



LIA  
HOLDINGS  
LIMITED

# Annual Report & Financial Statements

## Year Ended 31 December 2020

Company Number: 12049264

SATURDAY



\*AA43M9GG\*

A10

08/05/2021

#77

COMPANIES HOUSE

# Company information

---

## Directors

Abbas, Qasim  
Albert, Florent  
Baird, Patrick  
Becker, Norbert  
Boyle, Brendan  
Carendi, Jan  
Chee, Menes  
Hillman, John  
Howard-Cairns, Matthew  
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

## Auditors

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

---

# Table of contents

---

Directors' report	4
Strategic report	8
Independent auditor's report	18
Consolidated Statement of Profit or Loss and Other Comprehensive Income	22
Consolidated Statement of Financial Position	23
Consolidated Statement of Changes in Equity	24
Consolidated Statement of Cash Flows	25
Notes to the Consolidated Financial Statements	26
Parent Company Financial Statements	73

# Directors' report

---

The directors of LIA Holdings Limited (the "Company") are pleased to present their report for the period from 1 January 2020 to 31 December 2020.

## 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 22. The directors anticipate recommending payment(s) to the shareholders in the first half of 2021.

## Directors

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

Abbas, Qasim (appointed 30 July 2020)

Albert, Florent

Baird, Patrick

Becker, Norbert

Boyle, Brendan

Carendi, Jan

Chee, Menes

Hillman, John

Howard-Cairns, Matthew (appointed 28 October 2020)

Khatoun, Amer

Ludlow, Sharon

Miller, David

Morrell, Kelley (resigned 28 October 2020)

Parkinson, Stuart (appointed 1 April 2020)

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 on behalf of the Company's Board of Directors.

The Company'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.

#### Strategic report

A strategic report has been provided at page 8.

## Disclosure of information to the auditors

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

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.

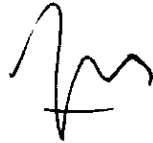
Company law requires the directors to prepare consolidated financial statements for each financial year. Under that law the directors have elected to prepare the consolidated financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. 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 Company 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 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  
*Director*  
52 Lime Street, Level 27  
London EC3M 7AF

27 April 2021

# 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 global wealth, estate and succession planning solutions provider with 30 years' experience.

The Group provides customised insurance-based solutions to upper affluent, high net worth (HNW) and ultra-high net worth (UHNW) individuals, their families and institutions to ensure their assets are protected, portable and can be passed on to future generations.

The Group serves over 20 markets across Asia, Europe, Latin America, and the United States, providing multijurisdictional Private Placement / Unit Linked life insurance on a global basis.

Group assets under administration are in excess of €49 billion as of 31 December 2020. 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 non-traditional assets.

The Group has two distinct but interrelated parts:

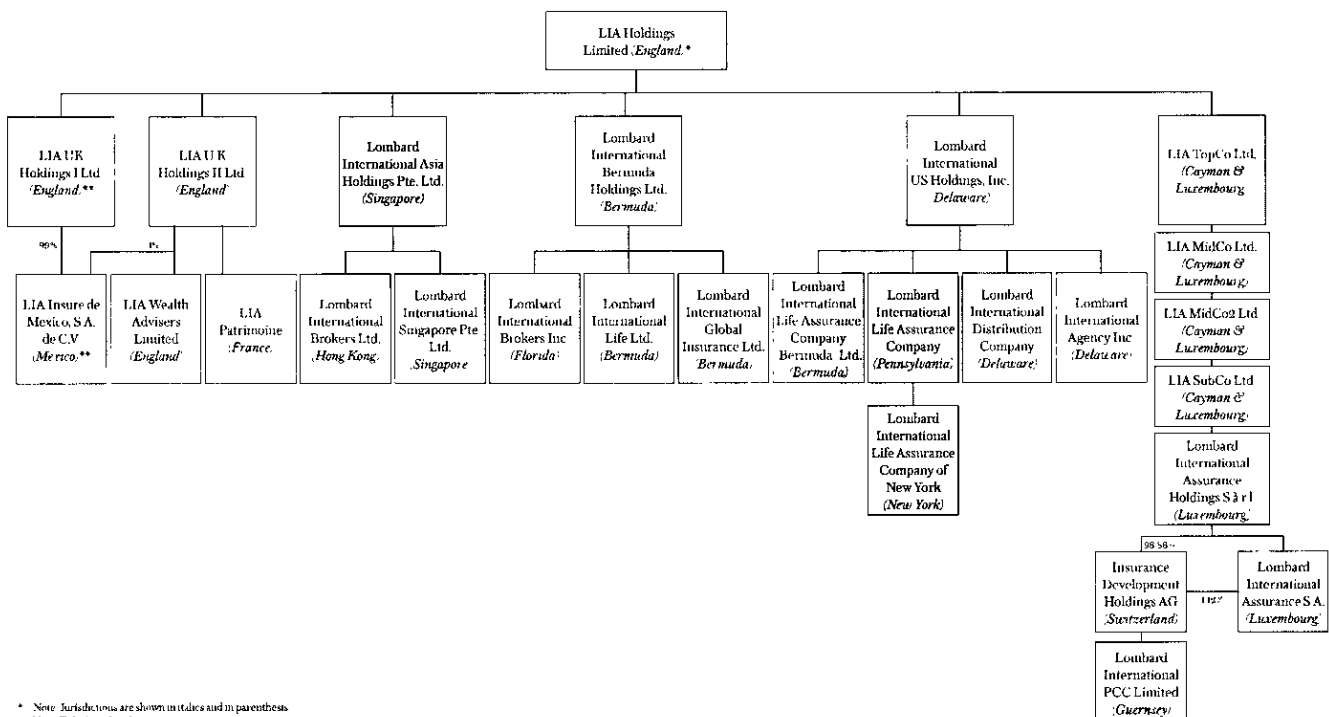
- **Private Clients' Business** which serves the wealth, estate and succession planning needs of upper affluent, high net worth, ultra-high net worth individuals and families, working in partnership with our business partners. These partners come in many different forms, all equally important to us, 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 U.S. 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 U.S., with established solutions which can be integrated into European fund structures.

The Group operates in a global environment with progressively wide variations in economic conditions, languages and local regulations. One of the core strengths of the Group is the professional knowledge and capabilities of its in-house experts which serve these diverse markets and the distribution channels it accesses. The Group has gained significant experience in creating wealth structuring solutions that reflect the complexity of clients' lives; ensuring services remain flexible and responsive to the ever-changing regulatory environment. Innovation is a driving force that enables the Group to sustain its market leading position, continue to evolve and offer clients and partners best-in-class solutions.

## Group Structure

The Group's structure is set out below:



The Company is the direct and indirect parent of the following seven insurance entities and five 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 company incorporated in Guernsey, whose main activity is the writing of unit-linked life insurance policies;
- 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 within the United States.

Distribution Entities

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

## Review of Business

The past year has been one like no other. At the start of 2020, it would have been impossible to predict that the COVID-19 pandemic was going to take hold of the world in the way that it did. As a leading and trusted, global wealth solutions provider, Lombard International Group maintained its best-in-class service, adopting new ways of working and implementing change quickly to ensure seamless business continuity that strongly supported our clients and business partners across the globe.

In addition to the adaptation of business practices and solutions, such as distance selling, e-signatures, remote working and digital communications, the Company continued to invest in its infrastructure, in its people and to innovate, delivering an exemplary experience, to which its partners and clients have come to expect.

The Company's 2020 financial results demonstrate the success of our endeavours, the strength of its business model, its market leading expertise and the relevance of its solutions in supporting the ever evolving wealth planning needs of the upper affluent, HNW and UHNW clients and institutions that it serves, across the globe.

The Company's foundations remain strong and it continues to maintain financial discipline. During the year, the Company was awarded financial strength ratings by AM Best and Kroll Bond Rating Agency (KBRA). AM Best reaffirmed its rating of A- (Excellent), and KBRA reaffirmed an insurance strength rating of A. These ratings recognise the Company's robust business model and very strong balance sheet. This is particularly meaningful amidst the unpredictable global economy in which the business has been operating and it further reiterates the relevance, resilience, and success of its propositions and long-term growth strategy, as well as its ability to navigate an increasingly complex and uncertain world.

The Company continued to exhibit sustained cash and underlying profit generation, benefiting from the in-force book and controlled operating expenses.

## Financial KPIs

Metrics in €'m	2020	2019	Variance	Var. %
<i>(Non GAAP)</i>				
New Business	4,337	5,738	(1,401)	(24)%
Assets under Administration <sup>1</sup>	49,321	48,380	941	2%
Net Revenue <sup>2</sup>	146.9	149.1	(2.2)	(1)%

- Lombard International Group delivered a robust financial performance against the unprecedented global pandemic which caused significant market volatility and disruption to everyone's daily lives, including those of our partners and clients.
- The Group delivered €4.3 billion of new premium income and record Group Assets Under Administration (AuA) of €49.3 billion.
- Net Revenue of €146.9m was below 2019 by (1)% mainly driven by lower average AuA in Europe.

<sup>1</sup> Non GAAP AuA is presented without policyholder loans.

<sup>2</sup> Non GAAP Net Revenue consists of IFRS revenue less certain adjustments for investment return, cost of insurance, certain fees and commissions, certain administrative expenses, deferred revenue, foreign exchange gain or loss and other non GAAP adjustments.

## Europe

Europe delivered €3.1 billion of new premium income and continued to grow AuA. This resilient performance, given the context of the pandemic, was delivered with key contributions from a number of core markets including France, Italy, Spain and Sweden. Of note is LIA Patrimoine, our regulated broker in France, which delivered a significant contribution, serving our growing network of local partners and intermediaries.

## United States

The United States delivered €1.1 billion of new premium income and also continued to grow AuA. Despite the backdrop of a challenging socio-economic climate last year, the Private Client Business delivered strongly, with a solid performance from the Global Institutional Solutions Practice.

## Asia

The region went into lockdown earlier than the rest of the world which impacted travel and new business opportunities from our brokerage businesses. However, the outlook is positive as PPLI solutions are becoming increasingly favoured over other more established products.

## Principal Risks and Uncertainties

The Group's enterprise risk management ("ERM") framework is designed to increase the Group's understanding of the risks inherent across the business, improve decision-making and ensure the Group achieves its strategic objectives. Further details of the ERM Framework can be obtained from the Solvency & Financial Conditions Reports of the operating entities of the Group (e.g. LIA).

The Group is exposed to various risks, which include insurance risk, financial risk, operational risk and strategic risk. Management and the Board are principally focused on the following risks:

<b>Risk</b>	<b>Description</b>
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
Human Capital	Retaining and attracting talent to support existing business and growth initiatives and minimising key person risk
Distribution	Increasing channel / partner distribution capabilities critical to producing sustainable growth to support stakeholder objectives
Operating Scalability / Efficiency	Operating model capable of supporting increased sales volume or achieve efficiencies to deliver bottom line growth
Profitability Pressure	Risk of decreasing profitability due to intense fee pressure, market 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 structures.

