	–	(153)	91	(20)
	-10%	–	153	(91)	20
CHF to EUR	10%	66	45	(35)	32
	-10%	(66)	(45)	35	(32)

20. Capital Management and Allocation

It is the Group's policy to maintain a strong capital base in order to:

- Protect clients' interests;
- Meet regulatory requirements;
- Protect creditors' interests; and
- Create shareholder value through support for business development.

Within the Group, each subsidiary manages its own capital in the context of a Group capital plan. Any capital in excess of planned requirements may be returned to the Company, normally by way of dividends. The Group capital position is monitored by the Audit and Risk Committee on behalf of the Board of Directors.

The Group's policy is for each subsidiary to hold the higher of:

- The capital required by any relevant supervisory body uplifted by a specified margin to absorb changes; or
- The capital required based on the Company's internal assessment.

The Group and its individually regulated operations have complied with all externally imposed capital requirements throughout the year. There has been no material change in the level of capital requirements of individual companies during the year, nor in the Group's management of capital. All regulated entities exceeded the minimum solvency requirements at the reporting date and during the year. The Company's equity is used to manage capital. Refer to the Parent Company Statement of Changes in Equity for the equity of the Company.

21. Leases

The Group has lease contracts for various items of office space, vehicles, and other equipment used in operations. Leases of office space generally have terms between 2 and 6 years, while vehicles and other equipment generally have lease terms between 2 and 4 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. During the year ended 31 December 2021, the Group entered into a sublease to a former affiliate.

The Group also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. The carrying amounts of right-of-use assets recognised and the movements during the period are disclosed in Note 8.

Set out below are the carrying amounts of lease liabilities, which are included within other payables on the consolidated financial statement of financial position, and the movements during the period:

	31 December 2022	31 December 2021
	€ 000	€ 000
As at 1 January	25,618	23,650
DiscOps at 1 January	(11,968)	–
Additions	2,474	10,297
Accretion of interest	374	988
Payments	(5,713)	(9,951)
Currency translation differences	(323)	634
Total lease liability	**10,462**	**25,618**
Current	4,636	7,864
Non-current	5,826	17,754
Total lease liability	**10,462**	**25,618**

The Group had the following minimum annual commitments under non-cancellable leases, including low value leases not covered under IFRS 16, in connection with the rental of office buildings and other office equipment with varying end dates:

	31 December 2022	31 December 2021
	€ 000	€ 000
Within one year	4,636	7,864
Between one and five years	5,127	17,685
In more than five years	699	70
Total leasing financial commitments	**10,462**	**25,619**

The following are the amounts recognised on the consolidated statement of profit or loss and other comprehensive income:

	31 December 2022	31 December 2021
	€ 000	€ 000
Depreciation expense of right-of-use assets	5,034	5,954
Interest expense on lease liabilities	374	520
Expense relating to short-term or low-value leases (included in administrative expenses)	–	–
Total amount recognised in profit or loss	**5,408**	**6,474**

22. Related Party Transactions

Identification of related parties

The Group has related party transactions with its key management personnel, non-executive directors, and associates. Investment funds managed by the Tactical Opportunities Group of the Blackstone Group LP own approximately 95.6% of the issued shares in the ordinary shares of the Company as at 31 December 2022 and 2021. The Blackstone Group LP is the ultimate controlling party.

Remuneration of key management personnel

The remuneration of the key management personnel of the Group, during the relevant years, is set out below.

	31 December 2022	31 December 2021
	€ 000	€ 000
Short-term employee benefits	6,956	7,235
Other long-term benefits	680	1,281
Total remuneration	**7,636**	**8,516**

The Group paid €2.2 million and €2.5 million to directors during the year ended 31 December 2022 and 31 December 2021, respectively. These amounts are recorded within administrative expenses on the consolidated statement of profit or loss and other comprehensive income.

The highest paid Director's remuneration was €1.4 million and €1.6 million for the year ended 31 December 2022 and 2021. A loan of €0.1 million was owed by an employee considered as part of the key management personnel and was forgiven in 2022.

