Monument Re Limited

Annual Report

For the year ended 31st December 2019

Contents

Strategic Report

Introduction

Monument Re Limited ("Monument Re" or "the Company") is a Bermuda based reinsurance company established to provide solutions for asset intensive portfolios through reinsurance or acquisition. In executing this dual insurance and reinsurance strategy, the Company looks to assume asset based risks within its risk appetite, and efficiently operate these businesses or portfolios. The focus includes two principal areas, namely:

- Acquisition of portfolios or direct insurers, primarily those in run-off and targeting mainly annuity, guaranteed savings or linked products; and
- Reinsurance of long-dated, asset intensive liabilities, typically with guarantees.

Monument Re is a Class E reinsurer and holding company of other insurance entities. It is subject to Group Supervision under the Bermuda Monetary Authority through Solvency II Equivalence attained on a permanent basis from the European Insurance and Occupational Pensions Authority.

Monument Re has an established track-record of acquiring life insurance portfolios across Europe. Since incorporation, the following transactions have been signed as detailed in the table below.

Transactions signed as at the date of issue of these financial statements:

Counterparty	Target	Country	Completion
Barclays Bank PLC	Barclays Insurance (Dublin) Designated Activity Company and Barclays Assurance (Dublin) Designated Activity Company, payment protection insurance ("PPI") and short-term income protection	Republic of Ireland	March 2017 (companies renamed Monument Assurance DAC ("MIDAC") and Monument Insurance DAC ("MIDAC"), respectively)
Enstar Group Limited	Monument Life Insurance DAC (formerly Laguna Life DAC) ("MLIDAC"), term life protection	Republic of Ireland	March 2017
ABN AMRO Bank N.V.	ABN AMRO Life Capital Belgium N.V., traditional savings	Belgium	March 2018 (renamed Monument Assurance Belgium N.V. ("MAB"))
Ethias S.A. ("Ethias")	FIRST A portfolio, traditional savings	Belgium	September 2018 (transferred to MLIDAC)
Talanx AG	Aspecta Assurance International Luxembourg S.A., unit-linked single premium products targeted towards high net-worth individuals as well as in unit-linked regular premium products for the retail market	Luxembourg	October 2018 (renamed Monument Assurance Luxembourg S.A. ("MAL"))
Amerborgh Financial Services B.V.	Robein Leven N.V. ("Robein Leven"), traditional and unit-linked products	Netherlands	March 2019
MetLife Europe Designated Activity Company ("MetLife")	A run-off portfolio of linked and traditional business	Republic of Ireland	April 2019 (transferred to MLIDAC)
Enstar Group Limited (Alpha Insurance S.A.; "Alpha")	A run-off portfolio of traditional life and credit life business	Belgium	May 2019
BenCo Insurance Holding B.V., a subsidiary of	Nordben Life and Pension Insurance Co Limited ("Nordben"), unit-linked and	Guernsey	June 2019

Counterparty	Target	Country	Completion
Storebrand Livsforsikring AS	traditional savings		
Curalia OVV ("Curalia")	Closed book of life business	Belgium	December 2019
Rothesay Life Plc ("Rothesay")	Annuity portfolio	United Kingdom	Reinsurance in-force deal in March 2019; portfolio transfer to MLIDAC to follow (pending regulatory and UK Court approval)
Societe Generale S.A.	Inora Life Designated Activity Company ("Inora"), unit-linked savings	Republic of Ireland	September 2019
Società Cattolica di Assicurazione – Società Cooperativa[1] ("Cattolica Group")	Cattolica Life DAC ("Cattolica")	Republic of Ireland	Signed December 2019, pending regulatory approval
Various shareholders[1]	GreyCastle Holdings Ltd ("GreyCastle") – Annuity and life risks	Bermuda	Signed March 2020, requires regulatory approval

[1] Financials for these transactions are not included in this report as not completed on the reporting date.

Chairman's Report

We are pleased to present the annual report of Monument Re. In our third year of operation, we continued to build our global platform in support of our dual reinsurance and insurance strategy. The principal drivers supporting the strategy remain strong. In particular, the continued low interest rate environment has maintained margin pressure on life insurers, which, coupled with the increased regulatory requirements, has led to a number of life insurers evaluating strategic options to deploy their capital more efficiently across the developed European markets.

As a result, the pipeline in 2019 remained healthy, with notable transactions signed or completed in Ireland, Belgium and Guernsey. Monument Re's business model is highly flexible and, with the additional benefit of a cohesive and dedicated management team, the Company has delivered on key transactions in 2019 that provide both strategic and financial value. The Company is in a healthy position financially, operationally and resource-wise and remains set to continue on its current growth trajectory.

In the first quarter of 2020, we were pleased to announce the signing of a transaction to acquire GreyCastle (which remains subject to the usual regulatory approvals). This represents a significant milestone for the group, adding assets under management of over EUR 3 billion and significant pension annuity liabilities. Under the prevailing conditions arising from the impact of the global response to Covid-19, bringing this transaction to a conclusion was a remarkable achievement.

Covid-19 has had a dramatic impact across society in all of the geographic areas in which we operate, including on our own customers, staff and other stakeholders. Monument Re has deployed its business continuity measures to enable staff to work from home and is in daily contact with our customer service partners to ensure we remain alert to their needs and those of our customers. We are monitoring the impact across all aspects of our business, including our risk and investment exposures, and are confident that our strong reserving and capital buffers will be adequate to absorb the likely adverse experience.

On behalf of all members of the board, I would like to thank the management team and all staff in the Monument Re group for their dedicated efforts in 2019. We look forward to continued success ahead.

Jonathan Yates

Chief Executive Officer's Report

We are pleased to present the annual report of Monument Re. In 2019, we continued delivering a number of key transactions and integrations and further reinforced our standing as a preferred partner, offering agility, commerciality and transaction certainty. Our scale and footprint in Ireland and the Benelux region grew throughout 2019 with the delivery of key transactions, which met strategic and pricing criteria as part of our rigorous underwriting process.

In Ireland, we signed and completed the acquisition of Inora from Societe Generale S.A. and signed a further two transactions: an annuity book from Rothesay; and Cattolica from the Cattolica Group. We received High Court approval for the portfolio transfer of the Metlife portfolio acquired in 2018. The integration of these portfolios and business is proceeding and we remain active in pursuing further growth opportunities in Ireland.

In Belgium, we signed and completed two transactions, namely the acquisition of Alpha portfolio and the transfer of a portfolio from Curalia. We have successfully integrated the portfolios, including a system migration during 2019, and are well-positioned to capitalise on further opportunities in the Belgian market.

In Guernsey, we completed the acquisition of Nordben and established our presence in the Crown Dependencies, ready for further transactions.

In the first quarter of 2020, we signed the acquisition of GreyCastle, a very significant transaction and milestone for the group, which remains subject to regulatory approval. Achieving this in the light of the current challenging conditions was especially pleasing and a testament to the resourcefulness of the team. We anticipate completing this transaction in the summer of 2020 and are actively planning the integration of the portfolio into Monument Re.

We remain on alert as the social and economic impact of the Coronavirus pandemic continues to grow rapidly at the time of writing. Not surprisingly, we have received a noticeable increase in enquiries from customers directly as well as through those partners to which we out-source customer servicing. Business continuity across the group and with our outsourcers remains good. Monument Re staff across Europe and Bermuda are now all working from home and the transition to home-working happened quickly and relatively smoothly. The chief executives of all Monument Re's operating companies meet weekly to assess the situation and agree action required. The group has hedges in place to protect a range of investment risks and these have protected the group in the recent volatile markets. The impact on the global economy resulting from the measures taken to address Covid-19 have not yet had time to feed through. In terms of its impact on Monument Re, it seems inevitable that this will result in some bond defaults and downgrades. We monitor this position daily and are, thus far, comfortable that our exposures to those sectors seemingly most at risk are limited. The full impact on biometric experience, which is also being actively monitored, will take some more time to emerge, but we are confident that our reserving and capital buffers are resilient to the potential impact. Whilst we anticipate some adverse experience in involuntary unemployment claims, we are, again, confident that our reserving and capital buffers will be adequate to absorb the impact and the consequences for the group's solvency will be limited.