## 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 2020, 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	<p data-bbox="555 969 1426 1028">The Board is responsible for the overall direction and strategy of the Group as well as for delivery of sustainable value to its shareholders.</p> <p data-bbox="555 1048 1410 1106">The Board provides counsel and strategic input to the Management of the Group through:</p> <ul data-bbox="555 1115 1449 1487" style="list-style-type: none"> <li>• 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;</li> <li>• setting and approving the Group's enterprise risk framework (including its risk appetite statement);</li> <li>• approving any material acquisitions, disposals of assets, joint ventures or strategic partnerships;</li> <li>• setting, monitoring and approving the Group's framework for internal controls over financial reporting;</li> <li>• setting the Group's remuneration strategy; and</li> <li>• setting the Group's values, culture and standards.</li> </ul> <p data-bbox="555 1496 1442 1590">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.</p>
Employee considerations	<p data-bbox="555 1608 1347 1666">The Board regularly receives updates from the Group Chief HR Officer on retention and engagement of employees.</p> <p data-bbox="555 1680 1382 1738">The Board performs a deep dive into the annual employee engagement survey results.</p> <p data-bbox="555 1751 1401 1809">The Board's Remuneration and Nomination Committee is consulted on matters relating to compensation/reward and senior leadership appointments.</p> <p data-bbox="555 1823 1420 1881">The Group has a whistleblower framework under which concerns are escalated to the Chair of the Board's Audit and Risk Committee (the "ARC").</p> <p data-bbox="555 1895 1420 1953">Material employee litigation matters are reported in the Group General Counsel's report to the Board (the "General Counsel Report").</p>

Business relationships with customers	<p>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.</p> <p>The Board receives quarterly updates from the regional sales teams which also flag any issues in relationships with partners and/or customers.</p>
Business relationships with suppliers	<p>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.</p>
Impact on the community and environment	<p><i>Social capital</i></p> <p>Corporate Citizenship is the Group's approach to ensuring we have a positive impact in the communities in which we work and operate across the globe. The Group cares about making a meaningful difference today, to safeguard a sustainable future for our colleagues, our clients, our partners, the environment and society of tomorrow. The Group is guided by our values and motivated by the footprint that we leave behind.</p> <p>In 2020 Lombard took part in the "World Kindness Day initiative", organising several training sessions for all staff during the year to raise awareness of "Personal Social Responsibility" and the importance of and value in being consciously and actively kind to others and ourselves, to ultimately bring about positive social change. Lombard and its staff raised funds for various charities as part of this initiative.</p> <p>Lombard prides itself on being a multicultural, inclusive, equitable, and innovative. We respect the diverse experiences and perspectives of our colleagues and value the power of each colleague's contributions in collectively delivering the extraordinary.</p> <p>In 2020, we established a "People Committee" whose first order of business was to develop a strategic plan for inclusion building upon our diversity, equity and inclusion activities. A number of initiatives were rolled out which will continue into 2021.</p> <p>Our Women in Business Group, also known as the "Lombard Lionesses", champion our charitable partnership with Dress for Success and spearhead our successful mentoring scheme for women and men across Europe.</p> <p>All our donations and charitable programming strives to have a meaningful, positive environmental impact, drive social awareness and enable community prosperity. Our people are at the heart of our endeavours that help to make a real difference, they proactively give back and get involved in their local communities by organising company-wide fundraising campaigns, participating in charitable events and donating their time, money and skills to causes close to their hearts.</p> <p>The main charities the Group supported in 2020 were as follows:</p> <ul style="list-style-type: none"> <li>MSF's COVID-19 Crisis Fund: As proud supporters of MSF's COVID-19 Crisis Fund, Lombard International Group was honoured to have Samuel Sieber PhD, MSF's COVID-19 Global Reporting Officer join colleagues, across the globe, in December, to host a discussion about the rise and evolution of the pandemic, the resulting risks and impacts, particularly in developing countries, and how MSF's COVID-19 Crisis Fund and our collective fundraising and corporate donations have helped the NGO.</li> </ul>

- **Charity Miles:** In partnership with Charity Miles, the Group sponsored colleagues around the world to raise money for the charity of their choice by walking, running or cycling over a 4 week period ending on 13 November, World Kindness Day.
- **Sunshine People:** The Group supported Nahla Summers' completion of the Sunshine People's 2020 Kindness Challenge.
- **Community Partnership School (CPS):** CPS is an innovative, independent elementary school that provides affordable, high-quality education to children from low-income backgrounds
- **Team Rynkeby:** The Group supported this Nordic charity cycling team who raise money for seriously ill children.
- **Kribskrank Kanner Foundation:** In lieu of Saint Nicholas this year, a donation was paid to Kribskrank Kanner who support children with life threatening medical conditions in Luxembourg.
- **1001 Fontaines:** The Group supported this French NGO, established in Paris, bringing lifelong access to safe drinking water to improve the health of vulnerable populations across the globe.
- **Baltic Sea Foundation:** A Finnish non-profit organisation protecting the environment and wildlife.
- **The Blevins Franks Charitable Foundation:** The Foundation supports over 150 separate causes including organisations that provide care to disadvantaged children, foodbanks, community projects, cancer and other healthcare support, animal rescue, homelessness charities and specialist medical treatment for individuals in need.
- **WeWorld Onlus:** In Italy WeWorld Onlus promote and safeguard the rights to inclusion of women, children and teenagers in Italy and throughout the world. It helps to prevent and combat violence against women fostering their economic, social and educational inclusion.

#### *Emission Reduction Targets / Achievements*

- Our Luxembourg office is powered by 100% renewable energy, produced by hydro-electric power for the last 5 years, as certified by Enovos, the Luxembourgish energy provider.

#### *Environmental*

- The majority of refuse and garbage is segmented to be able to recycled where appropriate. This process has been 100% certified by the Luxembourgish authorities.
- Since 2015 our in-house catering facilities have not used plastic cutlery.
- Since 2019 we have reduced plastic consumption in office supplies (binders, pouches, pencils etc.) by 50%.

### *Environmental Management*

- All standard lighting has been replaced by more efficient LED bulbs across the Luxembourg office building.
- All Luxembourg pool cars are fully electric.
- Our company car policy was amended in 2016 to limit CO<sub>2</sub> emissions to 120mg.
- Facility Certifications
- Our Luxembourg office building has been certified 'very good' by BREEAM, the world's leading sustainability assessment method.
- Luxembourg office building's 'Energy Passport Certificate' was awarded 'very good' by the Luxembourgish Authorities.

### *Sustainability Initiatives*

- Over the past 5 years, LIA has continuously reduced its energy consumption from 506,000 Kwh to 395,000 kwh by becoming more energy aware, replacing IT equipment with certified Energy Star kit and by installing automatic switch off lighting and IT where possible.

### *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.

The table below provides the details of the Group's UK energy use.

<b>SECR Reporting</b>				<b>Emission Factor</b>	<b>Emissions (kg of CO<sub>2</sub>)</b>
Scope	Emission Source	Consumption	Unit	Location Based	Location Based
2	Electricity Use	40,309	KwH	0.23104	9,312

The location-based emissions reflect the average emission of the grid where the energy consumption occurs and is calculated using UK Electricity grid average factors provided by the Department for Business, Energy & Industrial Strategy.

<b>Intensity Ratio</b>					
Our chosen intensity ratio is Mt of CO <sub>2</sub> E (market based) per sq ft of office space.					
Total Market Based 2020 (Kg CO <sub>2</sub> E)				9,312	
Total Sq. Ft. office space				9,167	
<b>Mt CO<sub>2</sub>E (market based) per sq ft office space</b>				<b>1.02</b>	

### *Methodology*

To accurately calculate our Scope 2 carbon emissions, these have been calculated using the emissions factors set out in the 2020 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.

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 its subsidiaries.

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.

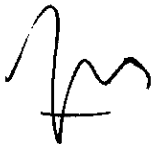
Acting fairly between members of the company.

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 these 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  
*Director*  
52 Lime Street, Level 27  
London EC3M 7AF

27 April 2021

# 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 2020 which comprise the Group Statement of Profit and Loss and Other Comprehensive Income, the Group and Parent company Statements of Financial Positions, Group and Company statement of cash flows and the Group and Parent statement of changes in equity and the related notes 1 to 22 (Group) and 1 to 8 (Parent company), including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and, as regards the parent company financial statements, as applied in accordance with section 408 of the Companies Act 2006.

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 2020 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006;
- the parent company financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 as applied in accordance with section 408 of the Companies Act 2006; 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 the date of approval of the financial statements.
- 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.

## Emphasis of matter – Tax Contingent Liabilities

We draw attention to Note 15 of the financial statements, which describes the tax contingent liabilities of the group and the information received subsequent to the year-end contesting certain tax returns filed.

Our opinion is not modified in respect of this matter.

## Other information

The other information comprises the information included in the annual report, 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 there is 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 pages 6-7, 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.

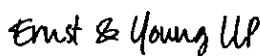
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are UK corporate and tax legislation, and applicable accounting regulations.
- We understood how LIA Holdings Ltd is complying with those frameworks by:
  - Discussing with key management personnel matters that may affect the company's compliance with those frameworks;
  - Understanding the process by which the financial statements are produced and assessing the controls in place to adhere to those frameworks; and
  - Understood 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 we have discussed and obtained 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 noncompliance with such laws and regulations. Our procedures included examination of legal correspondence and enquiries of key management.

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:  
  
B5A84ED2BD2D4CF...

Angus Millar (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
27 April 2021

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Year ended 31 December 2020	Year ended 31 December 2019
	Notes	€ 000	€ 000
<b>Revenue</b>			
Fee and commission income		188,756	182,422
Net investment return (loss)		1,569	743
Other operating income		6,168	53,683
<b>Total revenue</b>	<b>3</b>	<b>196,493</b>	<b>236,848</b>
<b>Policyholder investment return</b>			
Net investment return (loss) attributable to policyholders financial assets		1,058,311	4,594,703
Net investment return (loss) attributable to policyholders financial liabilities		(1,058,311)	(4,594,703)
<b>Net investment return (loss) attributable to policyholders</b>		<b>-</b>	<b>-</b>
<b>Expenses</b>			
Cost of reinsurance and policyholder claims		16,516	14,944
Change in insurance contract liabilities		267	254
Fees, commission and other contract costs	4	40,688	38,587
Administrative expenses	5	99,416	96,992
Other operating expenses		1,282	485
Acquired value of in-force business amortisation	7	27,850	30,269
Finance costs		9,237	9,343
<b>Total expenses</b>		<b>195,256</b>	<b>190,874</b>
<b>Profit (loss) before tax</b>		<b>1,237</b>	<b>45,974</b>
Income tax expense (benefit)	15	(472)	(4,428)
<b>Profit (loss) after tax for the year</b>		<b>1,709</b>	<b>50,402</b>
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Change in other comprehensive income (loss)		(5,195)	1,350
<b>Total comprehensive income (loss), net of tax</b>		<b>(3,486)</b>	<b>51,752</b>