Loans with a related party

In 2017 the Group entered into a loan with another related party in the amount of $40.0 million with an interest rate of 5.36% payable semi-annually, which is recorded in borrowings as senior unsecured notes due 2024 ("Series C"), on the consolidated statement of financial position. At 31 December 2022 and 2021, respectively, the balance of the loan was $40.0 million. Interest of €1.9 million has been paid to the related party in both 2022 and 2021, respectively.

Financial guarantees of subsidiaries

The Company provides full guarantees for all outstanding liabilities to which LIA UK Holdings I, Ltd. and LIA UK Holdings II, Ltd. are subject to at the end of the financial year 2022, until they are satisfied in full. Therefore LIA UK Holdings I, Ltd. (Company Number: 10560588) and LIA UK Holdings II, Ltd. (Company Number: 10560754) are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of that act.

23. Investment in Subsidiaries

The Company owns 100% (directly or indirectly) of the voting ordinary equity share capital of the below-named Subsidiaries as of 31 December 2022; as such they have been appropriately consolidated.

As part of a Group restructuring exercise, the transfer of the seat of central administration of the following four Cayman Islands-incorporated holding companies: (i) LIA Subco Ltd.; (ii) LIA Midco2 Ltd.; (iii) LIA Midco Ltd; and (iv) LIA Topco Ltd. (collectively, the "LIA Companies") from the Grand Duchy of Luxembourg to the Cayman Islands was effected on 3 September 2021. Subsequently, a share transfer agreement between LIA Subco Ltd. and LIA Holdings Limited was executed on 15 December 2021 and LIA Holdings Limited became the sole shareholder of Lombard International Assurance Holdings S.à r.l. The liquidation process for the LIA Companies has completed and the companies have been fully liquidated as of December 2022.

Entity	Registered Office	Country of Incorporation	Principal Activity
Continuing Operations			
LIA UK Holdings I, Ltd.	52 Lime Street, Level 27, London, United Kingdom, EC3M 7AF	England	Investment Holding Company
LIA UK Holdings II, Ltd.	52 Lime Street, Level 27, London, United Kingdom, EC3M 7AF	England	Investment Holding Company
LIA Insure de Mexico, S.A. de C.V.	52 Lime Street, Level 27, London, United Kingdom, EC3M 7AF	England	Investment Holding Company
LIA Wealth Advisers Limited	52 Lime Street, Level 27, London, United Kingdom, EC3M 7AF	England	Insurance Intermediary
Lombard International Assurance Holdings S.à r.l.	4, rue Lou Hemmer, L-1748 Luxembourg	Luxembourg	Investment Holding Company
Lombard International Assurance S.A.	4, rue Lou Hemmer, L-1748 Luxembourg	Luxembourg	Unit-linked Life Assurance
Insurance Development Holdings AG	c/o Schuler & Renggli, Baarerstrasse 21, 6300 Zug	Switzerland	Investment Holding Company
Lombard International PCC Limited	PO Box 33, Dorey Court, Admiral Park, St Peter Port, Guernsey, Channel Islands	Guernsey	Unit-linked Life Assurance
Lombard International Asia Holdings Pte. Ltd	c/o Tricor Evatthouse Corporate Services, 80 Robinson Road, #02-00, Singapore 068898	Singapore	Investment Holding Company
Lombard International Brokers Ltd	c/o (Tricor) 15/F Manulife Place 348 Kwun Tong Road, Kowloon, Hong Kong SAR	Hong Kong	Insurance Broker
LIA Patrimoine	140 rue du Faubourg Saint-Honoré, 75008 Paris	France	Insurance Broker
LIG Vermögensplanung GmbH	Josephspitalstraße 15, Regus Business Center, 80331 München	Germany	Insurance Broker

