



**LOMBARD INTERNATIONAL LIFE LTD.**

Condensed General Purpose Financial Statements

**For the Year Ended December 31, 2021**

**Lombard International Life Ltd.**

**Condensed General Purpose Financial Statements**

**December 31, 2021**

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## Independent Auditor's Report

The Board of Directors  
Lombard International Life Ltd.

### Our Opinion

In our opinion, the condensed financial statements of Lombard International Life Ltd. (the "Company") are prepared, in all material respects, in accordance with 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").

#### *What We Have Audited*

The Company's condensed financial statements comprise:

- the condensed balance sheet as at December 31, 2021;
- the condensed statement of income for the year then ended;
- the condensed statement of capital and surplus as at December 31, 2021; and
- the notes to the condensed financial statements, which include a summary of significant accounting policies.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the condensed financial statements* section of our report.

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

#### *Independence*

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements of the Chartered Professional Accountants of Bermuda Rules of Professional Conduct (CPA Bermuda Rules) that are relevant to our audit of the condensed financial statements in Bermuda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the CPA Bermuda Rules.

*Reference: Independent Auditor's Report on the Condensed Financial Statements of Lombard International Life Ltd. as at December 31, 2021 and for the year then ended.*

## **Emphasis of Matter – Basis of Accounting**

Without modifying our opinion, we note that the condensed financial statements have been prepared in accordance with the financial reporting provisions of the Legislation. The accounting policies used and the disclosures made are not intended to, and do not, comply with all of the requirements of International Financing Reporting Standards (“IFRS”).

## **Responsibilities of Management and Those Charged With Governance for the Condensed Financial Statements**

Management is responsible for the preparation of the condensed financial statements in accordance with the financial reporting provisions of the Legislation, and for such internal control as management determines is necessary to enable the preparation of condensed financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

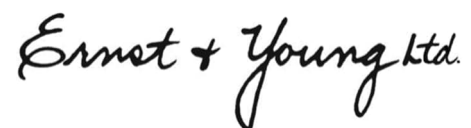
## **Auditor’s Responsibilities for the Audit of the Condensed Financial Statements**

Our objectives are to obtain reasonable assurance about whether the condensed 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 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 condensed financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the condensed financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the condensed financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the condensed consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



April 29, 2022

Chartered Professional Accountants

*Reference: Independent Auditor's Report on the Condensed Financial Statements of Lombard International Life Ltd. as at December 31, 2021 and for the year then ended.*

**CONDENSED GENERAL PURPOSE BALANCE SHEET**

Lombard International Life Ltd.

As at

December 31, 2021

United States Dollars

LINE No.		2021	2020
1.	CASH AND CASH EQUIVALENTS	885,910	1,333,533
2.	QUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	Cash - Separate Accounts	-	-
	Short Term investments - Separate Accounts	-	-
(b)	Total Bonds and Debentures	-	-
(c)	Equities		
	i. Common stocks	-	-
	ii. Preferred stocks	-	-
	iii. Mutual funds	-	-
(d)	Total equities	-	-
(e)	Other quoted investments	-	-
(f)	Total quoted investments	-	-
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	-	-
(f)	Total unquoted investments	-	-
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	4,574	5,216
(h)	Total investments in and advances to affiliates	4,574	5,216
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	-	-
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	-	-
(d)	Total accounts and premiums receivable	-	-
11.	REINSURANCE BALANCES RECEIVABLE:		
(a)	Foreign affiliates	-	-
(b)	Domestic affiliates	-	-
(c)	Pools & associations	-	-
(d)	All other insurers	-	-
(e)	Total reinsurance balance receivable	-	-

**CONDENSED GENERAL PURPOSE BALANCE SHEET**

Lombard International Life Ltd.