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

# Consolidated Statement of Financial Position

		As at 31 December 2020	As at 31 December 2019
	Notes	€ 000	€ 000
<b>Assets</b>			
Goodwill	6	14,680	14,680
Intangible assets	7	316,236	340,177
Property and equipment	8	26,079	33,544
Deferred tax assets	15	31,778	32,432
Financial investments	17	34,410	60,694
Policyholder financial assets	9	49,400,887	48,463,050
Reinsurance assets	10	24,612	12,655
Other receivables	11	322,180	414,921
Cash & cash equivalents		94,908	96,321
<b>Total assets</b>		<b>50,265,770</b>	<b>49,468,474</b>
<b>Liabilities</b>			
Insurance contract liabilities	12	25,158	12,984
Policyholder financial liabilities	9	49,400,775	48,463,508
Other provisions	13	7,575	8,594
Borrowings	14	193,204	204,286
Other financial liabilities	17	8,783	11,203
Deferred tax liabilities	15	71,470	76,149
Deferred income		17,070	13,755
Income tax payables	15	11,272	10,337
Other payables	16	283,427	345,954
<b>Total liabilities</b>		<b>50,018,734</b>	<b>49,146,770</b>
<b>Net assets</b>		<b>247,036</b>	<b>321,704</b>
<b>Shareholders' equity</b>			
Share capital		35	35
Share premium		340,940	340,938
Other comprehensive income		(6,747)	(1,552)
Share based compensation reserve		3,119	1,331
Retained earnings (deficit)		(90,311)	(19,048)
<b>Total shareholders' equity</b>		<b>247,036</b>	<b>321,704</b>

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

The consolidated financial statements were authorised on 27 April 2021 and signed by:



Stuart Parkinson  
Group Chief Executive Officer



Florent Albert  
Group Chief Financial Officer

# Consolidated Statement of Changes in Equity

	Share capital <sup>1</sup>	Share premium <sup>2</sup>	Other comprehensive income	Share based compensation reserve	Retained earnings (deficit)	Total shareholders' equity
<i>C 000</i>						
At 1 January 2019	35	340,938	(4,871)	-	(27,481)	308,621
Change in functional currency	-	-	1,969	-	(1,969)	-
Profit (loss) for the year	-	-	-	-	50,402	50,402
Change in other comprehensive income <sup>3</sup>	-	-	1,350	-	-	1,350
Share based compensation	-	-	-	1,331	-	1,331
Establishment of LIA Holdings Limited (UK)	(35)	(340,938)	-	-	-	(340,973)
Corporate reorganisation	35	340,938	-	-	-	340,973
Dividend	-	-	-	-	(40,000)	(40,000)
<b>At 31 December 2019</b>	<b>35</b>	<b>340,938</b>	<b>(1,552)</b>	<b>1,331</b>	<b>(19,048)</b>	<b>321,704</b>
At 1 January 2020	35	340,938	(1,552)	1,331	(19,048)	321,704
Profit (loss) for the year	-	-	-	-	1,709	1,709
Change due to foreign exchange conversions	-	-	(5,195)	-	-	(5,195)
Issue (repayment) of share capital or premium	-	2	-	-	-	2
Share based compensation	-	-	-	1,788	-	1,788
Dividend	-	-	-	-	(72,972)	(72,972)
<b>At 31 December 2020</b>	<b>35</b>	<b>340,940</b>	<b>(6,747)</b>	<b>3,119</b>	<b>(90,311)</b>	<b>247,036</b>

<sup>1</sup> As at 31 December 2020 and 2019, the total authorised and issued number of ordinary shares was 4,448,204 and 4,432,028, respectively. 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. Please refer to footnote 1(a) for information regarding the redomestication of the Parent Company.

<sup>2</sup> 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 2020 the total authorized and issued number of other share classes was 789,522 and 711,914, respectively. As at 31 December 2019 the total authorized and issued number of other share classes was 473,018 and 421,338, respectively.

<sup>3</sup> Change in other comprehensive income is made up of components that are immaterial on a standalone basis.

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

# Consolidated Statement of Cash Flows

		Year ended 31 December 2020	Year ended 31 December 2019
	Notes	€ 000	€ 000
<b>Operating activities</b>			
Cash flows from operating activities:			
Profit (loss) after tax		1,709	50,402
Adjustments for:			
Depreciation and amortisation		11,983	12,285
Amortisation of acquired value of in-force business	7	27,850	30,269
Share based compensation		1,788	1,331
Income tax expense (benefit)	15	(472)	(4,428)
Net realised and unrealised investment gains/losses		(1,569)	(407)
Net realised and unrealised gains/losses on foreign currency		(4,950)	2,326
Interest charges		9,237	9,343
<b>Changes in operating assets and liabilities:</b>			
Decrease (Increase) in other receivables		86,190	(133,758)
Decrease (Increase) in reinsurance receivables		(11,958)	(3,345)
Decrease (Increase) in capitalised acquisition costs		(5,074)	(10,313)
Increase (Decrease) in insurance contract liabilities		12,174	3,605
Increase (Decrease) in deferred front-end fees		3,316	8,138
Increase (Decrease) in other provisions and other financial liabilities		(3,438)	(2,010)
Increase (Decrease) in other payables		(56,357)	75,778
Change from policyholder activity		(569)	(641)
<b>Cash generated from operating activities</b>		<b>69,860</b>	<b>38,575</b>
Interest paid		(8,496)	(8,567)
Income taxes paid		(3,975)	(4,429)
<b>Net cash generated from operating activities</b>		<b>57,389</b>	<b>25,579</b>
<b>Investing activities</b>			
Proceeds from sales of investments		3,491	42,816
Acquisition of investments		(21,208)	(17,456)
Acquisition of property, equipment and software		(2,446)	(6,411)
<b>Net cash used in investing activities</b>		<b>(20,163)</b>	<b>(18,979)</b>
<b>Financing activities</b>			
Proceeds from the issue of share capital/share premium		2	1
Repayment of share capital or premium		-	-
Dividend		(72,972)	(40,000)
Payment of Lease Liabilities		(7,221)	(5,397)
<b>Net cash from financing activities</b>		<b>(80,191)</b>	<b>(45,396)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(42,965)</b>	<b>(838)</b>
Cash and cash equivalents at January 1		96,321	96,665
Reclassification of money market funds to cash equivalents		43,423	-
Effects of exchange rate changes on cash and cash equivalents		(1,871)	494
<b>Cash and cash equivalents at end of period<sup>1</sup></b>		<b>94,908</b>	<b>96,321</b>

<sup>1</sup> Cash and cash equivalents for the year ended 31 December 2020 include €26.9 million of money market funds which were previously classified as financial investments in 2019.

*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 2020 were authorised for issue in accordance with a resolution of the directors on 27 April 2021. LIA Holdings Limited (the “Company”) is a privately held limited liability company 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 Note 21 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. The going concern basis has been adopted in preparing these financial statements. Information on other related party relationships of the Group is provided in Note 20.

#### Redomestication:

On 12 July 2019, LIA Holdings Limited (UK Limited Company) and LIA Holdings Ltd. (Cayman Islands Company) completed a redomestication transaction in which all share classes of the Cayman Islands Company were exchanged for like shares of the UK Limited Company. As a result, the Cayman Islands Company became a wholly owned subsidiary of the UK Limited Company. The Cayman Islands Company was liquidated on 12 July 2019, with all assets being transferred to the UK Limited Company. Under IFRS, the newly formed UK Limited Company is considered to be a continuation of the Cayman Islands Company for the purpose of preparing consolidated financial statements.

For the periods prior to 12 July 2019, references to the “Company” include the accounts of LIA Holdings Ltd., a Cayman Islands Company, and its consolidated subsidiaries. For periods subsequent to 12 July 2019, references to the “Company” are to include the accounts of LIA Holdings Limited, a UK Limited Company and its consolidated subsidiaries.

## 1. Accounting Information and Policies (*continued*)

### **(b) Basis of preparation**

The consolidated financial statements of the Group have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

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.

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.

### **(c) 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 returns. 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.

### **(d) Change in accounting policies and disclosures**

- i. *New and amended standards and interpretations, effective during the year:*
  - a. The following amendments and interpretations apply for the first time in 2020, but do not have an impact on the consolidated financial statements of the Group.
    - Amendments to References to the Conceptual Framework in IFRS Standards
    - Amendments to IAS 1 and IAS 8 – Definition of Material
    - Amendments to IFRS 3 – Definition of a Business

## 1. Accounting Information and Policies *(continued)*

- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- COVID-19-Related Rent Concessions (Amendment to IFRS 16)

### ii. *Issued amendments and interpretations, not yet effective*

#### a. 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.

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 staff at the International Accounting Standards Board have decided to defer the implementation of IFRS 17 until 1 January 2023. Retrospective application is required. However, if full retrospective application for a group of insurance contracts is impracticable, then the entity is required to choose either a modified retrospective approach or a fair value approach.

The Group plans to adopt the new standard on the required effective date. The Group expects that the new standard will result in an insignificant change and will continue to assess the potential effect of IFRS 17 on its consolidated financial statements.

- b. 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.

### *(e) Foreign currency translation*

The consolidated financial statements are presented in euro 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 items are translated to euro based on the year-end exchange rate and shareholders' equity was 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 monthly average exchange rates. The accumulated exchange differences arising from these translations are recognised via other comprehensive income to the foreign currency transaction reserve in equity.

## 1. Accounting Information and Policies (*continued*)

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 2020 and 2019, expressed in United States Dollars, Singapore Dollars, Hong Kong Dollars and British Pound Sterling per €1, were as follows:

	2020	2019
<b>United States Dollar</b>		
Profit or loss and cash flows <sup>i</sup>	1.14	1.12
Assets and liabilities <sup>ii</sup>	1.23	1.12
<b>Singapore Dollar</b>		
Profit or loss and cash flows <sup>i</sup>	1.57	1.53
Assets and liabilities <sup>ii</sup>	1.63	1.51
<b>Hong Kong Dollar</b>		
Profit or loss and cash flows <sup>i</sup>	8.84	8.77
Assets and liabilities <sup>ii</sup>	9.52	8.72
<b>British Pound Sterling</b>		
Profit or loss and cash flows <sup>i</sup>	0.89	0.88
Assets and liabilities <sup>ii</sup>	0.90	0.85

### (f) 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 2020 and 2019.

#### ii. Insurance Contracts

Insurance contracts are those contracts where the Group (the insurer) has accepted significant insurance risk from another party, the policyholder, by agreeing to compensate the policyholders if a specified uncertain future event

i Weighted average rates.

ii Year-end rates.

## 1. Accounting Information and Policies *(continued)*

(the insured event) adversely affects the policyholders. 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 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.

### *(g) Revenue recognition*

#### *i. Investment Contracts:*

- Asset based fees represent charges to policyholder's accounts for the administration of the assets under administration ("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, are generally deferred and amortised over the anticipated lifetime of the period in which services will be provided.

#### *ii. Insurance Contracts (US GAAP ASC 944):*

- Asset based fees represent charges to policyholder's 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.
- Cost of insurance is a fee assessed on unit-linked insurance contracts. The fee is a risk charge to policyholder accounts and is recognised as revenue over the associated risk period.
- Deferred income includes initial fees, which relate to the future provision of services, 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 recognized 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.

## I. Accounting Information and Policies *(continued)*

- iii. *Third party administrative service fees* consist of a management services agreement with an affiliated entity. The Group performs services related to an existing administrative services agreement that affiliate has with another insurance company. 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 earned at the policy inception date.

### ***(h) Investment return***

Investment return, 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.

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

### ***(i) 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.

### ***(j) 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.

## 1. Accounting Information and Policies *(continued)*

The basis for calculation of the fair value of these awards was 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.