23. Investment in Subsidiaries *(continued)*

Entity	Registered Office	Country of Incorporation	Principal Activity
Discontinued Operations			
Lombard International US Holdings, Inc.	1650 Market Street, 54th Floor, Philadelphia PA 19103	USA (Delaware)	Investment Holding Company
Lombard International Life Assurance Company (Bermuda) Limited	Mezzanine Floor, O'Hara House, One Bermudiana Road, Hamilton, HM 08, Bermuda	Bermuda	Life Assurance
Lombard International Life Assurance Company	1650 Market Street, 54th Floor, Philadelphia PA 19103	USA (Pennsylvania)	Life Assurance
Lombard International Life Assurance Company of New York	400 Park Avenue, 20th Floor, New York, NY 10022	USA (New York)	Life Assurance
Lombard International Brokers Inc.	801 Brickell Avenue, Suite 2380, Miami, FL 33131	USA (Florida)	Broker Dealer
Lombard International Distribution Company	1650 Market Street, 54th Floor, Philadelphia PA 19103	USA (Delaware)	Broker Dealer
Lombard International Agency Inc.	1650 Market Street, 54th Floor, Philadelphia PA 19103	USA (Delaware)	Insurance Agency
Lombard International Bermuda Holdings Limited	Mezzanine Floor, O'Hara House, One Bermudiana Road, Hamilton, HM 08, Bermuda	Bermuda	Investment Holding Company
Lombard International Life Limited	Mezzanine Floor, O'Hara House, One Bermudiana Road, Hamilton, HM 08, Bermuda	Bermuda	Life Assurance
Lombard International Global Insurance Ltd.	Canon's Court, 22 Victoria Street, Hamilton, HM 12, Bermuda	Bermuda	Life Assurance
Lombard International Singapore Pte. Ltd	8 Marina View, #36-02 Asia Square Tower 1, 018960 Singapore	Singapore	Financial Advisor

24. Events After The Reporting Date

As at the date of approving these financial statements there are no events that have occurred that would require subsequent disclosure.

Parent Company Financial Statements

Table of Contents

Parent Company Statement of Financial Position

	Notes	As at 31 December 2022 €000	As at 31 December 2021 €000
Assets			
Investment in subsidiaries	2	541,991	1,065,558
Note receivables from subsidiaries	3	4,193	–
Other assets	4	1,841	6,371
Cash & cash equivalents		40,578	5,204
Total assets		**588,603**	**1,077,133**
Liabilities			
Borrowings	5	254,312	217,196
Due to subsidiaries	6	3,099	518,985
Other payables	7	5,554	6,402
Total liabilities		**262,965**	**742,583**
Net assets		**325,638**	**334,550**
Equity			
Share capital		35	35
Share premium		340,940	340,940
Merger reserve		14,588	14,588
Share based compensation reserve		3,815	3,888
Accumulated losses		(33,740)	(24,901)
Total equity		**325,638**	**334,550**

The Company has elected to take the exemption permitted under Section 408 of the Companies Act 2006 not to present the Company's profit or loss account and related notes. The Company's loss for the period ended 31 December 2022 and 2021 was €(8.8) million and €(28.4) million, respectively.

The accompanying notes are an integral part of these financial statements.

The financial statements were authorised on 18 April 2023 and signed by:

Stuart Parkinson
Group Chief Executive Officer

Florent Albert
Group Chief Financial Officer

Parent Company Statement of Changes in Equity

	Share capital[1]	Share premium[2]	Merger Reserve	Share based compensation reserve	Retained earnings (deficit)	Total shareholders' equity
	€ 000	€ 000	€ 000	€ 000	€ 000	€ 000
At 1 January 2021	**35**	**340,940**	**14,588**	**3,119**	**3,464**	**362,146**
Loss for the period	–	–	–	–	(28,365)	(28,365)
Share based compensation	–	–	–	769	–	769
At 31 December 2021	**35**	**340,940**	**14,588**	**3,888**	**(24,901)**	**334,550**
Loss for the period	–	–	–	–	(8,839)	(8,839)
Share based compensation	–	–	–	(73)	–	(73)
At 31 December 2022	**35**	**340,940**	**14,588**	**3,815**	**(33,740)**	**325,638**

The accompanying notes are an integral part of these financial statements.