As at **December 31, 2021**

**United States Dollars**

LINE No.		2021	2020
12.	FUNDS HELD BY CEDING REINSURERS	-	-
13.	SUNDRY ASSETS:		
(a)	Derivative instruments	-	-
(b)	Segregated accounts companies - long-term business - variable annuities	2,158,415,005	1,764,754,961
(c)	Segregated accounts companies - long-term business - other	417,318,958	386,239,334
(d)	Segregated accounts companies - general business	-	-
(e)	Deposit assets	-	-
(f)	Deferred acquisition costs	1,628,724	737,197
(g)	Net receivables for investments sold	-	-
(h)	Other - Prepaid expenses	39,400	7,094
(i)	Other - Right-of-use asset - property lease	75,455	9,486
(j)	Other - Miscellaneous receivable	69,756	101,076
(k)	Total sundry assets	2,577,547,298	2,151,849,148
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	2,578,437,782	2,153,187,897
<b>TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS</b>			
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	-	-
(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	-	-
<b>LONG-TERM BUSINESS INSURANCE RESERVES</b>			
20.	RESERVE FOR REPORTED CLAIMS	-	-
21.	RESERVE FOR UNREPORTED CLAIMS	280	196
22.	POLICY RESERVES - LIFE	140	98
23.	POLICY RESERVES - ACCIDENT AND HEALTH	-	-
24.	POLICYHOLDERS' FUNDS ON DEPOSIT	-	-

**CONDENSED GENERAL PURPOSE BALANCE SHEET**

Lombard International Life Ltd.

As at

December 31, 2021

United States Dollars

LINE No.		2021	2020
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	442	311
(b)	Less: Reinsurance recoverable balance on long-term business		
(i)	Foreign Affiliates	-	-
(ii)	Domestic Affiliates	-	-
(iii)	Pools and Associations	-	-
(iv)	All Other Insurers	22	17
(c)	Total Reinsurance Recoverable Balance	22	17
(d)	<b>Total Net Long-Term Business Insurance Reserves</b>	<b>420</b>	<b>294</b>
	<b>OTHER LIABILITIES</b>		
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	14	18
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE	79,881	221,518
30.	LOANS AND NOTES PAYABLE	-	-
31.	(a) INCOME TAXES PAYABLE	-	-
	(b) DEFERRED INCOME TAXES	-	-
32.	AMOUNTS DUE TO AFFILIATES	1,021,370	438,391
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	212,513	200,846
34.	FUNDS HELD UNDER REINSURANCE CONTRACTS:	-	-
35.	DIVIDENDS PAYABLE	-	-
36.	SUNDRY LIABILITIES:		
(a)	Derivative instruments	-	-
(b)	Segregated accounts companies	2,574,339,275	2,150,118,564
(c)	Deposit liabilities	-	-
(d)	Net payable for investments purchased	-	-
(e)	Other sundry liabilities - Property lease liability	76,863	9,665
(f)	Other sundry liabilities (specify)	-	-
(g)	Other sundry liabilities (specify)	-	-
(h)	Total sundry liabilities	2,574,416,138	2,150,128,229
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	2,575,729,916	2,150,989,002
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	2,575,730,336	2,150,989,296
	<b>CAPITAL AND SURPLUS</b>		
40.	TOTAL CAPITAL AND SURPLUS	2,707,446	2,198,601
41.	TOTAL	2,578,437,782	2,153,187,897



## CONDENSED GENERAL PURPOSE STATEMENT OF INCOME

Lombard International Life Ltd.

As at

December 31, 2021  
United States Dollars

LINE No.		2021	2020
	<b>GENERAL BUSINESS UNDERWRITING INCOME</b>		
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	-	-
7.	TOTAL GENERAL BUSINESS UNDERWRITING INCOME	-	-
	<b>GENERAL BUSINESS UNDERWRITING EXPENSES</b>		
8.	NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED	-	-
9.	COMMISSIONS AND BROKERAGE	-	-
10.	TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	-	-
11.	<b>NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS</b>	-	-
	<b>LONG-TERM BUSINESS INCOME</b>		
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	(151)	(103)
14.	NET PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Life	-	-
	(b) Annuities	(151)	(103)
	(c) Accident and health	-	-
	(d) Total net premiums and other considerations	(151)	(103)
15.	OTHER INSURANCE INCOME	5,088,643	4,297,026
16.	TOTAL LONG-TERM BUSINESS INCOME	5,088,492	4,296,923
	<b>LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES</b>		
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, 2021**  
United States Dollars