The financial performance of the Company continues to be sound with profit after tax of EUR 42.0 million driven principally by profitable transactions. Our Capital Coverage Ratio under the Economic Balance Sheet framework of the Bermuda Monetary Authority is a very healthy 474%. Overall, the

Company enjoys a sound financial footing and benefits from the affirmed support of its shareholders in continuing to grow the business.

I would like to thank our shareholders for their positive backing, the Monument team for their commitment, energy and teamwork as we grow the business and our clients and customers for their continued support.

M. Maske

Manfred Maske

Key Financial Data

Directors monitor the progress of the Group, among other, by reference to the following key financial data:

	Year Ended 31st December 2019 €'000	Period Ended 31st December 2018 €'000
Gross written premium	521,139	475,564
Claims incurred, net of reinsurance	510,543	417,842
Profit on ordinary activities before tax	41,438	63,842
Enhanced Capital Requirement	58,566	28,996
Economic Balance Sheet Available Capital	277,451	217,871
Bermuda Economic Balance Sheet Solvency Coverage Ratio	474%	751%

Capital Management

Capital management and allocation is a key driver of the Group's success. Capital is a resource that supports the risk bearing capacity of the Company, forming a foundation for the Company's long-term viability and the trust of its customers. Effective Capital Management is a key element of the Group's strategy and ability to complete and acquire portfolios across different jurisdictions. The Group has a robust capital management policy, which governs the management of our capital resources to provide flexibility to execute new reinsurances and acquisitions, while maintaining financial strength ensuring policyholder and cedant security. An important element of this approach is to maintain financial flexibility by pooling capital at Monument Re, which brings diversification benefits as the business grows.

The primary objective of the Group is to ensure compliance with externally imposed capital requirements and to maintain appropriate capital ratios in order to protect the security of its stakeholders, including cedants and policyholders, while maintaining shareholder value.

As a Bermuda reinsurer, the Group's primary capital benchmark is to maintain sufficient Economic Balance Sheet ("EBS") Available Capital to meet, at all times, the Enhanced Solvency Capital Requirements ("ECR") adhering to EBS Framework.

The principles of capital management at Monument Re are:

Monument Re Capital Management principles

1) Target Setting

Sufficient capital levels set by the Board, so that the Group is able to withstand appropriate stress scenarios, as approved by the Board.

The current Target Capital level for Monument Re is to maintain Available Capital equivalent to 150% of the ECR

The Target Capital level for each subsidiary is approved by the relevant Board, taking into account local requirements.

2) Monitoring

Capital levels shall be assessed regularly to ensure that they remain appropriate to support the Group's operations

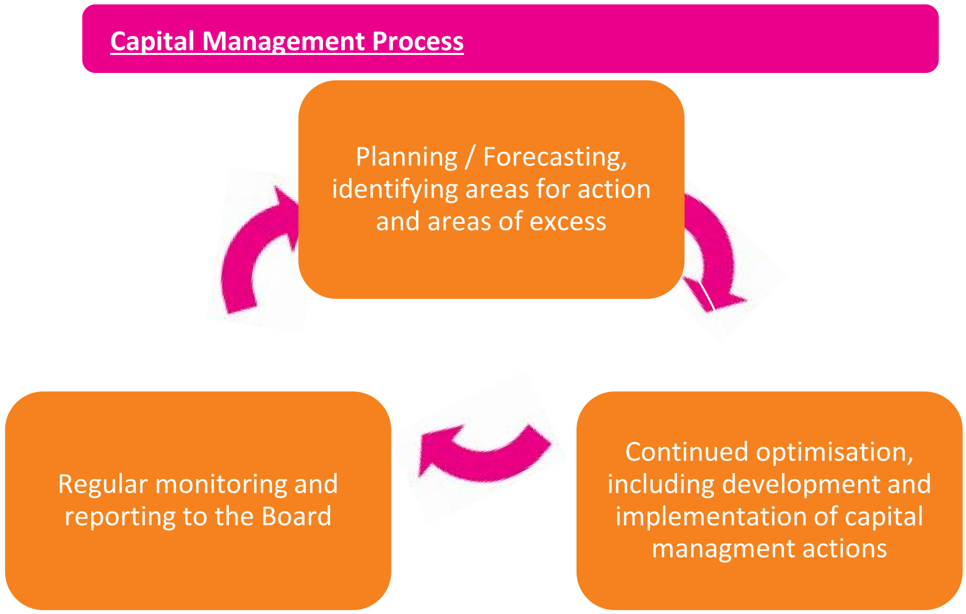
Appropriate processes maintained to enable effective monitoring and reporting of capital positions across the Group including the impact of new transactions

3) Management Actions

Activities undertaken to optimise the capital position of the company (and /or subsidiaries)

Actions continuously identified and executed, in order to optimize capital and remedy breaches of capital levels should a breach occur

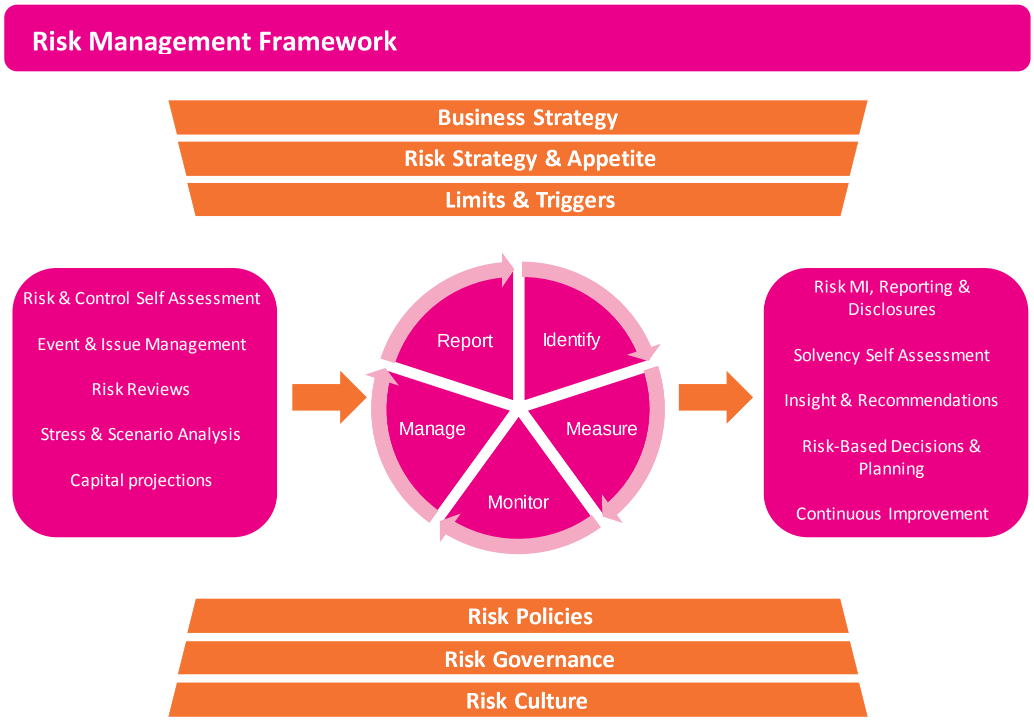
The process followed for Capital Management is as follows:



A capital management plan is prepared annually with the business planning period covering five years. This process culminates in an assessment of the capital necessary to maintain solvency at the threshold targeted by senior management and the firm's risk profile. This plan is reviewed and updated on a regular basis to reflect the actual performance of the business.