1 As at 31 December 2022 and 2021, the total authorised and issued number of ordinary shares was 4,448,204. Each share has a par value of 0.01 USD per share. All issued shares are fully paid. There are voting and non-voting classes of ordinary shares. The voting class represents 95.6% of the population.

2 Share premium consists of the additional contributions provided to the Company by the holders of the ordinary shares. Additionally, included in share premium are the total contributions by the holders of various other share classes. As at 31 December 2022 and 2021 the total authorised and issued number of other share classes was 830,672.

Notes to the Parent Company Financial Statements

1. Accounting Information and Policies

The financial statements of LIA Holdings Limited (the "Company") for the period ended 31 December 2022 were authorised for issue in accordance with a resolution of the Directors on 18 April 2023. The Company is a limited liability company incorporated on 12 June 2019 and domiciled in the United Kingdom. The registered office is 52, Lime Street, Level 27, London EC3M 7AF.

The only group in which the results of the Company are consolidated is that headed by the Company and its subsidiaries (the "Group"). The consolidated financial statements of the Company can be obtained from 52 Lime Street, Level 27, London, EC3M 7AF, United Kingdom.

(a) Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

The accounts have been prepared on a historical cost basis in accordance with the Companies Act 2006. Assets and liabilities which are expected to be recovered or settled no more than twelve months after the reporting date are considered to be current assets or liabilities, all non-current assets or liabilities will be disclosed separately within the notes to the financial statements. The financial statements are presented in euros, rounded to the nearest thousand euros (€000), except where otherwise indicated.

In preparing these financial statements the Company has taken advantage of certain disclosure exemptions conferred by FRS 101 and has not provided:

- The requirements of IAS 7 Statement of Cash Flows
- A statement of compliance with UK-endorsed IFRS (a statement of compliance with FRS 101 is provided instead)
- Additional comparative information for narrative disclosures and information, beyond IFRS requirements
- The requirements of IAS 1 Presentation of Financial Statements paragraphs 134-136 in relation to disclosing the objectives, policies and process for managing capital
- Certain disclosures required under IFRS 15 Revenue from Contracts with Customers
- The requirements of IAS 24 Related Party Disclosures paragraph 17 to disclose remuneration of key management personnel
- The requirements of IAS 24 Related Party Disclosures to disclose related party transactions with two or more wholly owned members of the group

In addition, and in accordance with FRS 101, further disclosure exemptions have been applied because equivalent disclosures are included in the consolidated financial statements of the Group. These financial statements do not include certain disclosures in respect of:

- Financial Instrument disclosures as required by IFRS 7 Financial Instruments: Disclosures
- The requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement

(b) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

1. Accounting Information and Policies *(continued)*

(c) Investment in subsidiaries

Investments in subsidiaries are carried at cost stated after any impairment losses.

(d) Note receivables from subsidiaries

Note receivables from subsidiaries are carried at cost stated after any impairment losses.

(e) Other assets

Other assets are initially recognised at fair value and subsequently held at amortised cost less impairment losses. The value of any impairment recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate.

(f) Share based compensation

The Company maintains a share award plan (the Company's share plan). Awards are granted primarily to executive and senior members of management in order to attract and retain talent. The vesting of awards under the scheme is subject to the attainment of performance conditions defined in the plan document. Performance conditions include the achievement of an exit or change in control. The fair value of these awards are determined based on market conditions at the grant date. When performance conditions are considered probable, the fair value of the awards are amortised over the relevant amortisation period.

The basis for calculation of the fair value of these awards is a Black-Scholes option pricing model. The expense is recorded within profit or loss.

(g) Borrowings

Borrowings are measured initially at fair value, net of directly attributable transaction costs, and subsequently stated at amortised cost. Borrowings are recognised on drawdown and derecognised on repayment.

