



LOMBARD INTERNATIONAL LIFE LTD.

Condensed General Purpose Financial Statements
For the Year Ended December 31, 2017

Lombard International Life, Ltd.

Condensed General Purpose Financial Statements

December 31, 2017

Table of Contents

Report of Independent Auditor's	1
Condensed general purpose balance sheet	3
Condensed general purpose statement of income	7
Condensed general purpose statement of capital and surplus	9
General note to condensed general purpose financial statements	10
Notes to condensed general purpose balance sheet	17
Notes to condensed general purpose statement of income	21
Notes to condensed general purpose statement of capital and surplus	22

Report of Independent Auditors

Board of Directors
Lombard International Life (Bermuda) Ltd.

We have audited the accompanying condensed financial statements of Lombard International Life (Bermuda) Ltd., which comprise the condensed balance sheet and condensed statement of capital and surplus as of 31 December 2017, and the related condensed statement of income for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Condensed Financial Statements

Management is responsible for the preparation and fair presentation of the condensed financial statements based on the financial reporting provisions of The Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to Condensed General Purpose Financial Statements (the "Legislation"). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these condensed financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the condensed financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the condensed financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the condensed financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Company's preparation and fair presentation of the condensed financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the condensed financial statements.

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

Basis for Adverse Opinion on International Financial Reporting Standards (“IFRS”)

As described in Note 3 to the condensed financial statements, the condensed financial statements are prepared by the Company based on the financial reporting provisions of the Legislation, which is a basis of accounting other than International Financial Reporting Standards (“IFRS”).

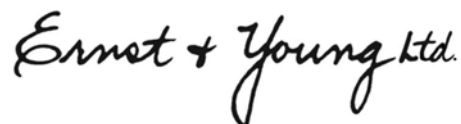
The effects on the condensed financial statements of the variances between the basis of accounting described in Note 3 and International Financial Reporting Standards (“IFRS”) are material.

Adverse Opinion on International Financial Reporting Standards (“IFRS”)

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on International Financial Reporting Standards (“IFRS”)” paragraph, the condensed financial statements referred to above do not present fairly, in accordance with International Financial Reporting Standards (“IFRS”), the financial position of the Company as of 31 December 2017, or the results of its operations or its cash flows for the year then ended.

Opinion on Condensed Financial Statements

In our opinion, the condensed financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 31 December 2017, and the results of its operations for the year then ended, in accordance with the financial reporting provisions of the Legislation described in Note 3.



May 16, 2018

Chartered Professional Accountants

CONDENSED GENERAL PURPOSE BALANCE SHEET

Lombard International Life, Ltd.

As at

December 31, 2017

United States Dollars

LINE No.		2017	2016
1.	CASH AND CASH EQUIVALENTS	417,513	639,400
2.	QUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	Cash - Separate Accounts	-	13,301,885
	Short Term investments - Separate Accounts	-	-
(b)	Total Bonds and Debentures	-	13,301,885
(c)	Equities		
	i. Common stocks	-	3,147,481
	ii. Preferred stocks	-	-
	iii. Mutual funds	-	-
(d)	Total equities	-	3,147,481
(e)	Other quoted investments	-	-
(f)	Total quoted investments	-	16,449,366
3.	UNQUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	i. Held to maturity	-	-
	ii. Other	-	-
(b)	Total Bonds and Debentures	-	-
(c)	Equities		
	i. Common stocks	-	-
	ii. Preferred stocks	-	-
	iii. Mutual funds	-	-
(d)	Total equities	-	-
(e)	Other unquoted investments	-	99,023,676
(f)	Total unquoted investments	-	99,023,676
4.	INVESTMENTS IN AND ADVANCES TO AFFILIATES		
(a)	Unregulated entities that conduct ancillary services	-	-
(b)	Unregulated non-financial operating entities	-	-
(c)	Unregulated financial operating entities	-	-
(d)	Regulated non-insurance financial operating entities	-	-
(e)	Regulated insurance financial operating entities	-	-
(f)	Total investments in affiliates	-	-
(g)	Advances to affiliates	199,860	116,645
(h)	Total investments in and advances to affiliates	199,860	116,645
5.	INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE:		
(a)	First liens	-	-
(b)	Other than first liens	-	-
(c)	Total investments in mortgage loans on real estate	-	-
6.	POLICY LOANS	-	-
7.	REAL ESTATE:		
(a)	Occupied by the company (less encumbrances)	-	-
(b)	Other properties (less encumbrances)	-	-
(c)	Total real estate	-	-

CONDENSED GENERAL PURPOSE BALANCE SHEET

Lombard International Life, Ltd.