Risk Management

Monument Re has established and maintains a Risk Management Framework, which is depicted below:



The framework is founded on a sound risk culture, an effective system of governance including committee structures and clear accountabilities, and a suite of supporting risk policies.

Monument Re is aligned to the "Three Lines of Defence" model for Enterprise Risk Management, which is widely adopted across the financial services industry, and allows for appropriate segregation of risk ownership, oversight and assurance responsibilities. In particular:

- 1st line of defence: individuals and committees with direct responsibility for the management, control and reporting of risk;
- 2nd line of defence: individual and committees with responsibility for the design, coordination, oversight of the effectiveness and integrity of Monument Re's risk management and internal control framework; and
- 3rd line of defence: individuals and committees providing independent assurance and challenge in respect of the effectiveness and integrity of the risk management framework.

The Board has established a Risk Committee to assist the Board by providing leadership, direction and oversight with regard to Monument Re's risk management framework, including risk appetite, limits, risk policies and risk reporting.

The risk strategy of the Group is aligned to the business strategy. Risk appetite statements express the Board's appetite across all categories of risk facing the business. Quantitative risk limits are set for key risks, along with early warning thresholds, which support proactive risk management. Exposures relative to limits and triggers are regularly monitored and reported to the Board.

Principal Risks and Uncertainties

Risk	Description	Mitigating actions and controls
Market Risk	The risk of loss or other adverse impact on the Group arising from movements in markets (e.g. exchange rates, interest rates and inflation rates).	Investment policy and derivatives and hedging policy requiring mitigation of currency, interest rate and inflation risk to within Board-approved asset-liability management limits. Regular monitoring of exposures relative to market risk limits, supplemented by stress and scenario testing.
Insurance Risk	The risk of loss or other adverse impact on the Group arising from unexpected fluctuations in the timing, frequency or severity of insured events, or timing and amount of claim settlements and expenses.	Regular monitoring of actual versus expected claims and expenses. Regular review of actuarial assumptions. Management of persistency through high quality customer service. Selective use of reinsurance.
Credit Risk	The risk of loss or other adverse impact on the Group arising from one party to a financial instrument failing to discharge an obligation.	Credit risk policy imposing principles and requirements for credit risk management, and investment policy imposing credit ratings limits for investment counterparties and concentration limits to avoid overexposure to any investment counterparty. Regular monitoring of exposures relative to credit risk limits.
Operational Risk	The risk of loss or other adverse impact on the Group arising from inadequate or failed internal processes, personnel or systems or external events.	Outsourcer oversight framework, outsourcing policy and operational risk policy. Regular Risk and Control Self-Assessment process. Event and issue management process, root cause analysis and learning from adverse experience. Oversight exercised by Internal Audit, Risk and Compliance functions.

Risk	Description	Mitigating actions and controls
Liquidity Risk	The risk of loss or other adverse impact on the Group arising from insufficient liquidity resources being available to meet obligations as they fall due.	Liquidity policy imposing close matching of asset and liability cash flows and prudent restrictions on investment in illiquid assets. Liquidity framework requiring forward-looking assessment of liquidity requirements, including those arising from derivatives and reinsurance collateral mechanisms, and maintenance of a liquidity buffer to cover severe market and demographic stress.
Group Risk	The risk of loss or other adverse impact on the Group arising from financial or non-financial relationships between entities within the Group. This includes reputational, contagion, accumulation, concentration and intra-Group transactions risk.	Group risk policy imposing requirements for group risk management. Significant commonality of Board composition across the Group and its subsidiaries. Close scrutiny of intra-group transactions including external specialist input where appropriate. Stress and scenario testing through solvency self-assessment process. Reputational Risk policy and escalation process.
Strategic Risk	The risk of loss or other adverse impact on the Group arising from failing to identify and react appropriately to opportunities and/or threats arising from changes in the market, some of which may emerge over a number of years	Strategic risk policy imposing requirements for strategic risk management. Board members and executive committee members with broad experience and deep industry knowledge. Rigorous due diligence process led by internal experts with support from external specialists as required. Tried-and-tested integration approach and experienced, skilled integration team. Emerging risk analysis and reporting.

Risk	Description	Mitigating actions and controls
Sustainability risk	The risk of loss or other adverse impact on the Group arising from environmental, social and governance risks, or the risk of adverse social or environmental externalities arising from the activities of the Group.	Diversified investment portfolio. Emerging Risks Forum. Assessment of flood risk with regard to property collateral. Promoting low carbon practices e.g. video-conferencing as an alternative to business travel. Providing opportunities for and promoting community investment.

Further information relating to risk management is outlined in Note 1 to the Financial Statements.

Corporate Governance

Directors and Officers

Directors

- **Jonathan Yates, Non-Executive Director and Chairman of the Board**

  Jonathan is a Fellow of the Institute of Actuaries with over thirty years' experience in the life insurance industry. He was previously CEO of Windsor Life Assurance Company Limited and, subsequently, Guardian Assurance Company Limited and a Director of various companies within the respective Groups, including Ark Life Assurance Company Limited in Ireland. Jonathan was also previously Group Finance Director of Phoenix Group Holdings plc; a UK listed company as well as a Director of various Group companies, including the life insurance companies within the Group and Ignis Asset Management.

  He has previously held non-Executive Directorships of Paternoster Insurance Company Limited, in the UK, and The Empire Life Insurance Company, in Canada. Jonathan is currently a non-Executive Director with the Viridium Group in Germany, including the various life insurance companies within the Group. He is also Chairman of MADAC, MIDAC and MLIDAC.

- **Clive Rowe, Non-Executive Director and Chairman of the Investment Committee**

  Clive is a General Partner and Managing Member of Oskie Capital Management, a New York based investment fund focused on companies going through significant transformations. He founded the firm in 2010 and is a Portfolio Manager responsible for investments in media, telecom, energy and health care including managed care organisations (health insurers). Prior to founding Oskie Capital, Clive was a partner at SLS Capital, a New York based long short equity fund which he co-founded in 1999. Prior to his career in the investment business, Clive worked at Monitor Company, a strategy consultancy where he co-led the restructuring Group.

  Clive is currently a Board Member of E-L Financial, a Toronto based holding company with a portfolio of investments. E-L owns a Canadian life insurer Empire Life Insurance Company (regulated by OSFI) and he serves on its Board and as Chairman of its Investment Committee. He is also on the Board of Algoma Central Corporation, a publicly traded shipping company and there he is Chairman of the Corporate Governance Committee. In the past, Clive served on the Board of Dominion of Canada, a property and casualty insurer prior to its sale to Travellers in 2013. Clive also served as Chairman of the Board of Roadone Logistics, a Boston based trucking company, from 2012 to June 2015.

- **Paul Bohus, Non-Executive Director and Chairman of the Audit & Compliance Committee**

  Paul is a Senior Vice President of Corporate Development at Enstar. He has significant experience in the (re)insurance industry, particularly in mergers and acquisitions. Paul has been with Enstar since 2014 and is responsible for executing and overseeing all stages of the acquisition process including strategy, alternative capital, due diligence, valuation, financial impact analysis and integration. Prior to joining Enstar, Paul spent over ten years in public accounting, focusing on the reinsurance industry. Paul is a Certified Public Accountant (Ohio, USA).

- **Michael Hermann Winkler, Non-Executive Director and Chairman of the Risk Committee**

  Michael is a member of the Swiss Association of Actuaries. He is the Managing Director of RefinSol GmbH, of which he is also the founder and Executive Director, providing consulting services for international reinsurance companies.

  Michael has also served as CEO of WRM Reinsurance AG, a specialised carrier for bespoke reinsurance transactions for life insurance companies in the area of Financial Solutions.