### *(k) 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.

### *(l) 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. 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.

## 1. Accounting Information and Policies *(continued)*

### *(m) 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 25 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. Amortisation is charged to the consolidated statement of profit or loss and other comprehensive income to 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.

## 1. Accounting Information and Policies *(continued)*

### *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.

### *(n) 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 or construction cost, any costs directly attributable to bring the asset into operation, and any borrowing costs on qualifying assets. Qualifying assets are defined as an asset or programme where the period of capitalisation is more than 12 months. The purchase price or construction cost is the aggregate amount paid and the fair value of any other consideration given to acquire the asset.

### *(o) 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.

### *(p) Policyholder financial assets and liabilities*

Policyholder financial 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 policyholder 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.

Policyholder financial liabilities represent the Group's obligation to distribute the policyholder financial assets to the policyholders. The policyholder financial assets and liabilities typically offset each other. When there is a net difference it is

## 1. Accounting Information and Policies (*continued*)

usually attributed to the timing of transfers of funds between the Group's funds and the separate account.

The policyholder financial 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 Note 10.

### **(q) 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, premiums paid to reinsurers, 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.

### **(r) Other receivables**

Other receivables 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.

### **(s) Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, and money market funds (2020). The Company previously classified money market funds as financial investments. The change in classification was the result of a change in purpose of the funds.

## 1. Accounting Information and Policies (*continued*)

### **(t) 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.

### **(u) 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.

### **(v) 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.

### **(w) 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.

### **(x) 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

## 1. Accounting Information and Policies (*continued*)

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 (y) 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 because 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 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 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.

## 1. Accounting Information and Policies *(continued)*

### (y) 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.

## 2. Significant Accounting Judgments, Estimates and Assumptions

The preparation of consolidated financial statements in conformity with 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 policyholder assets and liabilities
- Recoverability of acquired in-force business
- Recoverability of capitalised contract costs
- Determining the recoverability of deferred tax assets

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

### ***Valuation of policyholder 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). Further details of these valuations are described in Note 17.

### ***Recoverability of acquired in-force business***

AVIF included within intangibles asset represents the value of the insurance businesses acquired in an acquisition. The amount is determined using estimates for mortality, lapse, maintenance expenses, investment returns and other applicable purchase 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. Refer to Note 7 for our disclosure over the valuation of the AVIF.

### ***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. Refer to Note 7 for our disclosure over the valuation of the capitalised contract costs.

### ***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. See Note 15.

### 3. Revenue

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

#### *Fee and commission income*

	Year ended 31 December 2020	Year ended 31 December 2019
	€ 000	€ 000
Asset based fees	136,661	137,011
Other investment contract fees	15,520	14,575
Movement in deferred income	(1,690)	(1,761)
<b>Total investment contract income</b>	<b>150,491</b>	<b>149,825</b>
Asset based fees	9,733	8,607
Cost of insurance charge	16,068	14,587
Other insurance contract fees	1,611	1,954
Movement in deferred income	230	(3,303)
<b>Total insurance contract income</b>	<b>27,642</b>	<b>21,846</b>
Associate administrative services	5,914	6,294
Brokerage commissions	4,709	4,457
<b>Total fee and commission income</b>	<b>188,756</b>	<b>182,422</b>

#### *Net investment return (loss)*

	Year ended 31 December 2020	Year ended 31 December 2019
	€ 000	€ 000
Interest income	356	453
Realised / unrealised gain	962	375
Other	251	(85)
<b>Net investment return (loss)</b>	<b>1,569</b>	<b>743</b>

#### *Other operating income*

The total other operating income was €6.2 million and €53.8 million for the years ended 31 December 2020 and 2019, respectively. The decrease in 2020 of €47.5 million was mainly in connection with the income recorded in 2019 related to the contingent consideration from the Company's prior owners. The forfeiture contingent consideration was based on the value of a book of insurance policies

### 3. Revenue (*continued*)

held by the operating entities on 30 June 2019 and of the new business issued by the operating entities for the year ending on 30 June 2019. The book of insurance policies comprised policies underwritten until 30 June 2014. The balance in the amount of €50.0 million was recognized in 2019. The remaining balance is mostly made up of net gain from the Group's revaluation of borrowings, swap agreement valuations and VAT tax rebates.

### 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 2020	Year ended 31 December 2019
	€ 000	€ 000
Commissions	24,575	24,397
Contract fees	3,885	2,996
Amortisation of capitalised contract costs	4,908	3,740
Other contract costs	7,320	7,455
<b>Total fees, commission and other contract costs</b>	<b>40,688</b>	<b>38,587</b>

### 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 2020	Year ended 31 December 2019
	€ 000	€ 000
Compensation	59,296	53,221
Professional fees	10,798	10,863
Facilities charges	2,141	2,261
Depreciation and amortisation	11,983	12,285
Travel and expense	1,924	5,249
Software, equipment and computer supplies	5,234	4,846
Marketing	1,834	1,949
Other	6,206	6,318
<b>Total administrative expenses</b>	<b>99,416</b>	<b>96,992</b>

The Group's annual audit expense is recorded within professional fees and is summarised below:

## 5. Administrative Expenses (continued)

	Year ended 31 December 2020	Year ended 31 December 2019
	€ 000	€ 000
<b>For audit services</b>		
Audit of the financial statements of the Company	201	192
Audit of the financial statements of the Company's subsidiaries	1,213	1,206
<b>For other services</b>		
Taxation compliance services	276	218
Taxation advisory services	10	-
<b>Total fees payable to the Group's auditor</b>	<b>1,700</b>	<b>1,616</b>

The aggregate remuneration of those employees is comprised of:

	Year ended 31 December 2020	Year ended 31 December 2019
	€ 000	€ 000
Wages and salaries	42,659	38,604
Other benefits	8,483	8,375
Share based compensation	1,788	1,331
Payroll taxes and other	6,366	4,911
<b>Total Compensation</b>	<b>59,296</b>	<b>53,221</b>

Capitalised contract costs of €11.6 million and €13.8 million are recorded within wages and salaries for the years ended 31 December 2020 and 2019, respectively.

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

	Year ended 31 December 2020	Year ended 31 December 2019
Sales and marketing	99	100
Operations	201	200
Administrative and other	217	206
<b>Average number of employees</b>	<b>517</b>	<b>506</b>

## 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. ("IDIT") from Friends Life & Pension Ltd ("FLPL"), a UK insurance company. The goodwill recorded is €14.7 million as at 31 December 2020 and 2019, respectively.

For the purpose of impairment testing, goodwill has been attributed to the cash-generating unit of Europe. Goodwill is reviewed at least annually for impairment or when circumstances or events indicate there may be uncertainty over this value.

Management has reviewed, as at 31 December 2020 and 2019, the value of acquired intangibles assets used to determine the goodwill on acquisition. The value calculated by management is based on the Market Consistent Embedded Value "MCEV". The assumptions used in the calculation are: lapses, mortality, maintenance expense, tax rate, inflation, and discount rate (0.42%). Based on the review performed, no evidence of impairment was identified. It is considered that any reasonably possible levels of change in the key assumptions would not result in impairment of the goodwill.

## 7. Intangible Assets

€ 000	Capitalised Contract Costs	Acquired Value of In-Force Business	Insurance Licenses	Computer Software	Total
<i>Cost</i>					
At 1 January 2019	67,980	453,838	2,978	24,627	549,423
Currency translation differences	235	116	59	7	417
Additions	16,236	-	-	3,673	19,909
Impairments	(2,391)	-	-	-	(2,391)
At 31 December 2019	82,060	453,954	3,037	28,307	567,358
Currency translation differences	(1,546)	(534)	(268)	(84)	(2,432)
Additions	13,876	-	-	2,369	16,245
Impairments	(2,494)	-	-	-	(2,494)
<b>At 31 December 2020</b>	<b>91,896</b>	<b>453,420</b>	<b>2,769</b>	<b>30,592</b>	<b>578,677</b>
<i>Accumulated amortisation</i>					
At 1 January 2019	(9,412)	(161,848)	-	(18,453)	(189,713)
Currency translation differences	(27)	-	-	(2)	(29)
Amortisation	(3,740)	(30,269)	-	(3,430)	(37,439)
At 31 December 2019	(13,179)	(192,117)	-	(21,885)	(227,181)
Currency translation differences	146	21	-	44	211
Amortisation	(4,908)	(27,850)	-	(2,713)	(35,471)
<b>At 31 December 2020</b>	<b>(17,941)</b>	<b>(219,946)</b>	<b>-</b>	<b>(24,554)</b>	<b>(262,441)</b>
<i>Carrying amount</i>					
At 31 December 2019	68,881	261,837	3,037	6,422	340,177
<b>At 31 December 2020</b>	<b>73,955</b>	<b>233,474</b>	<b>2,769</b>	<b>6,038</b>	<b>316,236</b>
<i>Current vs non-current</i>					
Current	36,504	27,954	-	3,452	67,910
Non-current	32,377	233,883	3,037	2,970	272,267
At 31 December 2019	68,881	261,837	3,037	6,422	340,177
Current	5,052	27,974	-	2,692	35,718
Non-current	68,903	205,500	2,769	3,346	280,518
<b>At 31 December 2020</b>	<b>73,955</b>	<b>233,474</b>	<b>2,769</b>	<b>6,038</b>	<b>316,236</b>

Amortisation expense of capitalised contract costs is charged within the fees, commission and other acquisition 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:

	€ 000	Right of Use Asset	Leasehold Improvements	Equipment	Furniture and Fixtures	Total
<i>Cost</i>						
At 1 January 2019	-	-	3,750	9,348	4,625	17,723
IFRS 16 adoption	29,480	-	-	-	-	29,480
Currency translation differences	187	200	14	40	441	
Additions	5,270	1,674	178	849	7,971	
At 1 January 2020	34,937	5,624	9,540	5,514	55,615	
Currency translation differences	(1,889)	(355)	(64)	(128)	(2,436)	
Additions	2,449	102	637	414	3,602	
Disposals	(623)	(428)	17	(104)	(1,138)	
<b>At 31 December 2020</b>	<b>34,874</b>	<b>4,943</b>	<b>10,130</b>	<b>5,696</b>	<b>55,643</b>	
<i>Accumulated depreciation</i>						
At 1 January 2019	-	(1,371)	(7,388)	(4,458)	(13,217)	
Currency translation differences	(11)	34	(7)	(13)	3	
Depreciation	(7,076)	(816)	(743)	(222)	(8,857)	
At 1 January 2020	(7,087)	(2,153)	(8,138)	(4,693)	(22,071)	
Currency translation differences	958	187	58	77	1,280	
Depreciation	(7,358)	(832)	(986)	(95)	(9,271)	
Disposals	478	20	-	-	498	
<b>At 31 December 2020</b>	<b>(13,009)</b>	<b>(2,778)</b>	<b>(9,066)</b>	<b>(4,711)</b>	<b>(29,564)</b>	
<i>Carrying amount</i>						
At 31 December 2019	27,850	3,471	1,402	821	33,544	
<b>At 31 December 2020</b>	<b>21,865</b>	<b>2,165</b>	<b>1,064</b>	<b>985</b>	<b>26,079</b>	

## 9. Policyholder Financial Assets and Liabilities

### *Policyholder Financial Liabilities*

	2020	2019
	€ 000	€ 000
Balance at 1 January	48,463,508	41,502,170
Deposits	4,164,459	5,597,981
Withdrawals	(3,371,546)	(3,181,823)
Interest on policy loans	3,594	3,525
Mortality experience	(9,720)	(19,954)
Fees	(172,694)	(167,965)
Investment performance	1,058,311	4,594,703
Foreign exchange	(735,137)	134,871
<b>Balance at December 31</b>	<b>49,400,775</b>	<b>48,463,508</b>
Current	3,369,595	3,312,158
Non-current	46,031,180	45,151,350
<b>Total</b>	<b>49,400,775</b>	<b>48,463,508</b>

Policyholder Financial Liabilities are made up of Unit-Linked Life Insurance Contracts and Unit-Linked Investment Contracts. Unit-Linked Life Insurance Contracts are fully attributed to the policyholder account values of the US high net worth variable life insurance policies of €2,527 million and €2,293 million as of 31 December 2020 and 2019 respectively. The Investment Contract Benefits represent movement in account value for the annuity contracts in the US and Europe of €46,874 million and €46,170 million as of 31 December 2020 and 2019, respectively.