As at

December 31, 2017

United States Dollars

LINE No.		2017	2016
8.	COLLATERAL LOANS	-	-
9.	INVESTMENT INCOME DUE AND ACCRUED	-	-
10.	ACCOUNTS AND PREMIUMS RECEIVABLE:		
(a)	In course of collection	-	-
(b)	Deferred - not yet due	-	-
(c)	Receivables from retrocessional contracts	-	28,458
(d)	Total accounts and premiums receivable	-	28,458
11.	REINSURANCE BALANCES RECEIVABLE:		
(a)	Foreign affiliates	-	-
(b)	Domestic affiliates	-	-
(c)	Pools & associations	-	-
(d)	All other insurers	-	-
(e)	Total reinsurance balance receivable	-	-
12.	FUNDS HELD BY CEDING REINSURERS	-	-
13.	SUNDRY ASSETS:		
(a)	Derivative instruments	-	-
(b)	Segregated accounts companies - long-term business - variable annuities	315,602,742	-
(c)	Segregated accounts companies - long-term business - other	-	-
(d)	Segregated accounts companies - general business	-	-
(e)	Deposit assets	-	-
(f)	Deferred acquisition costs	-	-
(g)	Net receivables for investments sold	-	-
(h)	Prepaid expenses	8,289	-
(i)	Refund receivable from Internal Revenue Service	35,010	-
(j)	Other (Specify)	-	-
(k)	Total sundry assets	315,646,041	-
14.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS		
(a)	Letters of credit	-	-
(b)	Guarantees	-	-
(c)	Other instruments	-	-
(e)	Total letters of credit, guarantees and other instruments	-	-
15.	TOTAL	316,263,414	116,257,545
TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS			
16.	UNEARNED PREMIUM RESERVE		
(a)	Gross unearned premium reserves	-	-
(b)	Less: Ceded unearned premium reserve		
i.	Foreign affiliates	-	-
ii.	Domestic affiliates	-	-
iii.	Pools & associations	-	-
iv.	All other insurers	-	-

CONDENSED GENERAL PURPOSE BALANCE SHEET

Lombard International Life, Ltd.

As at

December 31, 2017

United States Dollars

LINE No.		2017	2016
(c)	Total ceded unearned premium reserve	-	-
(d)	Net unearned premium reserve	-	-
17.	LOSS AND LOSS EXPENSE PROVISIONS:		
(a)	Gross loss and loss expense provisions	-	-
(b)	Less : Reinsurance recoverable balance		
	i. Foreign affiliates	-	-
	ii. Domestic affiliates	-	-
	iii. Pools & associations	-	-
	iv. All other reinsurers	-	-
(c)	Total reinsurance recoverable balance	-	-
(d)	Net loss and loss expense provisions	-	-
18.	OTHER GENERAL BUSINESS INSURANCE RESERVES	-	-
19.	TOTAL GENERAL BUSINESS INSURANCE RESERVES	-	-
	LONG-TERM BUSINESS INSURANCE RESERVES		
20.	RESERVE FOR REPORTED CLAIMS	-	-
21.	RESERVE FOR UNREPORTED CLAIMS	-	-
22.	POLICY RESERVES - LIFE	-	-
23.	POLICY RESERVES - ACCIDENT AND HEALTH	-	-
24.	POLICYHOLDERS' FUNDS ON DEPOSIT	-	115,473,042
25.	LIABILITY FOR FUTURE POLICYHOLDERS' DIVIDENDS	-	-
26.	OTHER LONG-TERM BUSINESS INSURANCE RESERVES	-	-
27.	TOTAL LONG-TERM BUSINESS INSURANCE RESERVES		
(a)	Total Gross Long-Term Business Insurance Reserves	-	115,473,042
(b)	Less: Reinsurance recoverable balance on long-term business		
	(i) Foreign Affiliates	-	-
	(ii) Domestic Affiliates	-	-
	(iii) Pools and Associations	-	-
	(iv) All Other Insurers	-	-
(c)	Total Reinsurance Recoverable Balance	-	-
(d)	Total Net Long-Term Business Insurance Reserves	-	115,473,042
	OTHER LIABILITIES		
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	-	-
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE	35,699	-
30.	LOANS AND NOTES PAYABLE	-	-
31.	(a) INCOME TAXES PAYABLE	-	-

CONDENSED GENERAL PURPOSE BALANCE SHEET

Lombard International Life, Ltd.