  Michael brings over thirty years of experience to Monument Re, having covered multiple roles in the life reinsurance industry since 1980.

- **Manfred Maske, Executive Director and Group Chief Executive Officer**

  Manfred is a Fellow of the Institute of Actuaries with over twenty years of experience in the life industry across a number of territories. He was previously CEO and Director of Legal and General Reinsurance in Bermuda and CEO and Director of Legal & General Gulf in the Middle East. He has worked previously in a range of management and technical roles within Legal & General in the UK, culminating in the role of International Actuary, where he sat on the Boards of start-ups and either as member or chair of the Investment Committee. Prior to this, Manfred held actuarial roles with PricewaterhouseCoopers in the UK, Old Mutual and Momentum Life in South Africa.

Appointed Actuary

- Richard de Haan
  PricewaterhouseCoopers LLP
  300 Madison Avenue
  New York, NY 10017
  USA

Company Secretary and Registered Office

- Conyers Corporate Service (Bermuda) Limited
  Clarendon House
  2 Church Street
  Hamilton, HM11
  Bermuda

Auditors

- PricewaterhouseCoopers Ltd.,
  Chartered Professional Accountants
  Washington House
  16 Church Street
  Hamilton, HM12
  Bermuda

Officers

- **Alex Brogden, Group Chief Financial Officer**

  Alex is a Fellow of the Institute of Actuaries with over fifteen years of experience in the life industry. His previous role was Senior Corporate Actuary at the Phoenix Group, where his role included pricing and capital structuring of acquisitions and reinsurance, managing the Group's defined benefit pension schemes and developing significant capital management actions. He was previously Pricing Actuary at Admin Re (part of the Swiss Re Group), pricing closed fund transactions, including the c.GBP750m acquisition of Barclays Life. Prior to that, Alex was a life insurance consultant at Willis Towers Watson and worked on a number of client projects, across the UK, Europe, US and Asia.

- **Roger Thompson, Group Chief Investment Officer**

  Roger is a Chartered Accountant and Chartered Financial Analyst with over twenty-five years of professional experience in treasury and investments. His previous role was Chief Investment Officer at Enstar Group Limited, where his role included oversight of external investment managers, modelling of investment returns for potential acquisition targets, designing and executing optimal investment strategies for newly acquired companies. Roger was previously an Executive Vice President, Chief Investment Officer at AXIS Capital Holdings Limited and had involvement in AXIS's IPO and various capital raising projects, including debt, equity, preferred shares and LOC credit facilities.

- **Neil Burt, Group Chief Actuary**

  Neil is a Fellow of the Institute of Actuaries with over fifteen years of experience in the life industry and a First Class Honours degree in Mathematics. Neil was previously the Approved Actuary and Head of Actuarial Reporting for Legal & General Re, responsible for providing an opinion on the sufficiency of the company's long-term reserves and determining capital requirements in accordance with the Bermuda Monetary Authority ("BMA") rules. Prior to Legal & General Re, Neil transferred from within the Legal & General Group in the UK where he worked within the Legal & General Retirement Finance team. In the UK, Neil supported the development of the Solvency II reporting, strategic planning and the international expansion of the Retirement division. Prior to Legal & General, Neil was an actuarial manager at Deloitte working on a number of Solvency II and M&A projects.

- **David Leach, Group Chief Risk Officer**

  David is a Fellow of the Institute of Actuaries and holds a First Class Honours degree in Economics from the University of Warwick. David has over twenty years of experience in life insurance. He was previously Deputy Chief Risk Officer for ReAssure Life Limited and Risk Management Head of Investment Oversight for ReAssure Group, a division of Swiss Re. Prior to that, David held the role of Senior Risk Actuary for Guardian Financial Services. He has also worked in actuarial consulting roles at EY, Deloitte and Watson Wyatt (now Willis Towers Watson) and as Pricing Actuary at Munich Re. His consulting work focused on mergers and acquisitions in Europe and Asia, actuarial audit, risk management and Solvency II. David has written a number of articles on risk and actuarial topics, and chaired the Stress and Scenario Testing working party of the Institute and Faculty of Actuaries.

- **Anthony Philip, Group Chief General Counsel**

  Anthony has over twenty-five years of experience serving as a Barrister and Attorney in the financial services industry in Bermuda. His last role was CEO of American International Company Ltd. ("AIG Bermuda"). Prior to that, he was Senior Vice President & General Counsel of AIG Bermuda. Anthony has served as a Senior Legal Adviser with Flagstone Reinsurance Limited, West End Capital Management (Bermuda) Limited (a fund management company) and Appleby, Spurling and Kempe Barristers and Attorneys. He was also the Manager of the Companies, Partnerships and Permits Division at the BMA.

Officers of the Group, employed by the subsidiary entities

- **Kieran Hayes – Chief Executive Officer of MIDAC and MADAC**

  Kieran has 25 years of experience in the insurance industry. He has recently served as Chief Executive Officer of Monument Insurance Ireland and is stepping down to pursue another role within the Monument Group as their Group Head of Business Integrations. Prior to that from March 2011 to December 2017 he held the role of CEO of MLIDAC in Ireland following Enstar's acquisition of the business from Citigroup in March 2011. Prior to that, from June 2004 to March 2011, Mr. Hayes held a number of senior management roles with Citigroup, including Managing Director & VP Operations of Citigroup's life insurance business. From January 1998 to December 2002, he worked at Old Republic Insurance in Chicago, Illinois as Senior Vice President of Operations, and prior to that in a managerial capacity at Great West Life Insurance Company, also in Chicago.

- **Aidan Holton – Chief Executive Officer, MLIDAC**

  Aidan has over thirty years' experience in the insurance sector, with a broad range of domestic and international experience. Aidan has led large teams of Accounting, Actuarial and IT Development staff through significant challenges and periods of organisational change. Aidan started his career with Irish Life in Dublin, where he originally trained as an accountant, working in a variety of roles from group finance to IT and sales. He was appointed to the role of Group CFO in Aviva Ireland in 2008, and subsequently worked in London and Paris with Aviva Europe. In 2013 he joined the Board of New Ireland Assurance Company as an Independent Non-Exec Director, and in 2014 was appointed as CEO of SCOR Global Life Reinsurance in Ireland. Aidan is a Board member of Insurance Ireland and Chair of the members International Council as well as representing the Insurance Industry on the Irish Governments IFS2020 Industry Advisory Committee.

- **Olivier Schmidt-Berteau - Chief Executive Officer, Luxembourg**

  Olivier has 21 years of experience in the insurance industry. He has served in Luxembourg since December 2006, first as Risk Manager and Financial Controller, then Chief Financial Officer and finally from June 2010 as Chief Executive Officer of Aspecta Luxembourg International S.A., a company of the Talanx Group. In his latest function, he had responsibility to set up the run-off of the company. From June 2009 Olivier was also Executive Director of the finance and investment company of the Group in Luxembourg, Talanx Finanz (Luxemburg) S.A. From June 2009, Olivier also held this position within EURO International Reinsurance S.A. Luxemburg to prepare and complete the sale of the company one year later. Prior to that, Olivier had nearly 10 years of experience in Germany in a number of senior management roles primarily in Risk

Management and Financial Controlling with Gerling Beteiligungs-GmbH, Gerling G&A Versicherungs-AG and General Accident Versicherungs-AG. Olivier graduated from the Institut d'Etudes Politiques de Paris and holds a law degree.

- **Colm Brennan – Group Head of Internal Audit**

  Colm has 17 years of experience in the Financial Services sector with 10 years of experience in the insurance industry. Prior to taking up his current role he held the position of Head of Financial Control for Monument Assurance and Monument Insurance. In this role, Colm had overall responsibility for the controllership, financial reporting and regulatory reporting activities for the organisation. Prior to joining Monument, Colm held the position of Financial Accountant with Friends First Finance, an asset finance company. Colm is a Fellow of the Association of Chartered Certified Accountants, a Chartered Tax Adviser and member of the Chartered Institute of Internal Auditors.