LINE No.	2021	2020
22. ACCIDENT AND HEALTH BENEFITS	-	-
23. COMMISSIONS	2,030,131	1,309,670
24. OTHER	-	-
25. TOTAL LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES	<u>2,030,131</u>	<u>1,309,670</u>
26. INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES):		
(a) Life	109	60
(b) Annuities	17	19
(c) Accident and health	-	-
(d) Total increase (decrease) in policy reserves	<u>126</u>	<u>79</u>
27. TOTAL LONG-TERM BUSINESS EXPENSES	2,030,257	1,309,749
28. <b>NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS</b>	<u>3,058,235</u>	<u>2,987,174</u>
29. <b>COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS</b>	<u>3,058,235</u>	<u>2,987,174</u>
<b>UNDERNOTED ITEMS</b>		
30. COMBINED OPERATING EXPENSE		
(a) General and administration	780,191	756,066
(b) Personnel cost	1,406,253	1,186,084
(c) Other	145,618	79,984
(d) Total combined operating expenses	<u>2,332,062</u>	<u>2,022,134</u>
31. COMBINED INVESTMENT INCOME - NET	-	1
32. COMBINED OTHER INCOME (DEDUCTIONS)	-	-
33. COMBINED INCOME BEFORE TAXES	<u>726,173</u>	<u>965,041</u>
34. COMBINED INCOME TAXES (IF APPLICABLE):		
(a) Current	-	-
(b) Deferred	-	-
(c) Total	<u>-</u>	<u>-</u>
35. COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	726,173	965,041
36. COMBINED REALIZED GAINS (LOSSES)	-	-
37. COMBINED INTEREST CHARGES	-	-
38. <b>NET INCOME</b>	<u>726,173</u>	<u>965,041</u>

**CONDENSED GENERAL PURPOSE STATEMENT OF CAPITAL AND SURPLUS**

Lombard International Life Ltd.

As at

**December 31, 2021**  
United States Dollars

LINE No.		2021	2020
1.	<b>CAPITAL:</b>		
(a)	Capital Stock		
	(i) Common Shares	250,000	250,000
	authorized	250,000	
	value	\$ 1,000	
	fully paid	250,000	
		shares of par	each issued and
			shares
	(ii)		
	(A) Preferred shares:	-	-
	authorized	-	
	value	\$ -	
	fully paid	-	
		shares of par	each issued and
			shares
	aggregate liquidation value for –		
	2021	-	
	2020	-	
	(B) Preferred shares issued by a subsidiary:	-	-
	authorized	-	
	value	\$ -	
	fully paid	-	
		shares of par	each issued and
			shares
	aggregate liquidation value for –		
	2021	-	
	2020	-	
	(iii) Treasury Shares	-	-
	repurchased	-	
	value	\$ -	
		shares of par	each issued
(b)	Contributed surplus	4,773,061	4,990,389
(c)	Any other fixed capital		
	(i) Hybrid capital instruments	-	-
	(ii) Guarantees and others	-	-
	(iii) Total any other fixed capital	-	-
(d)	Total Capital	5,023,061	5,240,389
2.	<b>SURPLUS:</b>		
(a)	Surplus - Beginning of Year	(3,041,788)	(4,006,829)
(b)	Add: Income for the year	726,173	965,041
(c)	Less: Dividends paid and payable	-	-
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments	-	-
(e)	Add (Deduct) change in any other surplus	-	-
(f)	Surplus - End of Year	(2,315,615)	(3,041,788)
3.	<b>MINORITY INTEREST</b>	-	-
4.	<b>TOTAL CAPITAL AND SURPLUS</b>	2,707,446	2,198,601

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. 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. Lombard International Bermuda Holdings Ltd. is a wholly owned subsidiary of LIA Holdings Ltd., a United Kingdom company. There have been no changes to the ownership structure during the years ended December 31, 2021 and 2020.

**2. General Nature of the Risks Underwritten by the Insurer**

The Company is in the business of issuing life insurance and annuity products to High Net Worth Individuals (HNWIs) and institutional policyholders. 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.

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

#### **4. Accounting Policies**

##### **a) Product classification**

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

##### **Investment Contracts**

The Company defines individual and group variable annuity products which do not transfer significant insurance risk, 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.

##### *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, *Insurance Contracts* (IFRS 4). The Company adopted IFRS 4 on June 30, 2015. IFRS 4, Phase 1 allows for a temporary exemption which allows the Company to use legacy accounting policies. The Company's core insurance products are unit-linked life insurance contracts and are valued in accordance with US GAAP, as permitted in accordance with IFRS 4.

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 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.

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

*Unit-linked insurance premiums*

Premiums received on unit-linked insurance contracts are treated as policyholder deposits and are not recorded as revenue in the condensed general purpose statement of income. Premiums received for insurance contracts are accounted for as deposits on the condensed general purpose balance sheet within Line 13(c): Segregated Accounts Companies - Long-Term Business - Other, with a corresponding liability in Line 36(b) -Segregated Accounts Companies.