As at

December 31, 2017

United States Dollars

LINE No.		2017	2016
	(b) DEFERRED INCOME TAXES	-	-
32.	AMOUNTS DUE TO AFFILIATES	25,806	61,065
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	165,767	93,094
34.	FUNDS HELD UNDER REINSURANCE CONTRACTS:	-	-
35.	DIVIDENDS PAYABLE	-	-
36.	SUNDRY LIABILITIES:		
(a)	Derivative instruments	-	-
(b)	Segregated accounts companies	315,401,455	-
(c)	Deposit liabilities	-	-
(d)	Net payable for investments purchased	-	-
(e)	Other sundry liabilities (specify)	-	-
(f)	Other sundry liabilities (specify)	-	-
(g)	Other sundry liabilities (specify)	-	-
(h)	Total sundry liabilities	315,401,455	-
37.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS:		
(a)	Letters of credit	-	-
(b)	Guarantees	-	-
(c)	Other instruments	-	-
(d)	Total letters of credit, guarantees and other instruments	-	-
38.	TOTAL OTHER LIABILITIES	315,628,727	154,159
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	315,628,727	115,627,201
	CAPITAL AND SURPLUS		
40.	TOTAL CAPITAL AND SURPLUS	634,687	630,344
41.	TOTAL	316,263,414	116,257,545

CONDENSED GENERAL PURPOSE STATEMENT OF INCOME

Lombard International Life, Ltd.

As at

December 31, 2017

United States Dollars

LINE No.		2017	2016
	GENERAL BUSINESS UNDERWRITING INCOME		
1.	GROSS PREMIUMS WRITTEN		
	(a) Direct gross premiums written	-	-
	(b) Assumed gross premiums written	-	-
	(c) Total gross premiums written	-	-
2.	REINSURANCE PREMIUMS CEDED	-	-
3.	NET PREMIUMS WRITTEN	-	-
4.	INCREASE (DECREASE) IN UNEARNED PREMIUMS	-	-
5.	NET PREMIUMS EARNED	-	-
6.	OTHER INSURANCE INCOME	-	218,558
7.	TOTAL GENERAL BUSINESS UNDERWRITING INCOME	-	218,558
	GENERAL BUSINESS UNDERWRITING EXPENSES		
8.	NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED	-	-
9.	COMMISSIONS AND BROKERAGE	-	-
10.	TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	-	-
11.	NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS	-	218,558
	LONG-TERM BUSINESS INCOME		
12.	GROSS PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Direct gross premiums and other considerations	-	-
	(b) Assumed gross premiums and other considerations	-	-
	(c) Total gross premiums and other considerations	-	-
13.	PREMIUMS CEDED	-	-
14.	NET PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Life	-	-
	(b) Annuities	-	-
	(c) Accident and health	-	-
	(d) Total net premiums and other considerations	-	-
15.	OTHER INSURANCE INCOME	500,166	-
16.	TOTAL LONG-TERM BUSINESS INCOME	500,166	-
	LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES		
17.	CLAIMS - LIFE	-	-
18.	POLICYHOLDERS' DIVIDENDS	-	-
19.	SURRENDERS	-	-
20.	MATURITIES	-	-
21.	ANNUITIES	-	-

CONDENSED GENERAL PURPOSE STATEMENT OF INCOME

Lombard International Life, Ltd.

As at

December 31, 2017

United States Dollars

LINE No.		2017	2016
22.	ACCIDENT AND HEALTH BENEFITS	-	-
23.	COMMISSIONS	33,743	31,541
24.	OTHER	-	-
25.	TOTAL LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES	33,743	31,541
26.	INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES):		
	(a) Life	-	-
	(b) Annuities	-	-
	(c) Accident and health	-	-
	(d) Total increase (decrease) in policy reserves	-	-
27.	TOTAL LONG-TERM BUSINESS EXPENSES	33,743	31,541
28.	NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS	466,423	(31,541)
29.	COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS	466,423	187,017
	UNDERNOTED ITEMS		
30.	COMBINED OPERATING EXPENSE		
	(a) General and administration	490,603	870,016
	(b) Personnel cost	942,987	-
	(c) Other	-	-
	(d) Total combined operating expenses	1,433,590	870,016
31.	COMBINED INVESTMENT INCOME - NET	-	(556,768)
32.	COMBINED OTHER INCOME (DEDUCTIONS)	-	556,768
33.	COMBINED INCOME BEFORE TAXES	(967,167)	(682,999)
34.	COMBINED INCOME TAXES (IF APPLICABLE):		
	(a) Current	-	-
	(b) Deferred	-	-
	(c) Total	-	-
35.	COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	(967,167)	(682,999)
36.	COMBINED REALIZED GAINS (LOSSES)	-	-
37.	COMBINED INTEREST CHARGES	-	-
38.	NET INCOME	(967,167)	(682,999)

CONDENSED GENERAL PURPOSE STATEMENT OF CAPITAL AND SURPLUS

Lombard International Life, Ltd.