(h) Currency swap

The Group's Risk Management Policy allows for the use of derivative financial instruments to prudently manage foreign currency exchange rate exposures. The Group's policy specifies that derivatives are not to be used for speculative purposes. The currency swaps are recorded at fair value. Changes in fair value are recorded in the profit or loss of the Company.

(i) Due to subsidiaries

Due to subsidiaries are measured initially recognised at fair value and subsequently stated at amortised cost. Due to subsidiaries are derecognised on repayment.

(j) Impairment policy

i Non-Financial assets

Assets that are subject to amortisation are reviewed for impairment when circumstances or events indicate there may be uncertainty over this value. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use.

ii Financial assets

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Financial assets held at amortised cost are impaired using an expected credit loss model based on the simplified approach.

1. Accounting Information and Policies *(continued)*

(k) Going Concern

The directors have a reasonable expectation that the Company has adequate financial resources, having given due consideration to the Company's recent financial performance and the management actions taken accordingly. Thus, they continue to adopt the going concern basis of accounting in preparing these financial statements.

2. Investment in Subsidiaries

	2022	2021
	€ 000	€ 000
As at 1 January	1,065,558	462,563
Additions	5,563	611,849
Impairment	(529,130)	(8,854)
As at 31 December	**541,991**	**1,065,558**

The Company provides full guarantees for all outstanding liabilities to which LIA UK Holdings I, Ltd. and LIA UK Holdings II, Ltd. are subject to at the end of the financial year 2022 and 2021, until they are satisfied in full. Therefore LIA UK Holdings I, Ltd. (Company Number: 10560588) and LIA UK Holdings II, Ltd. (Company Number: 10560754) are exempt from the requirements of the Companies Act 2006 relating to the audit of individual accounts by virtue of section 479A of that act.

In the year ended 31 December 2021, as part of a Group restructuring exercise, the transfer of the seat of central administration of the following four Cayman Islands-incorporated holding companies: (i) LIA Subco Ltd.; (ii) LIA Midco2 Ltd.; (iii) LIA Midco Ltd; and (iv) LIA Topco Ltd. (collectively, the "LIA Companies") from the Grand Duchy of Luxembourg to the Cayman Islands was effected on 3 September 2021. Subsequently, a share transfer agreement between LIA SubCo Ltd. and LIA Holdings Limited was executed on 15 December 2021 and LIA Holdings Limited became the sole shareholder of Lombard International Assurance Holdings S.à r.l. The LIA Companies are liquidated as at 31 December 2022. As a result of the reorganization and subsequent liquidations, the Company fully impaired its investments in LIA Topco Ltd. and Lombard International Bermuda Holdings Limited.

3. Note Receivables from Subsidiaries

During 2017, Lombard International Life Assurance, a subsidiary of the Company, issued a surplus note to Lombard International Assurance, S.A. ('LIA S.A.'), an affiliate, in exchange for cash. LIA S.A subsequently up streamed the surplus note in the form of a dividend to the Company on 30 December 2022. Therefore, the Company assumed the receivable of €4.2 million and accrued interest receivable of €0.7 million as of year end 31 December 2022. The note and interest was assigned to another subsidiary on 10 January 2023 and immediately retired.

On 22 November 2017 the Company entered into a loan agreement with two former subsidiaries, LIA Midco Ltd. and LIA Subco Ltd., amounting to €81.9 million and €63.0 million. The note receivables were transferred to the Company after the liquidation of the Cayman Islands Company as a common control transaction. The notes had an interest rate of 3.05% per annum with a maturity date on 21 November 2022. On 16 December 2021, the Company capitalised the loans and increased its investment in subsidiary for LIA Topco Ltd by the respective amount.