- **Warwick Helps - Chief Executive Officer, Nordben, Guernsey**

  Warwick is a Fellow of the Association of Chartered Certified Accountants with thirteen years of professional experience in the finance industry. Warwick has served at Nordben since January 2012, first as Deputy Chief Financial Officer, then Chief Financial Officer and finally from May 2016 as Chief Executive Officer. In his latest function, he has taken responsibility for executing Nordben's strategy to ensure the business is run off as efficiently and profitability as possible with a strong focus on excellent operational management and communication skills to be able to motivate the staff to meet the challenges of running off the liabilities of the Company. Prior to Nordben, Warwick was an audit manager at Deloitte working predominantly with a mixture of insurance clients.

- **Koen Depaemelaere – Chief Executive Officer, Belgium**

  Koen has more than 15 years of relevant experience in the BeNeLux insurance market and was Director and CEO of the Life Insurance business at AXA Belgium. He held a mandate as President and previously CEO of AXA Private Management. He was also the CEO of the largest BeNeLux broker Vanbreda Risk & Benefits. He has led several digital transformations as CEO of Portima/Assurnet, the leading IT-platform in the Be Insurance sector, Chief Transformation Officer at SD Worx and CCO at Banksys/Worldline. Koen holds a Master of Engineering Science (ir.) from KU Leuven and an MBA from Vlerick Business School.

- **Aad Van Der Klugt - CEO, Robein Leven, Netherlands**

  Aad has over 40 years' experience in the insurance and financial sector in the Netherlands, and has led large organizations/teams (200 – 770 fte) through significant challenges and periods of organisational change. In his career he has held various senior management positions with a number of (medium) large insurance companies and pension administrators, such as ING, Nationale Nederlanden, Van Lanschot, Loyalis/APG, Vivat, Reaal, Zwitserleven and Mn Services.

- **Gemma Cerasi, Head of Human Resources-EU**

  Gemma has over 15 years' experience within the Financial Services and IT sector. Prior to joining Monument Gemma's last role was Head of Human Resources for Ark Life. Prior to that she held various senior human resource roles within Aviva at a local and European level across their Life and Pensions and General Insurance businesses. Gemma started her career with Oracle where she previously held positions within their Learning and Development division.

The Board of Directors play a critical role in the successful operation of Monument Re, being ultimately responsible for sound and prudent governance and oversight of the Company. The Board's duties, membership, frequency of meetings and quorum is defined in the Board charter. The mix of skills and experience of Board members ensures that there is an appropriate level of experience, knowledge and expertise that is commensurate with the nature, scale and complexity of Monument Re's business. Membership of the Board and its committees will be reviewed at least every three years, or more frequently upon a material change in business activities or risk profile, in compliance with the Bermuda Monetary Authority ("BMA")'s Group Supervision Rules.

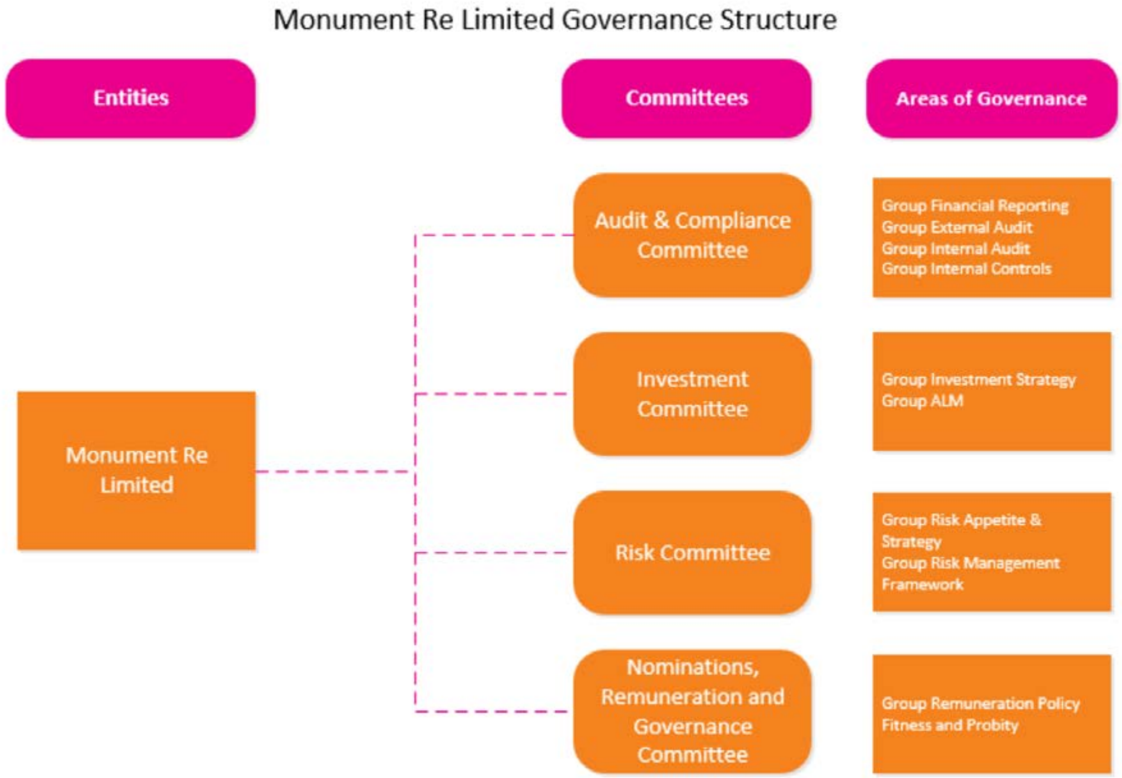
Monument Re's Board includes four non-Executive Directors and one Executive Director whose duties include, but are not limited to:

- Maintain an adequate understanding of the Company's total business and operations to be able to test and challenge the decisions of other Directors and Senior Management;
- Devote sufficient time to enable the proper discharging of the Director's governing function duties and attend all Board meetings where possible;
- Through Board meetings and activities, assist with determining the long and short-term strategy of the Company;
- When requested by the Board, represent the Company in its dealings with third parties;
- At all times comply with the legal, fiduciary and common law duties as a Director, as well as applicable regulation, including the requirements of the BMA and ensure that any conflicts of interest are properly resolved; and
- Liaise with external auditors, PricewaterhouseCoopers ("PwC") Bermuda, as to their findings.

In line with international best practices, the Board has delegated its authority either directly or indirectly to a number of committees, which meet in Bermuda, each with their own terms of reference.

Corporate Governance Structure

The key Board committees at Monument Re are depicted below:



Note that the other Monument entities are each governed by a Board of Directors and have additional committees as their size and scope requires.

Corporate Governance Structure Cont'd

Committee	Key Attendees	Key Responsibilities
Audit and Compliance	▪ Paul Bohus (Chairman); ▪ Michael Winkler; and ▪ Clive Rowe	Ensuring the integrity of financial statements and the financial reporting process; Overseeing, challenging and reviewing both the internal and external audit functions; and Reviewing and monitoring the adequacy and effectiveness of the Company's compliance function, and risk and compliance training programs.
Risk	▪ Michael Winkler (Chairman); ▪ Paul Bohus; ▪ Jonathan Yates; and ▪ Manfred Maske	Providing leadership, direction and oversight to Monument Re's risk appetite and tolerance, and Risk Management Framework; Reviewing and recommending for Board approval all risk policies; and Overseeing the effectiveness of the internal control system.
Investment	▪ Clive Rowe (Chairman); ▪ Jonathan Yates; ▪ Michael Winkler; and ▪ Manfred Maske	Overseeing the development of the investment strategy and the making, holding and disposal of investments; Monitoring compliance of investment portfolios with the policies, guidelines and risk limits; and Reviewing and approving periodically investment benchmarks and KPI's for investment portfolios and investment function.
Nominations, Remunerations and Governance	▪ Jonathan Yates (Chairman); ▪ Clive Rowe; and ▪ Paul Bohus	Assisting with the determination of the overall remuneration policy for the Group; Reviewing membership of the Board and Committees to ensure fitness and probity; and Assisting the Board in ensuring it retains an appropriate balance of skills to support Monument Re's strategic objectives.