As at

December 31, 2017

United States Dollars

LINE No.		2017	2016
1.	CAPITAL:		
(a)	Capital Stock		
	(i) Common Shares	250,000	250,000
	authorized	250,000	shares of par
	value	\$ 1,000	each issued and
	fully paid	250,000	shares
	(ii)		
	(A) Preferred shares:	-	-
	authorized	-	shares of par
	value	\$ -	each issued and
	fully paid	-	shares
	aggregate liquidation value for –		
	2017	-	
	2016	-	
	(B) Preferred shares issued by a subsidiary:	-	-
	authorized	-	shares of par
	value	\$ -	each issued and
	fully paid	-	shares
	aggregate liquidation value for –		
	2017	-	
	2016	-	
	(iii) Treasury Shares	-	-
	repurchased	-	shares of par
	value	\$ -	each issued
(b)	Contributed surplus	3,912,917	1,362,086
(c)	Any other fixed capital		
	(i) Hybrid capital instruments	-	-
	(ii) Guarantees and others	-	-
	(iii) Total any other fixed capital	-	-
(d)	Total Capital	4,162,917	1,612,086
2.	SURPLUS:		
(a)	Surplus - Beginning of Year	(981,742)	(298,743)
(b)	Add: Income for the year	(967,167)	(682,999)
(c)	Less: Dividends paid and payable		-
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments	-	-
(e)	Add (Deduct) change in any other surplus	(1,579,321)	-
(f)	Surplus - End of Year	(3,528,230)	(981,742)
3.	MINORITY INTEREST	-	-
4.	TOTAL CAPITAL AND SURPLUS	634,687	630,344

Lombard International Life Ltd.
General Note to the Condensed General Purpose Financial Statements

1. Shareholder Controllers of the Insurer and Insurer's Affiliates Consolidated with the Insurer

Lombard International Life Ltd. (the "Company") (formerly Philadelphia Financial Life International Ltd.) is a wholly owned subsidiary of Lombard International Bermuda Holdings Ltd., a Bermuda holding company, which is a wholly owned subsidiary of LIA Holdings Ltd., a Cayman company. The Company was incorporated on March 5, 2012 under the laws of Bermuda and is licensed as a Class C insurer under the Insurance Act, 1978 of Bermuda and related regulations. There have been no changes in this structure during the years ended December 31, 2017 and 2016.

2. General Nature of the Risks Underwritten by the Insurer

The Company is in the business of issuing annuity products to High Net Worth Individuals (HNWIs). The Company has registered under the Segregated Accounts Companies Act 2000. A separate segregated account of the Company is linked to each annuity product issued to each policyholder who requires US compliant private placement annuity products.

3. Accounting Standards and Principles on which the Condensed General Purpose Financial Statements are Based

Basis of Presentation

The condensed general purpose financial statements have been prepared in conformity with the financial reporting provisions of the Bermuda Insurance Act of 1978, amendments thereto and the Insurance Account Rules 2016 with respect to Condensed General Purpose Financial Statements (the "Legislation"). The condensed general purpose financial statements are based on International Financial Reporting Standards ("IFRS") but are in accordance with the reporting requirements of the Legislation, which varies in certain respects from IFRS. The more significant variances are as follows:

- A statement of cash flow is not included in the condensed general purpose financial statements but is required for financial statements prepared under IFRS;
- A statement of comprehensive income is not included in the condensed general purpose financial statements but is required for financial statements prepared under IFRS;
- The presentation and classification of financial statement line items are in accordance with Schedules IX and XI of the Insurance Account Rules 2016 and differ from the expected presentation and classification under IFRS; and
- The notes in the condensed general purpose financial statements are in accordance with Schedule X of the Insurance Account Rules 2016 and exclude certain disclosures required under IFRS.

Reclassifications

The presentation and classification of certain balances in the 2016 condensed general purpose financial statements was made in accordance with IFRS. For the 2017 condensed general purpose financial statements the presentation of these balances was reclassified to conform to the guidance within the

Lombard International Life Ltd.
General Note to the Condensed General Purpose Financial Statements (continued)

Legislation. The reclassifications are described within the applicable sections of Item 4- Accounting Policies.

4. Accounting Policies

a) Product classification

The Company's products are classified for accounting purposes as investment contracts.

Investment Contracts

The Company defines individual and group variable annuity products which do not transfer significant insurance risk, as investment contracts. All of the business currently written by the Company is unit-linked investment business and is classified as investment contracts.