### *Policyholder Financial Assets*

Policyholder financial assets offset policyholder financial liabilities except for timing differences resulting from settlements between the Group's assets and the policyholder separate accounts. The policyholder financial assets were €49,401 million and €48,463 million as of 31 December 2020 and 2019 respectively.

## 10. Reinsurance Assets

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

	2020	2019
	€ 000	€ 000
Balance at 1 January	12,655	9,309
Reinsurance component of change in insurance liabilities	4,892	3,245
Net Death Claims	7,963	-
Other	(127)	(69)
Currency translation differences	(771)	170
<b>Balance at 31 December</b>	<b>24,612</b>	<b>12,655</b>

## 11. Other Receivables

	31 December 2020	31 December 2019
	€ 000	€ 000
Insurance and investment contract receivables	44,205	94,849
Prepayments	3,521	4,304
Advance foreign taxes relating to policy holders	207,507	195,713
Fees and commissions receivables	45,646	43,404
Advance current taxes	19,238	19,256
Swap asset	-	3,664
Other	2,063	53,731
<b>Total other receivables</b>	<b>322,180</b>	<b>414,921</b>
Current	110,735	202,409
Non-current	211,445	212,512
<b>Total other receivables</b>	<b>322,180</b>	<b>414,921</b>

The 2020 balance in Other was lower than the 2019 balance by €51.7 million in connection with the sale agreement with Aviva, please refer to Note 3 for more information.

The Group applies the IFRS 9 simplified model of recognising lifetime expected credit losses (ECL) for all other receivables as these items do not have a significant financing component. The Group has not recorded any provisions on any of the other receivables in 2020 or 2019.

## 12. Insurance Contract Liabilities

The Group's insurance risk arises through its exposure to mortality risk from its unit-linked 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 insurance contracts. There are no other insurance specific risks that would significantly impact the Group's consolidated financial statements.

	31 December 2020	31 December 2019
	€ 000	€ 000
Balance at 1 January	12,984	9,379
Movement in mortality reserve	5,136	3,502
Movement in legacy business	(125)	(68)
Net Death Claims	7,963	-
Movement due to foreign currency translation	(800)	171
<b>Balance at year end</b>	<b>25,158</b>	<b>12,984</b>
Insurance products	19,272	6,390
Legacy business	5,886	6,594
<b>Total</b>	<b>25,158</b>	<b>12,984</b>
Current	7,963	-
Non-current	17,195	12,984
<b>Total</b>	<b>25,158</b>	<b>12,984</b>

The principal assumption used in the calculation of liabilities is mortality. The Group uses established mortality tables to derive its assumptions. An increase in the mortality assumption by 15% would result in an immaterial change in profit or loss before tax and change in shareholders' equity. This is a result of the Group's usage of reinsurance.

## 13. Other Provisions

	Legal Provisions	Other Provisions	Total Provisions
	€ 000	€ 000	€ 000
At 1 January 2020	3,691	4,903	8,594
Released during the year	(813)	(1,619)	(2,432)
Additional provisions	680	733	1,413
<b>At 31 December 2020</b>	<b>3,558</b>	<b>4,017</b>	<b>7,575</b>
Current	-	767	767
Non-current	3,558	3,250	6,808
<b>Total other provisions</b>	<b>3,558</b>	<b>4,017</b>	<b>7,575</b>
At 1 January 2019	3,270	4,330	7,600
Released during the year	(1,253)	(75)	(1,328)
Additional provisions	1,674	648	2,322
<b>At 31 December 2019</b>	<b>3,691</b>	<b>4,903</b>	<b>8,594</b>
Current	-	1,454	1,454
Non-current	3,691	3,449	7,140
<b>Total other provisions</b>	<b>3,691</b>	<b>4,903</b>	<b>8,594</b>

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.

## 14. Borrowings

	31 December 2020	31 December 2019
	€ 000	€ 000
Senior unsecured notes due 2022	162,436	171,124
Senior unsecured notes due 2024	32,556	35,701
<b>Total non-current borrowings</b>	<b>194,992</b>	<b>206,825</b>
Deferred financing costs	(1,788)	(2,539)
<b>Total borrowings</b>	<b>193,204</b>	<b>204,286</b>

The Company issued senior unsecured notes on 21 November 2017 through one euro 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.

#### 14. Borrowings (*continued*)

The USD received through the Series B tranche issuance was swapped for euros on 21 November 2017. This was accomplished through two swap agreements with two counterparties. The total notional amount of the swap agreements is €95.3 million with a termination date of on 21 November 2022.

The fair value of the swaps was a liability as at 31 December 2020 and an asset as at 31 December 2019 of €(2.8) million and €3.6 million, respectively, recorded within other payables and other receivables 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 2020 and 2019 of €(6.4) million and €4.8 million, respectively.

#### 15. Taxes

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

	Year ended 31 December 2020	Year ended 31 December 2019
	€ 000	€ 000
Current tax on profits for the year	5,016	2,127
<b>Total current tax expense</b>	<b>5,016</b>	<b>2,127</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(8,090)	(5,802)
Change in tax rates or tax laws	(74)	(2,493)
Write down of deferred tax assets	2,676	1,740
<b>Total deferred benefit</b>	<b>(5,488)</b>	<b>(6,555)</b>
<b>Total income tax benefit for the year</b>	<b>(472)</b>	<b>(4,428)</b>

15. Taxes (*continued*)

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 2020	Year ended 31 December 2019
	€ 000	€ 000
Capitalised contract costs	(627)	(611)
Provisions and other temporary differences	(1,455)	(1,334)
Unused losses and tax credits	934	3,686
Amortisation of acquired value of in-force business	(6,942)	(7,543)
Adjustments due to tax rate changes in deferred items	(74)	(2,493)
Write down of deferred tax assets	2,676	1,740
<b>Total deferred tax benefit</b>	<b>(5,488)</b>	<b>(6,555)</b>

***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***

	31 December 2020	31 December 2019
	€ 000	€ 000
Advances on current taxes	19,238	19,256
Income taxes receivable	131	28
Income taxes payable	(11,272)	(10,337)
<b>Net current tax</b>	<b>8,097</b>	<b>8,947</b>

Advances on current taxes and income taxes receivable are recorded in other receivables on the consolidated statement of financial position. Income taxes payable is on its own line on the consolidated statement of financial position. The balances represent the net current tax position for the Group. The balances are shown gross on the statement of financial position as there is no legal right to offset.

15. Taxes (*continued*)*Deferred Tax*

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

	31 December 2020	31 December 2019
	€ 000	€ 000
Deferred tax assets	31,778	32,432
Deferred tax liability	(71,470)	(76,149)
<b>Net deferred tax liability</b>	<b>(39,692)</b>	<b>(43,717)</b>

On 11 March 2020 it was announced (and substantively enacted on 17 March 2020) that the UK corporation tax rate would remain at 19% and not reduce to 17% (the previously enacted rate) from 1 April 2020. Further it has been announced in the recent budget on 3 March 2021 that the rate of UK corporation tax will increase to 25% from April 2023. The deferred tax balances included within the accounts have been calculated with reference to the current enacted rate of 19%, as required under International Financial Reporting Standards.

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

	2020	2019
	€ 000	€ 000
Acquired value of in-force business	(58,020)	(65,070)
Contract costs	11,620	10,265
Net operating losses and tax credits	12,060	12,125
Write down of deferred tax assets	(7,440)	(4,153)
Provisions and other temporary differences	2,088	3,116
<b>Net deferred tax liability</b>	<b>(39,692)</b>	<b>(43,717)</b>

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

	31 December 2020	31 December 2019
	€ 000	€ 000
Balance at 1 January	(43,717)	(50,427)
Deferred income tax benefit	5,488	6,555
Foreign currency translation	(1,463)	155
<b>Balance at 31 December</b>	<b>(39,692)</b>	<b>(43,717)</b>

15. Taxes (*continued*)***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 £5m allowance. In the US, NOLs can be carried forward indefinitely and allowed to offset up to 80% of taxable income in the year of utilisation with no carryback capacity. Limitations apply in utilising NOLs of acquired operations.

	Year ended 31 December 2020	Year ended 31 December 2019
	€ 000	€ 000
US	8,265	9,632
UK	15,180	7,446
Hong Kong	6,184	5,155
Singapore	7,405	7,540
Luxembourg	20,427	32,961
<b>Net operating loss</b>	<b>57,461</b>	<b>62,734</b>

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. NOLs reflected in the deferred asset tax balance is €22.3 million and €35.0 million for the years ended 31 December 2020 and 2019, respectively.

***Tax Contingent Liabilities***

A tax contingent liability that is both probable and the amount can be estimated is recorded as 1) an expense or loss on the consolidated statement of profit or loss and other comprehensive income, and 2) a liability on the consolidated statement of financial position. The Group recorded an uncertain tax provision for €(0.1) million and €(0.4) million for the years ended 31 December 2020 and 2019, respectively.

From time to time the Group engages with tax authorities and agencies 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 in accordance with IFRIC 23. Subsequent to the year end, the Group received information from a European tax agency contesting certain tax returns filed. The outcome is at present uncertain and it is too early to determine whether a future outflow of economic resources beyond that provided for income taxes payable is probable or to reliably estimate any such outflow. It is possible that the ultimate outcome may differ materially from that currently provided. After careful reassessment of the position the Group has concluded that no adjustment is required to the Group's original assessment and no additional provision has been made.

15. 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 2020 and 2019 is provided below. In 2020 the presentation of rate reconciliation has been changed to reconciliation from expected group tax expense (benefit) at UK statutory rate to actual group tax expense (benefit) instead of reconciliation from expected group tax expense (benefit) at group weighted average tax rate to actual group tax expense (benefit). Accordingly, 2019 comparative rate reconciliation presentation has been updated to reflect UK statutory tax rate presentation as utilised in 2020. This has resulted in change in the representation of the expected tax expense in 2019 from €7.5 million to €8.7 million. This is a presentational change and does not have any impact on the actual group tax expense (benefit) or the result.