*Policy claims and benefits*

Death claims related to insurance contracts are reported in the condensed general purpose statement of income within Line 17: Long-Term Deductions and Expenses – Claims – Life. Death claims are accounted for on notification of death.

Surrenders are accounted for when payment is due and are deducted from the policyholder account balances reflected in Line 13(c) on the condensed general purpose balance sheet, net of any applicable surrender charges.

*Insurance reserves*

The Company's policy reserves reflected in Line 22 of the condensed general purpose balance sheet are actuarially calculated reserves representing the present value of expected future benefit payments under the terms of the unit-linked insurance contracts.

A reserve for an estimated amount of incurred but not reported death claims is reflected in Line 21 of the condensed general purpose balance sheet.

**(b) Revenue Recognition**

Investment contract policyholders are charged fees for policy administration 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.

Unit-linked life insurance policyholders are charged fees for policy administration and other contract services. Such fees are recognized as revenue in the condensed general purpose statement of income within Line 15: Long-Term Business Income, Other Insurance Income. These fees generally include the following:

- (i). Asset based fees, representing charges to policyholders' accounts for the administration of the assets under administration ("AUA"). Services related to the administration of unit-linked contracts are recognized as revenue as the services are provided.
- (ii). Cost of insurance charges, which represent risk charges to policy holder accounts on a monthly basis and recognized as revenue over the associated risk period.

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

- (iii). Structuring fees, which the Company may receive from investment managers upon the creation and/or launching of a new investment program, and
- (iv). Other contract fees, representing front-end load charges to policyholder accounts primarily resulting from initial premiums deposited into policyholder accounts for new policies, and fees earned from investment managers

**(c) Reinsurance**

Reinsurance contracts are contracts entered into by the Company in order to receive compensation for claims/benefits incurred on contracts written by the Company. For contracts transferring sufficient insurance risk, the actuarial reserves related to unit-linked insurance contracts are reduced by anticipated reinsurance recoverable amounts.

Reinsurance premiums are recognized on the condensed general purpose statement of income within Line 13 - Long-Term Business Income – Premiums Ceded, when payment is due.

Amounts payable in respect of future reinsurance premiums are reported on the condensed general purpose balance sheet within Line 28 - Other Liabilities – Insurance and Reinsurance Balances Payable.

Reinsurance recoveries, in respect of claims on unit-linked insurance contract are accounted for in the same period as the related claim. Amounts recoverable from reinsurers in respect of claims are reported on the condensed general purpose balance sheet within Line 11 - Reinsurance Balances Receivable.

**(d) Cash and Cash Equivalents**

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

**(e) Investments**

The policyholder investments held by the Company 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 and Line 13(c) - Segregated Accounts Companies - Long-Term Business - Other, with a corresponding liability in Line 36(b) - Sundry Liabilities - Segregated Accounts Companies.

**(f) 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 years ended December 31, 2021 and 2020.

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

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

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, 2021 and 2020 there were no realized and unrealized gains (losses) pertaining to cash and cash equivalents and investments of the Company.

**(g) 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.

Amounts due to affiliates primarily represent amounts due by the Company to Lombard International Life Assurance Company (“LILAC”), an affiliate. 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.

**(h) Deferred Acquisition Costs**

Deferred acquisition costs represent the direct costs attributable to the successful acquisition of new or renewal contracts. Acquisition costs are deferred to the extent the costs are recoverable in the future and are amortized on a straight line basis. The period over which the costs are expected to be recovered is 20 years. During 2020 the Company began deferring acquisition costs as it determined that such acquisition costs are recoverable in the future. Acquisition costs deferred by Company represent portions of the compensation and benefits expenses of specific employees that is attributed to the successful acquisition of new business.

Unamortized acquisition costs are reported in Line 13(f) - Sundry Assets, Deferred Acquisition Costs of the condensed general purpose balance sheet. Acquisition costs being deferred are reported in the condensed general purpose income statement as a reduction of Line 30(b) – Combined Operating Expenses – Personnel Costs. Amortization of deferred acquisition costs is reported in the condensed general purpose income statement in Line 30(c) – Combined Operating Expenses – Other.

**(i) 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.

**(j) 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



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

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.