Unit-linked investment contract premiums

Investment contract premiums and policyholder contributions received in respect of the investment contract are treated as policyholder deposits and are not recorded as revenue in the condensed general purpose statement of income. Premiums received for investment contracts are accounted for as deposits and recorded on the condensed general purpose balance sheet within Line 13(b) - Sundry Assets, Segregated Accounts Companies - Long-Term Business - Variable Annuities, with a corresponding liability in line 36(b) - Sundry Liabilities - Segregated Accounts Companies. For December 31, 2016, premiums received for investment contracts were classified on the condensed general purpose balance sheet within Lines 2 and 3 – Quoted and Unquoted Investments, with the offsetting liability classified in Line 24 – Policyholders' Funds on Deposit.

Annuity Benefits and Withdrawals

Annuity benefits on investment contracts are recognized when payment is due and are reflected in the condensed general purpose statement of income within Line 21 - Long-Term Business Deductions and Expenses – Annuities, net of any applicable reinsurance recoveries.

Policyholder withdrawals from investment contracts are accounted for when payment is due and are deducted from the policyholder account balances reflected in Lines 13(b) and 36(b) of the condensed general purpose balance sheet.

Insurance Contracts

Insurance Contracts are recognized and measured in accordance with US GAAP (Generally Accepted Accounting Principles in the United States of America) which is acceptable in accordance with IFRS 4. The Company adopted IFRS 4, *Insurance Contracts* on June 30, 2015. IFRS 4, Phase 1 allows for a temporary exemption which allows the Company to use legacy accounting policies.

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party, the policyholder, by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, when at least one scenario with commercial substance can be identified in which the Company has to pay significant additional

Lombard International Life Ltd.
General Note to the Condensed General Purpose Financial Statements (continued)

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.

During the years ended December 31, 2017 and 2016, the Company has not issued any insurance contracts and did not have any insurance contracts in force.

(b) Revenue Recognition

Investment contract policyholders are charged fees for policy administrative and other contract services. The fees may be for fixed amounts, vary with the amount of assets being managed, or vary with the amount of investment contract premiums or contributions received by the policyholder. Such fees are charged as an adjustment to the policyholders' balance. These fees are recognized as revenue in the condensed general purpose statement of income within Line 15 - Long-Term Business Income, Other Insurance Income, in the period in which the services are performed. For the year ended December 31, 2016, such fees were presented in the condensed general purpose statement of income in Line 6 – Underwriting Income General Business.

(c) 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.

(d) Investments

The policyholder investments held by the Company's are initially and subsequently recognized at fair value. Policyholder investments are presented on the condensed general purpose balance sheet within Line 13(b) - Sundry Assets, Segregated Accounts Companies - Long-Term Business - Variable Annuities, with a corresponding liability in Line 36(b) - Sundry Liabilities - Segregated Accounts Companies. At December 31, 2016, policyholder investments were classified on the condensed general purpose balance sheet within Lines 2 and 3 – Quoted and Unquoted Investments.

(e) Investment Return

Gains and losses and investment income due to unit-linked contracts are credited to the individual policy holder account; as unit-linked contracts bear the investment risk. Such balances are not presented in the condensed general purpose statement of income on a gross basis for the year ended December 31, 2017. For the year ended December 31, 2016, these amounts were presented on the condensed general purpose statement of income in Lines 31 – Combined Investment Income – Net and Line 32 – Combined Other Income (Deductions), respectively,

Investment income on cash and cash equivalents and investments of the Company may include dividends and interest. Investment income related to cash and cash equivalents and investments of the Company is reported on the condensed general purpose statement of income within Line 31 - Combined Investment Income – Net. Realized and unrealized investment gains losses pertaining to cash and cash equivalents and investments of the Company are reported on the condensed general purpose statement of income within Line 36 - Combined Realized Gains (Losses). For the years ended December 31, 2017 and 2016, there was no investment income or realized and unrealized gains (losses) pertaining to cash and cash equivalents and investments of the Company.