	Year ended 31 December 2020	Year ended 31 December 2019
	€ 000	€ 000
Expected tax expense (benefit) at UK statutory tax rate	302	8,735
Effect of local rates different than statutory	(19,928)	(925)
Permanent differences	15,329	(12,373)
Rate change	(74)	(2,493)
Write down of deferred tax assets	2,569	1,740
Prior year adjustment	(98)	89
Other taxes like wealth tax	1,338	1,194
Uncertain tax position	95	(395)
<b>Total income tax expense (benefit)</b>	<b>(472)</b>	<b>(4,428)</b>

## 16. Other Payables

	31 December 2020	31 December 2019
	€ 000	€ 000
Cash premium in advance and liquidation payables	45,551	114,190
Fees and commissions payables	5,409	6,643
Tax and social security payables	7,302	7,372
Taxes payable on premium, claims and surrenders	88,905	77,191
Payables in respect of policyholders foreign taxes	73,567	73,004
Reinsurance payables	3,204	3,210
Accruals	24,635	28,699
Lease liability	23,650	29,737
Swap liability	2,803	-
Other	8,401	5,908
<b>Total other payables</b>	<b>283,427</b>	<b>345,954</b>
Current	177,218	245,799
Non-current	106,209	100,155
<b>Total other payables</b>	<b>283,427</b>	<b>345,954</b>

## 17. Financial Risk

### ***Risk Management Objectives and Risk Policies***

Under IFRS 7, the Group is required to analyse their 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:

#### ***Policyholder financial assets and liabilities (see Note 9); and***

Policyholder 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 policyholder 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***

##### **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.

##### **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, Swedish Krona, Danish Krone and Norwegian Krone.

## 17. Financial Risk

### *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 <sup>1</sup>	Financial Assets Measured at Amortised Cost	Financial Liabilities at Fair Value Through Profit or Loss <sup>1</sup>	Financial Liabilities Measured at Amortised Cost	Total
€ 000					
<b>31 December 2020</b>					
Group financial assets:					
Fixed income securities	34,152	-	-	-	34,152
Investment in collective investment schemes	258	-	-	-	258
Cash and cash equivalents	-	94,908	-	-	94,908
Other receivables	-	322,042	-	-	322,042
Policyholder financial assets:					
Equities	9,667,365	-	-	-	9,667,365
Fixed income securities	6,604,964	-	-	-	6,604,964
Investment in collective investment schemes	28,578,053	-	-	-	28,578,053
Derivative financial instruments	92,767	-	-	-	92,767
Policyholder loans	-	79,975	-	-	79,975
Other receivables	173,497	-	-	-	173,497
Cash and cash equivalents	4,243,538	-	-	-	4,243,538
<b>Total financial assets</b>	<b>49,394,594</b>	<b>496,925</b>	<b>-</b>	<b>-</b>	<b>49,891,519</b>
Group financial liabilities:					
Borrowings	-	-	-	(193,204)	(193,204)
Other financial liabilities	-	-	-	(8,783)	(8,783)
Other payables	-	-	(2,803)	(280,625)	(283,428)
<b>Policyholder financial liabilities:</b>					
Investment contract benefits	-	-	(46,873,352)	-	(46,873,352)
Derivative financial instruments <sup>2</sup>	-	-	(5,926)	-	(5,926)
Other payables <sup>2</sup>	-	-	(33,346)	-	(33,346)
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>(46,915,427)</b>	<b>(482,612)</b>	<b>(47,398,039)</b>

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

<sup>2</sup> 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.

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.

17. Financial Risk (*continued*)

	Financial Assets at Fair Value Through Profit or Loss <sup>3</sup>	Financial Assets Measured at Amortised Cost	Financial Liabilities at Fair Value Through Profit or Loss <sup>3</sup>	Financial Liabilities Measured at Amortised Cost	Total
	€ 000				
<b>31 December 2019</b>					
Group financial assets:					
Fixed income securities	17,039	-	-	-	17,039
Investment in collective investment schemes	43,655	-	-	-	43,655
Cash and cash equivalents	-	96,321	-	-	96,321
Other receivables	3,664	411,257	-	-	414,921
Policyholder financial assets:					
Equities	8,799,078	-	-	-	8,799,078
Fixed income securities	6,776,474	-	-	-	6,776,474
Investment in collective investment schemes	28,314,044	-	-	-	28,314,044
Derivative financial instruments	62,831	-	-	-	62,831
Policyholder loans	-	83,205	-	-	83,205
Other receivables	112,882	-	-	-	112,882
Cash and cash equivalents	4,376,353	-	-	-	4,376,353
<b>Total financial assets</b>	<b>48,506,020</b>	<b>590,783</b>	<b>-</b>	<b>-</b>	<b>49,096,803</b>
Group financial liabilities <sup>4</sup> :					
Borrowings	-	-	-	(204,286)	(204,286)
Other financial liabilities	-	-	(876)	(10,327)	(11,203)
Other payables	-	-	(347,285)	-	(347,285)
<b>Policyholder financial liabilities:</b>					
Investment contract benefits	-	-	(46,169,589)	-	(46,169,589)
Derivative financial instruments <sup>5</sup>	-	-	(24,788)	-	(24,788)
Other payables <sup>5</sup>	-	-	-	(37,029)	(37,029)
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>(46,542,538)</b>	<b>(251,642)</b>	<b>(46,794,180)</b>

The carrying value of the unit-linked investment contract liabilities may differ from the amount contractually required to pay at maturity. Maturity values of the financial liabilities vary with future policyholder investment and withdrawals as well as investment return, coupled with the impact of capital losses in the funds.

<sup>3</sup> All financial assets and liabilities at fair value through profit or loss are designated as such upon initial recognition.

<sup>4</sup> 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.

<sup>5</sup> 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.

## 17. 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			
<b>31 December 2020</b>				
Group financial assets:				
Fixed income securities	-	34,152	-	34,152
Investment in collective investment schemes	258	-	-	258
Cash and cash equivalents	-	-	-	-
Other receivables	-	322,042	-	322,042
Policyholder financial assets:				
Equities	6,440,303	429,968	2,797,094	9,667,365
Fixed income securities	4,271,380	865,987	1,467,597	6,604,964
Investment in collective investment schemes	16,651,330	2,512,934	9,413,789	28,578,053
Derivative financial instruments	27,531	60,391	4,845	92,767
Policyholder loans	-	-	-	-
Other receivables	16,985	98,621	57,891	173,497
Cash and cash equivalents	4,239,810	3,728	-	4,243,538
<b>Total financial assets</b>	<b>31,647,597</b>	<b>4,327,823</b>	<b>13,741,216</b>	<b>49,716,636</b>
Group financial liabilities:				
Borrowings	-	(200,663)	-	(200,663)
Other financial liabilities	(8,783)	-	-	(8,783)
Other payables	-	(283,428)	-	(283,428)
Policyholder financial liabilities:				
Investment contract benefits	-	(46,873,352)	-	(46,873,352)
Derivative financial instruments	(2,763)	(2,010)	(1,153)	(5,926)
Other payables	(33,346)	-	-	(33,346)
<b>Total financial liabilities</b>	<b>(44,893)</b>	<b>(47,359,453)</b>	<b>(1,153)</b>	<b>(47,405,499)</b>

17. Financial Risk (*continued*)

	Level 1	Level 2	Level 3	Total
	€ 000			
<b>31 December 2019</b>				
Group financial assets:				
Fixed income securities	-	17,039	-	17,039
Investment in collective investment schemes	43,655	-	-	43,655
Cash and cash equivalents	-	-	-	-
Other receivables	-	-	-	-
Policyholder financial assets:				
Equities	5,161,917	501,068	3,136,093	8,799,078
Fixed income securities	3,807,875	1,489,200	1,479,399	6,776,474
Investment in collective investment schemes	15,339,948	4,890,660	8,083,435	28,314,043
Derivative financial instruments	119	62,610	102	62,831
Policyholder loans	-	-	-	-
Other receivables	27,827	80,698	4,357	112,882
Cash and cash equivalents	4,376,353	-	-	4,376,353
<b>Total financial assets</b>	<b>28,757,694</b>	<b>7,041,275</b>	<b>12,703,386</b>	<b>48,502,355</b>
Group financial liabilities:				
Borrowings	-	(208,183)	-	(208,183)
Other financial liabilities	-	(876)	-	(876)
Other payables	-	(347,285)	-	(347,285)
Policyholder financial liabilities:				
Investment contract benefits	-	(46,169,589)	-	(46,169,589)
Derivative financial instruments	-	(24,788)	-	(24,788)
Other payables	-	-	(21)	(21)
<b>Total financial liabilities</b>	<b>-</b>	<b>(46,750,721)</b>	<b>(21)</b>	<b>(46,750,742)</b>

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.

## 17. Financial Risk (*continued*)

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.

### *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 statement of 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.

During 2020, the pandemic had a significant impact on the investment market. As a result, the Company performed additional procedures on investments valued on prices equal or older than 1 year. These additional procedures included i) Review of third-party statements; ii) Requested an update on valuation in relation to Covid from managers of the investments; iii) Requested a resolution from the Directors of the investment companies confirming business continuity of the company and its ability to repay its debts.

As at 31 December 2020, approximately 1% of securities were valued based on information received 12 months or more than 12 months ago.

### *Transfers into and out (or Movement in) between Levels*

In 2020 the company amended the leveling for certain investment classifications due to changes in the circumstances surrounding the collection of inputs used for the valuation of the financial instruments. This resulted in €3,063.6 million transferred into level 1 from level 2, €1,186.2 million transferred into level 2 from level 1, €116.0 million transferred into level 3 from level 1 and €1,209.4 million into level 3 from level 2. Transfers between levels was not significant in 2019.

### *Level 3*

#### *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.

## 17. Financial Risk (*continued*)

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:

2020	Equities	Fixed income securities	Investment in collective investment schemes	Derivative financial instruments	Other receivables	Other payables	Total
€ 000							
Opening balance	3,136,089	1,479,398	7,501,713	(12,355)	4,006	(21)	12,108,830
Transfer into Level 3	63,740	388,461	869,593	158	569	-	1,322,521
Additions during the year	46,775	298,202	1,964,313	3,621	90,018	-	2,402,929
Disposed during the year	(501,667)	(493,868)	(1,249,065)	12,455	(36,803)	21	(2,268,927)
(Losses)/gains recognised in the statement of profit or loss	52,158	(204,596)	327,237	(188)	100	-	174,711
<b>As at 31 December 2020</b>	<b>2,797,095</b>	<b>1,467,597</b>	<b>9,413,791</b>	<b>3,691</b>	<b>57,890</b>	<b>-</b>	<b>13,740,064</b>
€ 000							
2019	Equities	Fixed income securities	Investment in collective investment schemes	Derivative financial instruments	Other receivables	Other payables	Total
€ 000							
Opening balance	2,708,970	580,240	5,370,585	4,989	55,425	(21)	8,720,188
Transfer into Level 3	295	1,156	13,338	(8,977)	182	-	5,994
Additions during the year	324,368	1,090,444	2,110,720	(2,638)	94,619	-	3,617,513
Disposed during the year	(8,338)	(113,766)	(412,111)	(3,371)	(146,218)	-	(683,804)
(Losses)/gains recognised in the statement of profit or loss	110,794	(78,676)	419,181	(2,358)	(2)	-	448,939
<b>As at 31 December 2019</b>	<b>3,136,089</b>	<b>1,479,398</b>	<b>7,501,713</b>	<b>(12,355)</b>	<b>4,006</b>	<b>(21)</b>	<b>12,108,830</b>