Directors' Report

Principal Activities

Monument Re is a Bermuda based Class E life reinsurer. Within risk appetite Monument Re seeks opportunities to assume European life (re)insurance companies, and efficiently operate these businesses and/or portfolios. The key activities relate to two principal areas, namely:

- Acquisition of portfolios or direct insurers, primarily those in run-off and targeting mainly annuity, guaranteed savings or linked products; and
- Reinsurance of long-dated, asset intensive liabilities, typically with guarantees.

Additionally Monument Re is the parent company and designated insurer of Monument Insurance Group (the "Group"), which is made of Monument Re and its subsidiaries and as such is subject to Group supervision by the BMA.

Accounting Records

The measures taken by the Directors to secure compliance with the Company's obligations to keep adequate accounting records are the use of appropriate systems, procedures and controls, and the employment of competent persons. The accounting records are kept at Crown House, 4 Par-la-Ville Road, Hamilton, HM08, Bermuda.

Accounting Period-End

These Consolidated Financial Statements are prepared for the year ended 31st December 2019.

Going Concern

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Therefore, the Consolidated Financial Statements have been compiled on a going concern basis.

Auditors

A resolution concerning the reappointment of the auditors, PricewaterhouseCoopers Ltd., was confirmed by Shareholders' Resolution in lieu of an Annual General Meeting on 24th April 2020.

Results and Dividends

Results for the year are set in the Statement of Comprehensive Income below and show a profit before tax of EUR 41.4 million on ordinary activities for the year ended 31st December 2019. Dividends of EUR 2.1 million were paid to the shareholder during the year.

Business Review

In 2019, the Group completed the acquisitions of Inora, a life insurer domiciled in Ireland, Nordben, a Guernsey based long-term and general insurer, and Robein Leven, a closed life insurer domiciled in the Netherlands. Combined, these transactions have led to a bargain purchase gain of EUR 21.1 million.

In 2019, the Company also acquired a run-off portfolio of traditional life and credit life business from Alpha Insurance SA ("Alpha"), a Belgian composite insurance company, and a closed book of life business form Curalia OVV ("Curalia").

In addition, the Company entered into an agreement to acquire portfolio of Irish annuities from Rothesay Life Plc. The acquisition has been structured initially as reinsurance to Monument Re and is expected to be followed by a transfer of the portfolio to MLIDAC, subject to regulatory and court approvals.

Directors

The names of the persons who were Directors during the year ended 31st December 2019 are set out below:

Director	Date Appointed
Clive Rowe	1st March 2017
Jonathan Yates	31st October 2016
Manfred Maske	4th May 2017
Michael Winkler	1st March 2017
Paul Bohus	4th May 2017

Events after the Period End

At the date of signing this report the ultimate economic and social consequences of the novel coronavirus (COVID-19) outbreak are uncertain. Business Continuity plans are in place and we are not seeing material impact on operations Please see Note 19 to the Consolidated Financial Statements for more information on COVID-19.

Directors' Compliance Statement

The Directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations.

Disclosure of Information to Auditors

The Directors in office at the date of this report have each confirmed that as far as he is aware, there is no relevant audit information of which the Company's statutory auditors are unaware and he has taken all the steps that he ought to have taken as a Director in order to make himself aware of all the relevant audit information and to establish that the Company's statutory auditors are aware of that information.

On behalf of the Board

Director
30th April 2020

Director
30th April 2020

Consolidated Financial Statements

Statement of Directors' Responsibilities

The Directors submit their report together with the audited Consolidated Financial Statements for the year ended 31st December 2019.

Statement of Directors' Responsibilities

Bermuda law requires the Directors to prepare consolidated financial statements for each financial period that give a true and fair view of Monument Re Limited, together with its subsidiaries' (the "Group"), assets, liabilities and financial position at the end of the financial period and the profit or loss of the Group for the financial period. Under that law, the Directors have prepared the Consolidated Financial Statements in accordance with Generally Accepted Accounting Practice in UK & Ireland (accounting standards issued by the Financial Reporting Council of the UK, and promulgated by the Institute of Chartered Accountants in Ireland and Irish law), including Financial Reporting Standard 102, "The Financial Reporting Standard Applicable in the UK and Republic of Ireland" ("FRS 102"), and Financial Reporting Standard 103, "Insurance Contracts" ("FRS 103").

Additionally in accordance with the Insurance Accounts Regulations 1980 ("Regulations") issued by the BMA, the Group has to prepare Statutory Financial Statements ("SFS").

The Directors are responsible for keeping adequate accounting records that are sufficient to:

- Correctly record and explain the transactions of the Group;
- Enable, at any time, the assets, liabilities, financial position and profit or loss of the Group to be determined with reasonable accuracy; and
- Enable the Directors to ensure that the consolidated financial statements comply with FRS 102 and FRS 103 and enable those consolidated financial statements to be audited.

Under Bermuda law, the Directors shall not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the Group's assets, liabilities and financial position at the end of the financial period and the profit or loss of the Group for the financial period.

In preparing the 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;
- State whether the consolidated financial statements have been prepared in accordance with applicable accounting standard and identify the standards in question, subject to any material departures from those standards being disclosed and explained in the Notes to the Financial Statements;
- Notify the company's shareholders in writing about the use of disclosure exemptions, if any, of FRS 102; and
- Prepare the consolidated financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

Independent auditor's report

To the Board of Directors and Shareholder of Monument Re Limited

Our opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Monument Re Limited (the Company) and its subsidiaries (together 'the Group') as at December 31, 2019, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position as at December 31, 2019;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the statement of accounting policies for the year then ended; and
- the notes to the consolidated financial statements.

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 consolidated 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 Group 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 consolidated 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.

Other information

Management is responsible for the other information. The other information comprises the Strategic Report and Corporate Governance sections (but does not include the consolidated financial statements and our auditor's report thereon).

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the 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.

PricewaterhouseCoopers Ltd.

Chartered Professional Accountants

Hamilton, Bermuda

April 30, 2020

Consolidated Statement of Comprehensive Income
General Business Technical Account
For the years ended 31st December 2019 and 2018

	Notes	Year Ended 31st December 2019 €'000	Year Ended 31st December 2018 €'000
Earned premiums, net of reinsurance			
Gross premiums written	*4*	21,366	25,188
Net premiums earned		21,366	25,188
Investment income	*5*	269	105
Net loss on realisation of investments	*5*	(22)	-
Net unrealised losses on investments	*5*	(64)	(19)
Other technical income		-	458
Claims incurred			
Claims paid			
- gross amount	*13*	(8,198)	(9,288)
Net claims paid		(8,198)	(9,288)
Change in the provision for claims			
- gross amount	*13*	839	1,773
Change in the net provision for claims		839	1,773
Claims incurred		(7,359)	(7,515)
Operating expenses	*6*	(10,693)	(14,825)
Foreign exchange gains/(losses)		(49)	164
Tax on profit on the general business account	*7*	(215)	(511)
Balance on the general business technical account		**3,233**	**3,045**

Consolidated Statement of Comprehensive Income
Long-Term Business Technical Account
For the years ended 31st December 2019 and 2018