Lombard International Life Ltd.
General Note to the Condensed General Purpose Financial Statements (continued)

(f) Advances to Affiliates and Amounts Due to Affiliates

Advances to affiliates primarily represent amounts due from Lombard International Life Assurance (Bermuda) Limited (“LILAC Bermuda”), a sister company and affiliate of the Company, related to employee compensation and benefits costs allocated by the Company to LILAC Bermuda. The Company recognizes these costs allocated to LILAC Bermuda on the condensed general purpose statement of income as a reduction to Line 30(b) - Combined Operating Expense - Personnel Cost, in the period in which the services are performed. For the year ended December 31, 2016, such costs were presented on the condensed general purpose statement of income as a reduction to Line 30(a) - Combined Operating Expense- General and Administration

Amounts due to affiliates primarily represent amounts due by the Company to Lombard International Life Assurance Company (“LILAC”), an affiliate of the Company. LILAC allocates certain employee compensation and benefits costs and other general and administrative expenses to the Company. These costs allocated by LILAC to the Company are recognized in the condensed general purpose statement of income within Line 30(a) - Combined Operating Expense- General and Administration and Line 30(b) - Combined Operating Expense - Personnel Cost, as appropriate, in the period in which the services are performed by LILAC. For the year ended December 31, 2016, such costs allocated to the Company were presented on the condensed general purpose statement of income in Line 30(a) - Combined Operating Expense- General and Administration.

(g) Amounts due from Segregated Companies

Amounts due from segregated companies represent asset based fees and other contract fees due to the Company from policyholder balances that have been earned by the Company but not yet transferred to the general account. Such balances are netted against Line 36(b) - Segregated Accounts Companies on the condensed general purpose balance sheet. For the year ended December 31, 2016, these balances were reported on Line 4(g) – Advances to Affiliates, on the condensed general purpose balance sheet.

(h) Other Receivable

At December 31, 2017, Line 13(j) - Sundry Assets – Other in the condensed general purpose balance sheet reflects an amount receivable from the United States Internal Revenue Service (“IRS”). A refund generated from the December 31, 2016 Form 1120-L filed by the Company with the IRS was attributable to a specific policyholder account balance. At the time of the filing of the Form 1120L, the Company credited the policyholder the account with the expected refund from the IRS and recorded a corresponding receivable from the IRS.

(i) Income Tax

The Company is not subject to Bermuda income or capital gains tax under current Bermuda law. In the event that there is a change in current law such that taxes on income or capital gains are imposed, the Company and its Bermuda domiciled subsidiaries would be exempt from such tax until March 2035 pursuant to the Bermuda Exempted Undertakings Tax Protection Act of 1966. The company is not subject to tax in any other jurisdiction.

Lombard International Life Ltd.
General Note to the Condensed General Purpose Financial Statements (continued)

5. Basis of Recognition of Premium, Investment, and Commission Income

The basis of recognition of investment income and commission income are described in Item 4 – Accounting Policies. The Company does not recognize premium income from its unit-linked investment contracts.

6. Currency Translation Method

Not applicable.

7. Foreign Exchange Control Restrictions

Not applicable.

8. Nature and Amount of Material Contingencies or Commitments

There are no material contingencies or commitments to be recognized or disclosed in the condensed general purpose financial statements.

9. Defaults by the Insurer

Not applicable

10. Arrears of Dividends on Preferred Cumulative Shares

Not applicable.

11. Loans to Directors and Officers

Not applicable.

12. Retirement Benefits

Not applicable.

13. Fair Value of Investments

Investments of the Company and policyholder investments measured at fair value in the accompanying financial statements are classified into a fair value hierarchy by level based on the following:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

Lombard International Life Ltd.
General Note to the Condensed General Purpose Financial Statements (continued)

The following tables present the investments of the Company and policyholder investments by level for the fair value hierarchy:

December 31, 2017

	Level 1	Level 2	Level 3	Total
Company investments:				
Cash and cash equivalents	\$ 417,513	\$ -	\$ -	\$ 417,513
Policyholders' investments:				
Fixed income securities	-	2,220,933	-	2,220,933
Equities	6,710,594	-	-	6,710,594
Investment in collective investment schemes	-	32,899,799	252,870,525	285,770,324
Short-term investments	2,729,223	-	-	2,729,223
Mutual funds	5,669,019	-	-	5,669,019
Cash and cash equivalents	12,502,649	-	-	12,502,649
	<u>27,611,485</u>	<u>35,120,732</u>	<u>252,870,525</u>	<u>315,602,742</u>
Total Company and Policyholders' Investments	\$ <u>28,028,998</u>	\$ <u>35,120,732</u>	\$ <u>252,870,525</u>	\$ <u>316,020,255</u>

December 31, 2016

	Level 1	Level 2	Level 3	Total
Company investments:				
Cash and cash equivalents	\$ 639,400	\$ -	\$ -	\$ 639,400
Policyholder's investments:				
Equities	-	3,147,481	-	3,147,481
Investment in collective investment schemes	-	-	99,023,676	99,023,676
Cash and cash equivalents	13,301,885	-	-	13,301,885
	<u>13,301,885</u>	<u>3,147,481</u>	<u>99,023,676</u>	<u>115,473,042</u>
Total Company and Policyholders' Investments	\$ <u>13,941,285</u>	\$ <u>3,147,481</u>	\$ <u>99,023,676</u>	\$ <u>116,112,442</u>

14. Contractual Maturity Profile of Insurer's Fixed Maturity and Short-Term Investments

Not applicable.