### *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.

17. Financial Risk (*continued*)**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:

	AAA	AA+	A+	BBB+	BB+	Unrated	Unit-linked Funds <sup>6</sup>	Total
	€ 000							
<b>31 December 2020</b>								
Equities	-	-	-	-	-	-	9,667,365	9,667,365
Fixed income securities	26,295	994	2,118	4,079	-	668	6,604,964	6,639,118
Investment in Collective Investment Schemes	76	-	-	-	-	182	28,578,053	28,578,311
Derivative financial instruments	-	-	-	-	-	-	92,767	92,767
Policyholder loans	-	-	-	-	-	-	79,975	79,975
Other	-	-	-	211,445	-	110,735	173,497	495,677
Cash and cash equivalents	49,798	19,116	9,731	10,316	94	5,853	4,243,538	4,338,446
<b>Total</b>	<b>76,169</b>	<b>20,110</b>	<b>11,849</b>	<b>225,840</b>	<b>94</b>	<b>117,438</b>	<b>49,440,159</b>	<b>49,891,659</b>
	€ 000							
<b>31 December 2019</b>								
Equities	-	-	-	-	-	-	8,799,078	8,799,078
Fixed income securities	10,401	687	2,330	3,597	-	24	6,776,474	6,793,513
Investment in Collective Investment Schemes	43,456	-	-	-	-	199	28,314,044	28,357,699
Derivative financial instruments	-	-	-	-	-	-	62,831	62,831
Policyholder loans	-	-	-	-	-	-	83,205	83,205
Other receivables	-	-	-	198,818	-	216,103	112,882	527,803
Cash and cash equivalents	37,863	28,634	14,019	7,668	85	8,052	4,376,353	4,472,674
<b>Total</b>	<b>91,720</b>	<b>29,321</b>	<b>16,349</b>	<b>210,083</b>	<b>85</b>	<b>224,378</b>	<b>48,524,867</b>	<b>49,096,803</b>

<sup>6</sup> Credit risk relating to unit-linked and unit-trust funds is borne by the policyholder/unit holder.

## 17. Financial Risk (*continued*)

### *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 2020 and 2019:

	Up to 1 Year	1-5 Years	Over 5 Years	Unit-Linked Funds	Total
	€ 000				
<b>31 December 2020</b>					
Financial assets:					
Equities	-	-	-	9,667,365	9,667,365
Fixed income securities	19,301	9,701	5,152	6,604,964	6,639,118
Investment in Collective Investment Schemes	76	-	182	28,578,053	28,578,311
Derivative financial instruments	-	-	-	92,767	92,767
Policy Loans	-	-	-	79,975	79,975
Other	110,735	-	211,445	173,497	495,677
Cash and cash equivalents	94,908	-	-	4,243,538	4,338,446
<b>Total financial assets</b>	<b>225,020</b>	<b>9,701</b>	<b>216,779</b>	<b>49,440,159</b>	<b>49,891,659</b>
Financial liabilities					
Investment contract benefits	-	-	-	(46,873,352)	(46,873,352)
Borrowings	-	(193,204)	-	-	(193,204)
Derivative financial instruments	-	-	-	-	-
Other financial liabilities	(1,763)	(7,020)	-	-	(8,783)
Other payables	(185,398)	(9,117)	(88,912)	(33,346)	(316,773)
<b>Total financial liabilities</b>	<b>(187,161)</b>	<b>(209,341)</b>	<b>(88,912)</b>	<b>(46,906,698)</b>	<b>(47,392,112)</b>

17. Financial Risk (*continued*)

	Up to 1 Year	1-5 Years	Over 5 Years	Unit-Linked Funds	Total
	€ 000				
<b>31 December 2019</b>					
Financial assets:					
Equities	-	-	-	8,799,078	8,799,078
Fixed income securities	2,552	9,218	5,269	6,776,474	6,793,513
Investment in Collective Investment Schemes	43,456	-	199	28,314,044	28,357,699
Derivative financial instruments	-	-	-	62,831	62,831
Policyholder loans	-	-	-	83,205	83,205
Other receivables	216,103	-	198,818	112,882	527,803
Cash and cash equivalents	96,321	-	-	4,376,353	4,472,674
<b>Total financial assets</b>	<b>358,432</b>	<b>9,218</b>	<b>204,286</b>	<b>48,524,867</b>	<b>49,096,803</b>
Financial liabilities:					
Investment contract benefits	-	-	-	(46,169,590)	(46,169,590)
Borrowings	-	(204,286)	-	-	(204,286)
Derivative financial instruments	-	-	-	-	-
Other financial liabilities	(5,928)	(9,180)	-	-	(15,108)
Other payables	(203,082)	-	(140,147)	(31,954)	(375,183)
<b>Total financial liabilities</b>	<b>(209,010)</b>	<b>(213,466)</b>	<b>(140,147)</b>	<b>(46,201,543)</b>	<b>(46,764,166)</b>

***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.

## 17. Financial Risk (*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:

Currency	Change in exchange rate	31 December 2020		31 December 2019	
		Impact on profit before tax (€000)	Impact on equity (€000)	Impact on profit before tax (€000)	Impact on equity (€000)
USD to EUR	10%	(7,851)	(444)	(12,043)	146
	-10%	7,851	444	12,043	(146)
GBP to EUR	10%	37	(56)	(91)	20
	-10%	(37)	56	91	(20)
SGD to EUR	10%	86	(9)	74	23
	-10%	(86)	9	(74)	(23)
HKD to EUR	10%	(39)	(4)	530	(114)
	-10%	39	4	(530)	114

## 18. 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 is 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 has met its internal capital objectives. The Group and its individually regulated operations have complied with all externally and internally 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.

## 19. 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.

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 2020	31 December 2019
	€ 000	€ 000
As at 1 January	29,737	30,179
Additions	2,467	5,270
Accretion of interest	1,063	1,059
Payments	(8,224)	(7,148)
Adjustments	(269)	-
Currency translation differences	(1,124)	377
<b>Total lease liability</b>	<b>23,650</b>	<b>29,737</b>
Current	6,891	6,773
Non-current	16,759	22,964
<b>Total lease liability</b>	<b>23,650</b>	<b>29,737</b>

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 2020	31 December 2019
	€ 000	€ 000
Within one year	7,460	9,360
Between one and five years	17,020	22,717
In more than five years	836	2,364
<b>Total financial commitments</b>	<b>25,316</b>	<b>34,441</b>

19. Leases (*continued*)

The following are the amounts recognised on the Consolidated Statement of Profit or Loss and Other Comprehensive Income::

	31 December 2020	31 December 2019
	€ 000	€ 000
Depreciation expense of right-of-use assets	7,356	7,076
Interest expense on lease liabilities	1,057	1,060
Expense relating to short-term or low-value leases (included in administrative expenses)	(49)	444
<b>Total amount recognised in profit or loss</b>	<b>8,364</b>	<b>8,580</b>

## 20. 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 2020 and 2019. 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 2020	31 December 2019
	€ 000	€ 000
Short-term employee benefits	5,599	6,403
Other long-term benefits	838	738
<b>Total remuneration</b>	<b>6,437</b>	<b>7,141</b>

The Group paid €4.6 million and €2.9 million to directors during the year ended 31 December 2020 and 31 December 2019, 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 €1.9 million and €1.3 million for the year ended 31 December 2020 and 2019.

A loan of €0.1 million was made to an employee considered as part of the key management personnel during the year ended 31 December 2020, which is recorded in Other Receivables on the Consolidated Statement of Financial Position.

## 20. Related Party Transactions (*continued*)

### *Transactions with a related party*

The Group entered into a contract with an associate in 2018 to provide management services. In 2020 and 2019 the Group recorded revenue of €5.9 million and €6.3 million for services performed during the year and is recorded in fee and commission income on the consolidated statement of profit or loss and other comprehensive income. The Group had a receivable due from the associate of €1.3 million and €2.2 million at 31 December 2020 and 31 December 2019 recorded in other receivables on the consolidated statement of financial position.

### *Loans with a related party*

In 2017 the Group entered into a loan with an other related party in the amount of \$40.0 million with an interest rate of 5.36% payable semi-annually, which is recorded in borrowings on the consolidated statement of financial position. At 31 December 2020 and 2019 the balance of the loan was \$40.0 million. Interest of €1.9 million has been paid to the related party in both 2020 and 2019.

### *Financial guarantees of subsidiaries*

LIA Holdings Limited 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 2020, 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.

## 21. Investment in Subsidiaries

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

Entity	Registered Office	Country of Incorporation	Principal Activity
LIA Topco Ltd	190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands; Central administration: 4 rue Lou Hemmer, L-1748 Luxembourg	Cayman Islands	Investment Holding Company
LIA Midco Ltd	190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands; Central administration: 4 rue Lou Hemmer, L-1748 Luxembourg	Cayman Islands	Investment Holding Company

21. Investment in Subsidiaries (*continued*)

LIA Midco2 Ltd	190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands; Central administration: 4 rue Lou Hemmer, L-1748 Luxembourg	Cayman Islands	Investment Holding Company
LIA Subco Ltd	190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands; Central administration: 4 rue Lou Hemmer, L-1748 Luxembourg	Cayman Islands	Investment Holding Company
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	Investment Holding Company
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 Park, Guernsey, Channel Islands	Guernsey	Unit-linked Life Assurance
Lombard International US Holdings, Inc.	1650 Market Street, 54 <sup>th</sup> Floor, Philadelphia PA 19103	USA (Delaware)	Investment Holding Company

## 21. Investment in Subsidiaries (*continued*)

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, 54 <sup>th</sup> Floor, Philadelphia, PA	USA (Pennsylvania)	Life Assurance
Lombard International Life Assurance Company of New York	400 Park Avenue, New York, NY	USA (New York)	Life Assurance
Lombard International Brokers Inc.	801 Brickell Avenue, Miami, FL	USA (Florida)	Broker Dealer
Lombard International Distribution Company	1650 Market Street, 54 <sup>th</sup> Floor, Philadelphia PA 19103	USA (Delaware)	Broker Dealer
Lombard International Agency Inc.	1650 Market Street, 54 <sup>th</sup> 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 Asia Holdings Pte. Ltd	8 Marina View #36-02 Asia Square Tower 1 Singapore	Singapore	Investment Holding Company
Lombard International Singapore Pte. Ltd	8 Marina View #36-02 Asia Square Tower 1 Singapore	Singapore	Financial Advisor
Lombard International Brokers Ltd	Two International Finance Center, No. 8 Finance Street, Central, Hong Kong	Hong Kong	Insurance Broker
LIA Patrimoine	109 Boulevard Haussmann 75008 Paris	France	Insurance Broker

## 22. 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	74
<i>Parent Company Statement of Changes in Equity</i>	<i>75</i>
Parent Company Statement of Cash Flows	76
Notes to the Parent Company Financial Statements	77

# Parent Company Statement of Financial Position

		As at 31 December 2020	As at 31 December 2019
	Notes	€ 000	€ 000
<b>Assets</b>			
Investment in subsidiaries	2	462,563	457,647
Note receivables from subsidiaries	3	90,773	97,973
Other receivables	4	3,759	6,180
Cash & cash equivalents		4,194	586
<b>Total assets</b>		<b>561,289</b>	<b>562,386</b>
<b>Liabilities</b>			
Borrowings	5	193,204	204,286
Other payables	6	5,939	7,018
<b>Total liabilities</b>		<b>199,143</b>	<b>211,304</b>
<b>Net assets</b>		<b>362,146</b>	<b>351,082</b>
<b>Shareholders' equity</b>			
Share capital		35	35
Share premium		340,940	340,939
Merger reserve		14,588	14,588
Share based compensation reserve		3,119	1,331
Retained earnings (deficit)		3,464	(5,811)
<b>Total shareholders' equity</b>		<b>362,146</b>	<b>351,082</b>

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 profit for the period ended 31 December 2020 and 31 December 2019 was €82,247 and (€5,811), respectively.