4. Other Assets

	31 December 2022	31 December 2021
	€ 000	€ 000
Accrued interest income from subsidiaries	725	–
Swaps	–	3,320
Accrued interest income on deposits	58	–
Prepayments	601	258
Due from subsidiaries	457	2,793
Total other assets	**1,841**	**6,371**
Current	1,841	6,371
Non-current	–	–
Total other assets	**1,841**	**6,371**

The Company applies the IFRS 9 simplified model of recognising lifetime expected credit losses (ECL) for all other assets as these items do not have a significant financing component. The Company has not recorded any provisions on any of the other assets as of 31 December 2022 or 2021, respectively.

5. Borrowings

	31 December 2022	31 December 2021
	€ 000	€ 000
Senior unsecured notes due 2022	–	170,131
Senior unsecured notes due 2024	37,374	35,341
Credit facility	222,914	–
Revolving facility	–	12,727
Total non-current borrowings	**260,288**	**218,199**
Net deferred financing costs	(5,976)	(1,003)
Total borrowings	**254,312**	**217,196**

The Company issued senior unsecured notes on 21 November 2017 through one EUR tranche and two USD tranches as follows: Series A: €72.5 million 5-year notes at 2.94%; Series B: $110.5 million 5-year notes at 5.01%; Series C: $40.0 million 7-year notes at 5.36%. Costs of €(3.8) million were deferred in 2017 related to the issuance of the senior unsecured notes. Series A, €72.5 million, and Series B, $110.5 million, were both fully repaid on 21 November 2022. The fully amortised deferred costs of $3.3 million associated with Series A and B were written off on the maturity date.

On 21 November 2017 the USD received through the Series B tranche issuance was swapped for EUR. This was accomplished through two swap agreements with two counterparties. The total notional amount of the swap agreements was €95.3 million with a termination date of on 21 November 2022. These two swaps were fully settled on the termination date of 21 November 2022.

The fair value of the swaps was an asset as at 31 December 2021 of €3.3 million, recorded within other assets and other payables on the consolidated statement of financial position with the impact recorded in the consolidated statement of profit or loss and other comprehensive income, for the year ended 31 December 2021 of €6.4 million, respectively.

During the year ended 31 December 2021, the Company entered into a revolving credit facility ("RCF") of which the value of drawdowns amounted to €12.7 million. Additional drawdowns were made on the RCF in 2022 of €12.5 million. The unused RCF as at 31 December 2021 was €12.2 million. The Company was required to pay a fixed interest rate plus a margin on the value of drawdowns and a commitment fee on any unused amounts of the RCF. The Company fully repaid the €(25.0) million outstanding amount in October of 2022 and terminated the RCF.

5. Borrowings *(continued)*

During the year ended 31 December 2022, the Company entered into a new credit facility ("CF") of which the value of drawdowns amounted to €172.5 million at a variable rate based on the 6 months EURIBOR and $54.0 million at a variable rate based on the 6 months Term SOFR. The proceeds from the CF were mainly used to refund Series A and B of the senior unsecured notes and the RCF. Costs of €(5.9) million were deferred in 2022 related to the issuance of CF. The CF terminates in October 2025, has been fully drawn down upon as of 31 December 2022 and requires quarterly covenant reporting requirements.

6. Due to Subsidiaries

	31 December 2022	31 December 2021
	€000	€000
LIA Subco Ltd	–	423,374
Lombard International Bermuda Holdings Limited	–	91,337
Lombard International Asia Holdings Pte. Ltd.	–	2,189
Lombard International Life Assurance	27	1,387
Lombard International Assurance Company S.A.	1,288	698
Lombard International Singapore Pte. Ltd	153	–
LIA UK Holdings II, Ltd.	1,631	–
Total due to subsidiaries	**3,099**	**518,985**

7. Other Payables

	31 December 2022	31 December 2020
	€000	€000
Accrued interest payable	1,960	744
Accrued expenses	3,594	5,650
Total due to subsidiaries	**5,554**	**6,394**
Current	5,554	6,394
Non-current	–	–
Total other payables	**5,554**	**6,394**

8. Events After the Reporting Date

As at the date of approving these financial statements there are no events that have occurred that would require subsequent disclosure.