15. Related Party Transactions

The Company's related party transactions primarily pertain to employee compensation and benefit costs either allocated to or allocated from its affiliates. The following table represents the impact of these related party transactions on the condensed general purpose statement of income:

Lombard International Life Ltd.
General Note to the Condensed General Purpose Financial Statements (continued)

	Year Ended December 31, 2017	Year Ended December 31, 2016
Employee compensation and benefits costs:		
Allocated from affiliates to the Company	\$ 825,410	\$ 570,888
Allocated by the Company to other affiliates	(376,112)	(60,023)
	\$ 449,298	\$ 510,865

As December 31, 2017 and 2016, the Company reported \$199,860 and \$116,645, respectively of amounts due from its affiliates on the condensed general purpose balance sheet within Line 4(g) - Advances to Affiliates.

As December 31, 2017 and 2016, the Company reported \$25,806 and \$61,065, respectively of amounts due to its affiliates on the condensed general purpose balance sheet within Line 32 - Amounts due to Affiliates.

16. Subsequent Events

There were no material transactions or events that occurred between December 31, 2017 and the date that these condensed general purpose financial statements were approved that materially affect these financial statements.

17. Other Information

Not applicable.

Lombard International Life Ltd.
Notes to the Condensed General Balance Sheet

1. Cash and Cash Equivalents

There are no encumbrances on cash or cash equivalents at December 31, 2017 and 2016.

2. Quoted Investments

The Company has no quoted investments recorded on the condensed general purpose balance sheet at December 31, 2017. As described in the General Note to the Condensed General Purpose Financial Statements, the amounts reported in Line 2 of the 2016 condensed general purpose balance sheet represent policyholder investments of the segregated companies.

3. Unquoted Investments

The Company has no unquoted investments recorded on the condensed general purpose balance sheet at December 31, 2017. As described in the General Note to the Condensed General Purpose Financial Statements, the amounts reported in Line 3 of the 2016 condensed general purpose balance sheet represent policyholder investments of the segregated companies.

4. Investment in and Advances to Affiliates

The Company has no investments in affiliates.

Amounts due to or from affiliates pertaining to the related party transactions described in Item 15 in the General Note to the Condensed General Purpose Financial Statements are generally due within 30 days following the end of the period in which the related services are provided.

5. Investment in Mortgage Loans on Real Estate

Not applicable.

6. Policy loans

Not applicable.

7. Real Estate

Not applicable.

8. Collateral Loans

Not applicable.

9. Investment Income Due and Accrued

Not applicable.

Lombard International Life Ltd.
Notes to the Condensed General Purpose Balance Sheet (continued)

10. Accounts and Premiums Receivable

Not applicable.

11. Reinsurance Balances Receivable

Not applicable.

12. Funds Held by Ceding Reinsurers

Not applicable.

13. Sundry Assets

The Company does not hold any derivatives or embedded derivatives.

Sundry assets consist of the following:

	December 31, 2017	December 31, 2016*
Segregated account companies - long-term business – variable annuities	\$ 315,602,742	\$ 115,473,042
Refund receivable from Internal Revenue Service	35,010	-
Prepaid expenses	<u>8,289</u>	<u>28,458</u>
Total	\$ <u>315,646,041</u>	\$ <u>115,501,500</u>

* At December 31, 2016, segregated account companies assets were presented in Line 2 – Quoted Investments and Line 3 – Unquoted Investments, and prepaid expenses were presented in Line 10 – Accounts and Premiums Receivable of the condensed general purpose balance sheet.

Refer to Item 4(a) of the General Note to the Condensed General Purpose Financial Statements for additional information regarding the nature of these balances.

14. Letters of Credit, Guarantees, and Other Instruments

Not applicable.

16. Unearned Premium Reserve

Not applicable

17. Loss and Loss Expense Provisions

Not applicable

20. Reserve for Reported Claims

Not applicable.

Lombard International Life Ltd.
Notes to the Condensed General Purpose Balance Sheet (continued)

21. Reserve for Unreported Claims

Not applicable.

22. Policy Reserves – Life

Not applicable.

23. Policy Reserves – Accident and Health

Not applicable.