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

The financial statements were authorised on 27 April 2021 and signed by:



Stuart Parkinson  
Global Chief Executive Officer



Florent Albert  
Global Chief Financial Officer

# Parent Company Statement of Changes in Equity

	€ 000	Share capital <sup>1</sup>	Share premium <sup>2</sup>	Merger Reserve	Share based compensation reserve	Retained earnings (deficit)	Total shareholders' equity
At July 12, 2019		-	-	-	-	-	-
Establishment of LIA Holdings Limited (UK)		35	340,939	54,588	-	-	395,562
Profit (loss) for the period		-	-	-	-	(5,811)	(5,811)
Employee stock compensation		-	-	-	1,331	-	1,331
Dividend		-	-	(40,000)	-	-	(40,000)
<b>At 31 December 2019</b>		<b>35</b>	<b>340,939</b>	<b>14,588</b>	<b>1,331</b>	<b>(5,811)</b>	<b>351,082</b>
Profit (loss) for the period		-	-	-	-	82,247	82,247
Issue (repayment) of share capital or premium		-	1	-	-	-	1
Share based compensation		-	-	-	1,788	-	1,788
Dividend		-	-	-	-	(72,972)	(72,972)
<b>At 31 December 2020</b>		<b>35</b>	<b>340,940</b>	<b>14,588</b>	<b>3,119</b>	<b>3,464</b>	<b>362,146</b>

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

<sup>1</sup> As at 31 December 2020 and 2019, the total authorised and issued number of ordinary shares was 4,448,204 and 4,432,028, respectively. 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. Please refer to footnote 1(a) for information regarding the redomestication of the Parent Company.

<sup>2</sup> 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 2020 and 2019 the total authorised and issued number of other share classes was 783,522 and 711,914, respectively. As at 31 December 2020 the total authorized and issued number of other share classes was 473,018 and 421,338, respectively.

# Parent Company Statement of Cash Flows

	Period ended 31 December 2020	Period ended 31 December 2019
	€ 000	€ 000
<b>Operating activities</b>		
Cash flows from operating activities:		
Profit (loss) after tax	82,247	(5,811)
Adjustments for:		
Net realised and unrealised gains/losses on foreign currency	(5,404)	(1,479)
Share based compensation	1,788	1,331
Interest charges	7,424	3,489
<b>Changes in operating assets and liabilities</b>		
Decrease (Increase) in other receivables	(1,243)	(2,856)
Increase (Decrease) in other payables	(4,392)	3,260
<b>Cash generated from operating activities</b>	<b>80,422</b>	<b>(2,066)</b>
Interest paid	(6,684)	(3,365)
<b>Net cash generated from operating activities</b>	<b>73,738</b>	<b>(5,431)</b>
<b>Investing activities</b>		
Contributions to subsidiaries	(4,375)	(1,832)
Return of capital from subsidiaries	-	8,000
Repayment of note receivables from subsidiaries	7,200	37,000
<b>Net cash used in investing activities</b>	<b>2,826</b>	<b>43,168</b>
<b>Financing activities</b>		
Proceeds from the issue of share capital/share premium	-	1
Dividend	(72,972)	(40,000)
Corporate redomestication	-	2,848
<b>Net cash from financing activities</b>	<b>(72,972)</b>	<b>(37,151)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,591</b>	<b>586</b>
Cash and cash equivalents at the beginning of the period	586	-
Effects of exchange rate changes on cash and cash equivalents	17	-
<b>Cash and cash equivalents at end of period</b>	<b>4,194</b>	<b>586</b>

# 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 2020 were authorised for issue in accordance with a resolution of the directors on 27 April 2021. LIA Holdings Limited 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.

### Redomestication:

On 12 July 2019, LIA Holdings Limited (UK Limited Company) and LIA Holdings Ltd. (Cayman Islands Company) completed a redomestication transaction in which all share classes of the Cayman Islands Company were exchanged for like shares of the UK Limited Company. As a result, the Cayman Islands Company became a wholly owned subsidiary of the UK Limited Company. The Cayman Islands Company was liquidated on 12 July 2019, with all assets being transferred to the UK Limited Company. The value of the assets and liabilities were transferred at cost.

### *(a) Basis of preparation*

The financial statements of the Company have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The 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 financial statements are presented in euros, rounded to the nearest thousand euros (€ 000), except where otherwise indicated.

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 financial statements. Those expected to be recovered or settled more than twelve months after the reporting date are disclosed as non-current.

## 1. Accounting Information and Policies *(continued)*

### *(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.

### *(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 receivables*

Other receivables 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 was 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.

## 1. Accounting Information and Policies *(continued)*

### *(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) 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.

## 2. Investment in Subsidiaries

	31 December 2020	31 December 2019
	€ 000	€ 000
LIA Topco Ltd	39,629	39,629
Lombard International Bermuda Holdings Limited	332,874	332,152
Lombard International Assurance US Holdings, Inc.	65,352	65,352
Lombard International Asia Holdings Pte. Ltd	18,483	14,182
LIA UK Holdings I, Ltd.	23	745
LIA UK Holdings II, Ltd.	6,202	5,587
<b>Total Investment in Subsidiaries</b>	<b>462,563</b>	<b>457,647</b>

LIA Holdings Limited 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 2020 and 2019, 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.

### 3 Note Receivables from Subsidiaries

On 22 November 2017 the Cayman Islands Company entered into a loan agreement with two subsidiaries, LIA Midco Ltd. and LIA Subco Ltd., amounting to €81.9 million and €63.0 million. The note receivable was transferred to the Company after the liquidation of the Cayman Islands Company. The loans bear an interest rate of 3.05% per annum with a maturity date on 21 November 2022. The outstanding balances as at 31 December 2020 and 31 December 2019 are €57.8 million and €33.0 million and €64.9 million and €33.0 million, respectively.

### 4. Other Receivables

	31 December 2020	31 December 2019
	€ 000	€ 000
Accrued interest income from subsidiaries	300	328
Swaps	-	3,664
Prepayments	246	158
Due from subsidiaries	3,213	2,030
<b>Total other receivables</b>	<b>3,759</b>	<b>6,180</b>
Current	3,759	6,180
Non-current	-	-
<b>Total other receivables</b>	<b>3,759</b>	<b>6,180</b>

The Company applies the IFRS 9 simplified model of recognising lifetime expected credit losses (ECL) for all other receivables as these items do not have a significant financing component. The Company has not recorded any provisions on any of the other receivables in 2020 or 2019.

### 5. Borrowings

	31 December 2020	31 December 2019
	€ 000	€ 000
Senior unsecured notes due 2022	162,436	171,124
Senior unsecured notes due 2024	32,556	35,701
<b>Total non-current borrowings</b>	<b>194,992</b>	<b>206,825</b>
Deferred financing costs	(1,788)	(2,539)
<b>Total borrowings</b>	<b>193,204</b>	<b>204,286</b>

The Cayman Islands Company issued senior unsecured notes on 21 November 2017 through one euro 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.

## 5. Borrowings (*continued*)

The USD received through the Series B tranche issuance was swapped for euros on 21 November 2017. This was accomplished through two swap agreements with two counterparties. The total notional amount of the swap agreements is C95.3 million with a termination date of on 21 November 2022.

The fair value of the swaps was an asset as at 31 December 2020 of €(2.8) million and an asset as at 31 December 2019 of €3.6 million, recorded within other receivables and other payables on the consolidated statement of financial position with the impact recorded in the profit or loss of the Company.

The borrowings and swaps were transferred to the Company upon liquidation of the Cayman Islands Company.

## 6. Other Payables

	31 December 2020	31 December 2019
	€ 000	€ 000
Accrued interest payable	708	732
Swaps	2,804	-
Accrued expenses	1,877	1,289
Due to subsidiaries	550	4,997
<b>Total other payables</b>	<b>5,939</b>	<b>7,018</b>
Current	3,135	7,018
Non-current	2,804	-
<b>Total other payables</b>	<b>5,939</b>	<b>7,018</b>

## 7. Financial Risks

### *Risk Management Objectives and Risk Policies*

Under IFRS 7, the Company is required to analyse exposure to credit risk, liquidity risk, market risk and currency risk.

#### *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 Company credit risks arise principally through exposures bank deposits and derivative counterparties. The Company 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 Company is averse to liquidity risk and seeks to ensure that it maintains sufficient financial resources to meet its obligations as they fall due.

## 7. Financial Risks (*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 Company adopts a risk adverse approach to market risk. The Company's exposure to the market is limited.

### *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 Company operates internationally and as a result is exposed to foreign currency exchange risk arising from fluctuations in exchange rates of various currencies.

The Company's principal transactions are carried out in euros and its exposure to foreign exchange risk arise primarily with respect to United States Dollar and British Pound Sterling.

	Level	Financial Assets at Fair Value Through Profit or Loss	Financial Assets Measured at Amortised Cost	Financial Liabilities at Fair Value Through Profit or Loss	Financial Liabilities Measured at Amortised Cost	Total
€ 000						
<b>31 December 2020</b>						
Financial assets:						
Note receivables from subsidiaries	Level 2	-	90,773	-	-	90,773
Other receivables	Level 2	-	3,759	-	-	3,759
Cash and cash equivalents	Level 1	-	4,194	-	-	4,194
<b>Total financial assets</b>		-	<b>98,726</b>	-	-	<b>98,726</b>
Financial liabilities:						
Borrowings	Level 2	-	-	-	(193,204)	(193,204)
Other payables	Level 2	-	-	(2,804)	(3,135)	(5,939)
<b>Total financial liabilities</b>		-	-	<b>(2,804)</b>	<b>(196,339)</b>	<b>(199,143)</b>

7. Financial Risks (*continued*)

	Level	Financial Assets at Fair Value Through Profit or Loss	Financial Assets Measured at Amortised Cost	Financial Liabilities at Fair Value Through Profit or Loss	Financial Liabilities Measured at Amortised Cost	Total
<i>€ 000</i>						
<b>31 December 2019</b>						
Financial assets:						
Note receivables from subsidiaries	Level 2	-	97,973	-	-	97,973
Other receivables	Level 2	3,664	2,516	-	-	6,180
Cash and cash equivalents	Level 1	-	586	-	-	586
<b>Total financial assets</b>		<b>3,664</b>	<b>101,075</b>	<b>-</b>	<b>-</b>	<b>104,739</b>
Financial liabilities:						
Borrowings	Level 2	-	-	-	(204,286)	(204,286)
Other payables	Level 2	-	-	-	(7,018)	(7,018)
<b>Total financial liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(211,304)</b>	<b>(211,304)</b>

## 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.