	Notes	Year Ended 31st December 2019 €'000	Year Ended 31st December 2018 €'000
Earned premiums, net of reinsurance			
Gross premiums written	*4*	499,773	450,376
Outward reinsurance premiums		(2,783)	(1,036)
Net premiums earned		496,990	449,340
Investment income	*5*	13,012	2,390
Gain/(loss) on realisation of investments	*5*	37,926	(451)
Net unrealised gains on investments	*5*	(98)	207
Income from deposits with ceding undertakings	*5*	11,877	12,171
Other technical income, net of reinsurance	*9*	3,319	20,750
Other income		984	3,543
Claims incurred, net of reinsurance			
Claims paid			
- gross amount	*13*	(109,076)	(163,288)
- reinsurers' share	*13*	7,545	4,747
Net claims paid		(101,531)	(158,541)
Change in the provision for claims			
- gross amount	*13*	(397,940)	(251,786)
- reinsurers' share	*13*	(3,713)	-
Change in the net provision for claims		(401,653)	(251,786)
Net claims incurred		(503,184)	(410,327)
Operating expenses	*6*	(31,203)	(25,495)
Other technical charges, net of reinsurance		(2,266)	-
Foreign exchange gains		2,236	315
Tax attributable to the long-term business	*7*	947	761
Balance on the long-term business technical account		**30,540**	**53,204**

Consolidated Statement of Comprehensive Income
Non-Technical Account
For the years ended 31st December 2019 and 2018

	Notes	Year Ended 31st December 2019 €'000	Year Ended 31st December 2018 €'000
Balance on the General business technical account		3,233	3,045
Balance on the Long-term business technical account		30,540	53,204
Tax credit attributable to balance on long-term and general business	*7*	(732)	(250)
Shareholder's pre-tax profit from technical accounts		**33,041**	**55,999**
Investment income	*5*	861	113
Net loss on realisation of investments	*5*	-	(49)
Net unrealised gains on investments	*5*	4	546
Other income		253	-
Gain on acquisition	*2*	21,121	16,999
Foreign exchange losses		(24)	(375)
Operating expenses	*6*	(13,818)	(9,391)
Profit on ordinary activities before tax		**41,438**	**63,842**
Tax on profit on ordinary activities	*7*	558	250
Profit on ordinary activities after tax		**41,996**	**64,092**
Other comprehensive loss, net of tax		3,092	(31)
Total comprehensive income after tax		**45,088**	**64,061**

The accounting policies and estimation techniques in Statement of Accounting Policies and Notes to the Financial Statements below form an integral part of these Consolidated Financial Statements.

All of the amounts above relate to continuing activities.

Consolidated Statement of Financial Position
As at 31st December 2019 and 2018

	Notes	31st December 2019 €'000	31st December 2018 €'000
Assets			
Investments			
Other financial investments	*9*	1,057,935	251,200
Deposits with ceding undertakings	*9*	-	144,334
		1,057,935	395,534
Assets covering unit-linked liabilities	*9,10*	987,233	507,462
Reinsurers' share of technical provisions			
Long-term business provision	*13*	5,677	4,519
Technical provisions for unit-linked liabilities		89,556	82,845
		95,233	87,364
Debtors			
Debtors arising out of direct insurance and reinsurance operations	*11*	4,213	2,185
Other debtors	*11*	18,251	5,765
Owed by group companies	*11*	31,077	22,394
		53,541	30,344
Cash and cash equivalents *(restricted 2019: EUR 20,175 and 2018: EUR 3,086)*		281,236	137,558
Other assets		294	125
Prepayments and accrued income			
Accrued interest		12,721	2,647
Deferred expenses		336	1,415
Other prepayments and accrued income		3,494	263
		16,551	4,325
Total assets		**2,492,023**	**1,162,712**

Consolidated Statement of Financial Position – Continued
As at 31st December 2019 and 2018

	Notes	31st December 2019 €'000	31st December 2018 €'000
Liabilities, Capital and Reserves			
Capital and reserves			
Called up share capital	*12*	52,491	56,028
Capital contribution	*12*	109,924	89,479
Profit and loss account		117,336	77,509
Foreign currency translation reserve		(375)	(3,467)
Total capital and reserves		279,376	219,549
Liabilities			
Fund for future appropriations	*13*	68,429	-
Technical provisions			
Long-term business provision	*13*	990,574	297,064
General business provision	*13*	7,454	7,975
Technical provisions		998,028	305,039
Technical provisions for linked liabilities	*9*	987,233	507,462
Reinsurance liability	*13*	98,557	96,253
Creditors			
Creditors arising out of direct insurance operations	*14*	21,421	12,612
Creditors arising out of reinsurance operations	*14*	6,697	7,337
Other creditors including taxation and social security	*15*	16,348	8,810
		44,466	28,759
Accruals and deferred income		15,934	5,650
Total liabilities and equity		**2,492,023**	**1,162,712**

The accounting policies and estimation techniques in Statement of Accounting Policies and Notes to the Financial Statements below form an integral part of these Consolidated Financial Statements.

On behalf of the Board

Director

30th April 2020

Director

30th April 2020

Consolidated Statement of Changes in Equity
For the years ended 31st December 2019 and 2018

	Called - up Share Capital €'000	Capital Contribution €'000	Profit and Loss Reserve €'000	Foreign Currency Translation Reserve €'000	Total €'000
Balance at 1st January 2019	**56,028**	**89,479**	**77,509**	**(3,467)**	**219,549**
Profit on ordinary activities, after tax	-	-	41,996	-	41,996
Share redenomination	(3,537)	445		3,092	-
Total comprehensive income/(loss), net of tax	(3,537)	445	41,996	3,092	41,996
Dividend distributions	-	-	(2,169)		(2,169)
Capital contributions	-	20,000	-	-	20,000
Total transactions with owners, recognised directly in equity	-	20,000	(2,169)	-	17,831
Balance at 31st December 2019	**52,491**	**109,924**	**117,336**	**(375)**	**279,376**

	Called - up Share Capital €'000	Capital Contribution €'000	Profit and Loss Reserve €'000	Foreign Currency Translation Reserve €'000	Total €'000
Balance at 1st January 2018	**56,028**	**-**	**13,417**	**(3,436)**	**66,009**
Profit on ordinary activities, after tax	-	-	64,092	-	64,092
Other comprehensive loss, net of tax	-	-	-	(31)	(31)
Total comprehensive income (loss), net of tax	-	-	64,092	(31)	64,061
Capital contributions	-	89,479	-	-	89,479
Total transactions with owners, recognised directly in equity	-	89,479	-	-	89,479
Balance at 31st December 2018	**56,028**	**89,479**	**77,509**	**(3,467)**	**219,549**

Consolidated Statement of Cash Flows
For the years ended 31st December 2019 and 2018

	Notes	Year Ended 31st December 2019 €'000	Year Ended 31st December 2018 €'000
Net cash from operating activities	*17*	**549,985**	**135,652**
Interest received		6,127	(1,247)
Taxation received/(paid)		558	(3,432)
Net cash generated from operating activities		**556,670**	**130,973**
Cash flow from investing activities			
Acquisition of subsidiary (net of cash acquired)		(15,845)	18,143
Proceeds from the sale of investments		790,525	577,880
Purchases of investments		(1,187,028)	(756,012)
Net cash used in investing activities		**(412,348)**	**(159,989)**
Cash flow from financing activities			
Capital contribution		-	89,479
Net cash generated from financing activities		-	**89,479**
Net increase in cash and cash equivalents		**144,322**	**60,463**
Cash and Cash Equivalents at the beginning of the year		137,558	77,415
Effect of exchange rate on cash and cash equivalents		(644)	(320)
Cash and Cash Equivalents at the end of the year		**281,236**	**137,558**

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Statement of Accounting Policies

General Information

Monument Re Limited ("Monument Re" or the "Company") is a long-term class E reinsurer under Bermuda's Insurance Act of 1978. The principal activities of the Company together with its subsidiaries (the "Group") are to acquire or reinsure closed blocks of savings and protections business, annuity risks and unit-linked products. Monument Re is the Designated Insurer of the Group. The Company is a private company incorporated in Bermuda with its principal place of business being Crown House, 4 Par-la-Ville, Hamilton, HM08, Bermuda.