**(k) Federal Excise Tax**

The Company collects federal excise tax on insurance contracts and investment contracts where the insured, owner, or annuitant is a citizen of the United States of America. The applicable excise taxes are deducted from policyholder accounts. Federal excise taxes deducted from policyholder accounts and not yet remitted to the Internal Revenue Service are reflected as a liability reported within Line 29 – Commissions, Expenses, Fees and Taxes Payable.

**(l) Accounts Payable and Accrued Liabilities**

Accounts payable and accrued liabilities generally include incurred and unpaid expenses related to independent audit, actuarial and other services received from outside service providers. The Company recognizes these expenses on the condensed general purpose statement of income within Line 30(a) - Combined Operating Expense – General and Administration in relation to the period in which the services are performed.

**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 and unit-linked insurance 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 in the condensed general purpose financial statements.

**9. Defaults by the Insurer**

Not applicable

**10. Arrears of Dividends on Preferred Cumulative Shares**

Not applicable.

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

**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, 2021**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Company investments:</b>				
Cash and cash equivalents	\$ 885,910	\$ -	\$ -	\$ 885,910
<b>Policyholders' investments:</b>				
Fixed income securities	-	25,294,979	-	25,294,979
Equities	76,085,785	40,745,184	-	116,830,969
Investment in collective investment schemes	-	7,651,564	2,388,402,992	2,396,054,556
Cash and cash equivalents	<u>37,553,459</u>	<u>-</u>	<u>-</u>	<u>37,553,459</u>
	113,639,244	73,691,727	2,388,402,992	2,575,733,963
<b>Total Company and Policyholders' Investments</b>	<u>\$ 114,525,154</u>	<u>\$ 73,691,727</u>	<u>\$ 2,388,402,992</u>	<u>\$ 2,576,619,873</u>

**December 31, 2020**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Company investments:</b>				
Cash and cash equivalents	\$ 1,333,533	\$ -	\$ -	\$ 1,333,533
<b>Policyholders' investments:</b>				
Fixed income securities	-	21,728,219	-	21,728,219
Equities	27,728,951	34,685,810	-	62,414,761
Investment in collective investment schemes	-	13,340,778	2,007,873,569	2,021,214,347
Short-term investments	2,310,202	-	-	2,310,202
Derivatives	-	115,240	-	115,240
Cash and cash equivalents	<u>43,211,526</u>	<u>-</u>	<u>-</u>	<u>43,211,526</u>
	73,250,679	69,870,047	2,007,873,569	2,150,994,295
<b>Total Company and Policyholders' Investments</b>	<u>\$ 74,584,212</u>	<u>\$ 69,870,047</u>	<u>\$ 2,007,873,569</u>	<u>\$ 2,152,327,828</u>

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

Not applicable.

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

**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:

	Year Ended December 31, 2021	Year Ended December 31, 2020	Reporting Line within the Condensed General Purpose Income Statement
Employee compensation and benefits costs:			
Allocated from affiliates to the Company	\$ 1,741,001	\$ 1,529,096	Line 30(b) – Personnel Cost
Allocated from affiliates to the Company	106,898	-	Line 30(a) – General and Administration
Allocated from affiliates to the Company	728,688	373,842	Line 30(c) – Commissions
Allocated by the Company to other affiliates	(57,981)	(89,615)	Line 30(b) – Personnel Cost
	<u>\$ 2,518,606</u>	<u>\$ 1,813,323</u>	

As of December 31, 2021 and 2020, the Company reported \$4,574 and \$5,216, respectively of amounts due from its affiliates on the condensed general purpose balance sheet within Line 4(g) - Advances to Affiliates.

As of December 31, 2021 and 2020, the Company reported \$1,021,370 and \$438,391, 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, 2021 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 Purpose Balance Sheet

**1. Cash and Cash Equivalents**

There are no encumbrances on cash or cash equivalents at December 31, 2021 and 2020.

**2. Quoted Investments**

The Company has no quoted investments recorded on the condensed general purpose balance sheet at December 31, 2021 and 2020.

**3. Unquoted Investments**

The Company has no unquoted investments recorded on the condensed general purpose balance sheet at December 31, 2021 and 2020.

**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**

The Company has no investments in mortgage loans on real estate at December 31, 2021 and 2020.

**6. Policy loans**

Not applicable.

**7. Real Estate**

Not applicable.

**8. Collateral Loans**

Not applicable.

**9. Investment Income Due and Accrued**

Not applicable.

**10. Accounts and Premiums Receivable**

Not applicable.