24. Policyholders' Funds on Deposit

The Company has not recorded any Policyholders' Funds on Deposit at December 31, 2017 and 2016. As described in the General Note to the Condensed General Purpose Financial Statement, the amounts reported in Line 24 of the 2016 condensed general purpose balance sheet included the offsetting liability related to the policyholder investments of the segregated companies.

25. Liability for Future Policyholder's Dividends

Not applicable.

26. Other Long-Term Business Insurance Reserves

Not applicable.

27. Total Long-Term Business Insurance Reserves

Not applicable.

28. Insurance and Reinsurance Balances Payable

Not applicable.

29. Commissions, Expenses, Fees, and Taxes Payable

Not applicable.

30. Loans and Notes Payable

Not applicable.

31. Income Taxes Payable and Deferred Income Taxes

Refer to Item 4(i) in the General Note to the Condensed General Purpose Financial Statement for information regarding income taxes.

Lombard International Life Ltd.
Notes to the Condensed General Purpose Balance Sheet (continued)

32. Amounts Due to Affiliates

Amounts due to or from affiliates pertaining to the related party transactions described in Item 15 in the General Note to the Condensed General Purpose Financial Statement are generally due within 30 days following the end of the period in which the related services are provided.

33. Accounts Payable and Accrued Liabilities

Refer to Item 4(j) in the General Note to the Condensed General Purpose Financial Statement for information regarding accounts payable and accrued liabilities.

34. Funds Held Under Reinsurance Contracts

Not applicable.

35. Dividends Payable

Not applicable.

36. Sundry Liabilities

The Company does not hold any derivatives or embedded derivatives.

Sundry liabilities consist of the following:

	December 31, 2017	December 31, 2016*
Segregated account companies - variable annuity account values	\$ 315,602,742	\$ 115,473,042
Other Sundry Assets - Amounts due to the general account from the segregated accounts for policy fees to be settled in the short term	<u>(201,287)</u>	<u>(51,944)</u>
Total	<u>\$ 315,401,455</u>	<u>\$ 115,421,098</u>

* On the condensed general purpose balance sheet at December 31, 2016, segregated account companies liabilities were presented in Line 24 – Policyholders’ Funds on Deposit; amounts due to the segregated accounts were presented in Line 4(g) – Advances to Affiliates.

Refer to Item 4(a) of the General Note to the Condensed General Purpose Financial Statement for additional information regarding the nature of these balances.

37. Letters of Credit, Guarantees, and Other Instruments

Not applicable.

Lombard International Life Ltd.
Notes to the Condensed General Purpose Statement of Income

6. Other Insurance Income (General Business)

Not applicable.

15. Other Insurance Income (Long-Term Business)

Other insurance income includes fees charged by the Company to the segregated accounts. The nature of the fees charged include the following:

	Year Ended December 31, 2017	Year Ended December 31, 2016
Asset based fees	\$ 469,541	\$ 188,558
Other contract fees	30,625	30,000
Total	<u>\$ 500,166</u>	<u>\$ 218,558</u>

* As described in the General Note to the Condensed General Purpose Financial Statements, these fees were reported on the 2016 condensed general purpose financial statements in Line 6 – Other Insurance Income (General Business)

Refer to item 4(b) in the General Note to the Condensed General Purpose Financial Statements for information regarding the nature of the balances recognized by the Company as other insurance income.

32. Combined Other Income (Deductions)

The Company has not reported any amounts within this line item for the year ended December 31, 2017. As described in the General Note to the Condensed General Purpose Financial Statements, Line 32 – Combined Other Income (Deductions) in the 2016 condensed general purpose income statement also includes the crediting of the investment performance of unit-lined contracts to policyholder accounts.

36. Combined Realized Gains (Losses)

Not applicable.

Lombard International Life Ltd.
Notes to the Condensed General Purpose Statement of Capital and Surplus

1(a) Capital Stock

At December 31, 2017 and 2016, the Company had 250,000 authorized, issued and fully paid common shares of \$1 par value capital stock.

There have been no share repurchases with respect to the capital stock of the Company.

1(b) Contributed Surplus

The following table represents activity of the Company's contributed surplus:

		Year Ended December 31, 2017		Year Ended December 31, 2016
Contributed surplus, beginning of year	\$	1,362,086	\$	1,270,679
Reclassification*		1,579,321		-
Capital contribution		971,510		100,000
Return of capital		-		(8,593)
Contributed surplus, end of year	\$	<u>3,912,917</u>	\$	<u>1,362,086</u>

* Reclassification from Line 2 – Surplus to Line 1b – Contributed Surplus on the condensed general purpose statement of capital and surplus in accordance with the Legislation.

2(c) Dividends Paid and Payable

Not applicable.