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

**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:

	*	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Segregated account companies - long-term business – variable annuities	1(e), 13	\$ 2,158,415,005	\$ 1,764,754,961
Segregated account companies - long-term business – other (variable life)	1(e), 13	417,318,958	386,239,334
Deferred acquisition costs	1(h)	1,628,724	737,197
Right-of-use asset – property lease		75,455	9,486
Prepaid expenses		39,400	7,094
Miscellaneous receivable		<u>69,756</u>	<u>101,076</u>
Total		<u>\$ 2,577,547,298</u>	<u>\$ 2,151,849,148</u>

\* Refer to the indicated Note in the General Note to the Condensed General Purpose Financial Statements for additional information regarding the nature of these balances.

The following table represents the activity of deferred acquisition costs:

	<u>Year Ended</u> <u>December 31, 2021</u>	<u>Year Ended</u> <u>December 31, 2020</u>	<u>Reporting Line within the</u> <u>Condensed General Purpose</u> <u>Income Statement</u>
Beginning balance, January 1	\$ 737,197	\$ -	
Costs deferred during the year	979,291	775,998	Line 30(b) – Personnel Cost
Amortization of deferred acquisition costs	<u>(87,764)</u>	<u>(38,801)</u>	Line 30(c) – Other
Ending balance, December 31	<u>\$ 1,628,724</u>	<u>\$ 737,197</u>	

**14. Letters of Credit, Guarantees, and Other Instruments**

Not applicable.

**16. Unearned Premium Reserve**

Not applicable

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

**17. Loss and Loss Expense Provisions**

Not applicable

**20. Reserve for Reported Claims**

Not applicable.

**21. Reserve for Unreported Claims**

Refer to the Item 4(a) of the General Note to the Condensed General Purpose Financial Statements for information related to reserves for unreported claims.

**22. Policy Reserves – Life**

Refer to the Item 4(a) of the General Note to the Condensed General Purpose Financial Statements for information related to reserves for unreported claims.

**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, 2021 and 2020.

**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**

There are no restricted assets held for security against liabilities or contingent liabilities, or unsecured policyholder obligations at December 31, 2021 and 2020.

**28. Insurance and Reinsurance Balances Payable**

There are no insurance or reinsurance balances payable to affiliates at December 31, 2021 and 2020. Reinsurance premiums payable of \$14 and \$18 at December 31, 2021 and 2020, respectively, were payable to one unaffiliated reinsurer.

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

**29. Commissions, Expenses, Fees, and Taxes Payable**

The following summarizes the activity for the Company's federal excise tax liability:

	<u>Year Ended</u> <u>December 31, 2021</u>		<u>Year Ended</u> <u>December 31, 2020</u>
Federal excise tax liability, beginning of year	\$ -	\$	58,575
Amounts withheld from policyholder accounts	13,921		58,325
Amounts remitted to the U.S. Internal Revenue Service	<u>(8,545)</u>		<u>(116,900)</u>
Federal excise tax liability, end of year	<u>\$ 5,376</u>	\$	<u>-</u>

**30. Loans and Notes Payable**

Not applicable.

**31. Income Taxes Payable and Deferred Income Taxes**

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

**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(l) 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.



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

**36. Sundry Liabilities**

The Company does not hold any derivatives or embedded derivatives.

Sundry liabilities consist of the following:

	*	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Segregated account companies - variable annuity account values	1(e), 13	\$ 2,158,415,005	\$ 1,764,754,961
Segregated account companies - variable life account values	1(e), 13	417,318,958	386,239,334
Amounts due to the general account from the segregated accounts for policy fees to be settled in the short term	1(i)	(1,394,688)	(875,731)
Property lease liability		<u>76,863</u>	<u>9,665</u>
Total		<u>\$ 2,574,416,138</u>	<u>\$ 2,150,128,229</u>

\* Refer to the indicated Note in the General Note to the Condensed General Purpose Financial Statements 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 includes the following:

	<u>Year Ended</u> <u>December 31, 2021</u>		<u>Year Ended</u> <u>December 31, 2020</u>
Asset based fees	\$ 4,857,699	\$	4,286,483
Cost of insurance charges	705		543
Structuring fees	125,000		-
Other contract fees	<u>105,239</u>		<u>10,000</u>
Total	<u>\$ 5,088,643</u>	\$	<u>4,297,026</u>

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 years ended December 31, 2021 and 2020.

**36. Combined Realized Gains (Losses)**

Not applicable.