At the year-end, the Company's immediate parent company is Monument Finco Limited ("Finco"), a Cayman based company, which is owned by Monument Midco Limited ("MIDCO"), which is owned by the ultimate parent, Monument Insurance Group Limited ("MIGL"), both of which are Bermuda domiciled.

Statement of Compliance

The Consolidated Financial Statements have been prepared in compliance with United Kingdom Accounting Standards ("UK GAAP"), including Financial Reporting Standard 102, ''The Financial Reporting Standard applicable in the UK and Republic of Ireland'' (''FRS 102''), and Financial Reporting Standard 103, "Insurance Contracts" ("FRS 103").

Summary of Significant Accounting Policies

The significant accounting policies used in the preparation of the Consolidated Financial Statements are set out below.

Basis of Presentation

The Consolidated Financial Statements have been prepared under the historical cost convention, as modified by the measurement of certain financial assets and liabilities at fair value through profit and loss. The preparation of Consolidated Financial Statements in conformity with FRS 102 and FRS 103 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Consolidated Financial Statements, are disclosed in Critical Accounting Judgements and Estimation Uncertainty below.

In addition, certain items were reclassified to conform to the current year presentation.

a. Going Concern

When preparing Consolidated Financial Statements, management performs an assessment of the Company's ability to continue as a going concern. An entity is a going concern unless management either intends to liquidate the entity, cease trading, or has no realistic alternative but to do so. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the date when the Consolidated Financial Statements are authorised for issue. The Consolidated Financial Statements are compiled on a going concern basis, unless management determines in their assessment applying the above criteria that such a basis of presentation would not be appropriate.

b. Basis of Consolidation

The Consolidated Financial Statements include the financial statements of the Company and all of its subsidiary undertakings.

A subsidiary is an entity controlled by the parent. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Company consolidates its investees when it owns directly or indirectly through its subsidiaries more than 50% of voting power of that entity, unless it can be clearly demonstrated that such ownership does not constitute control. The Company also consolidates its investees when it has less than 50% of voting power of that entity, however it has control based on other factors.

Any subsidiary undertakings or associates sold or acquired during the period are included up to, or from, the dates of change of control or change of significant influence respectively.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business Combination and Goodwill

Business combinations are accounted for by applying the purchase method. The cost of a business combination is the fair value of the consideration given, liabilities incurred or assumed and of equity instruments issued as would be determined by an independent market participant plus the costs directly attributable to the business combination.

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities. Where the fair value of contingent liabilities cannot be reliably measured they are disclosed on the same basis as other contingent liabilities.

Goodwill recognised represents the excess of the fair value and directly attributable costs of the purchase consideration over the fair values to the Company's interest in the identifiable net assets, liabilities and contingent liabilities acquired.

Goodwill is amortised over its expected useful life. Goodwill is assessed for impairment when there are indicators of impairment and any impairment is charged to the Consolidated Statements of Comprehensive Income. Reversals of impairment are recognised when the reasons for the impairment no longer apply.

Where the fair value of the Company's interest in the assets, liabilities and contingent liabilities acquired exceeds the fair value of the purchase consideration and directly attributable costs, a gain on acquisition arises. The gain up to the value of the monetary assets and liabilities over which it has been attributed is recognized in the Consolidated Statements of Comprehensive Income for the period in which the Company is expected to benefit. Any material non-monetary residual balance is recognized in the Consolidated Statements of Financial Position and released to profit and loss over the period in which said assets are recovered.

Portfolio Transfer

Transferred assets and liabilities are valued in accordance with the Company's accounting policies for specific assets and liabilities. The Company presents the compensation received as premiums and losses transferred are recorded within 'Claims incurred' in the Consolidated Statements of Comprehensive Income.

Basis of Accounting for Insurance and Reinsurance Business

a. Contract Classification

The Group issues or assumes contracts that transfer insurance risk, financial risk or both. The contracts issued or assumed by the Group include savings and protections contracts, annuity risks and unit-linked products.

Insurance contracts are those contracts that transfer significant insurance risk or contracts designated as discretionary participation contracts. Such contracts may also transfer financial risk. As a general guideline, the Company determines whether it has significant insurance risk by comparing benefits payable after an insured event with benefits payable if the insured event had not occurred.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk and are not contracts designated as discretionary participation contracts. Unit-linked contracts written by the Company, where the liability under the contract is dependent on the value of the underlying financial assets, are classified as either insurance contracts or investment contracts depending on the level of insurance risk transferred.

b. Long Term Business

- *Premiums Written*

Premiums are written and earned when due for payment, irrespective of whether they relate in whole or in part to a later accounting period, together with regular periodic premiums received on contracts entered into in previous years. Any related commissions are expensed as incurred.

- *Claims*

Claims are accounted for when notified or due for payment. Claims payable include related external claims handling costs.

- *Long-Term Business Provision*

The Company has determined UK GAAP liabilities to be equivalent to Bermudian Technical Provisions ("TP") which is the sum of Best Estimate Liabilities ("BEL") and a Risk Margin ("RM"), as determined under the Economic Balance Sheet regime.

The BEL is based on an assessment of cash flows required to satisfy insurance obligations. Best estimate corresponds to a probability weighted average of future cash flows with an allowance, where applicable, for contract boundaries. The BEL is determined by discounting the best estimate cash flows at the applicable curve depending on the underlying approach adopted. The currency of the curve is represented by the currency of the policyholder liabilities.

The cash flow projections used in the calculation of the best estimate take account of all future cash in- and out-flows required to settle the insurance obligations attributable to the lifetime of the policy, subject to contract boundaries. The cash flows are defined to continue up to the point at which:

- The insurer is no longer required to provide coverage;
- The insurer has the right or the practical ability to reassess the risk of the particular policyholder and, as a result, can set a price that fully reflects that risk; and
- The insurer has the right or the practical ability to reassess the risk of the portfolio that contains the contract and, as a result, can set a price that fully reflects the risk of that portfolio.

The RM reflects the cost of capital that a third party would apply were it to provide a price for the assumption of the BEL. It follows a cost of capital approach, with a prescribed 6% cost of capital charge. It covers all non-hedgeable risks, including insurance, operational and counterparty risk capital, projected over the contract period and discounted at risk-free.

We consider this to be an appropriate approximation of fair value, and consistent with how the business is managed more generally.

Where reserves on policies are negative (i.e. an asset rather than a liability) the negative reserve is offset against positive reserves for policies within the same grouping.

Liability adequacy testing on its insurance liabilities is performed to ensure that the carrying amount of the liabilities is sufficient to cover current estimates of future cash flows. When performing the liability adequacy test, the Company discounts all contractual cash flows and compares this amount with the carrying value of the liability. Any deficiency is immediately charged to the Consolidated Statements of Comprehensive Income by establishing a provision for reserves.

- *Discretionary participation features*

A discretionary participation contract entitles the policyholder to receive bonuses as a supplement to guaranteed benefits. Bonuses are declared and credited annually.

These discretionary increases or bonuses increase policy benefits and, once credited, become guaranteed. Discretionary increases or bonuses are recognized in the Consolidated Statements of Comprehensive Income within 'Change in the net provision for claims'.

- *Fund for Future Appropriations*

The fund for future appropriations represents all discretionary participation fund liabilities for which the allocation between discretionary participation contract policyholders and the Shareholder has not been determined by the Appointed Actuary and the Board at the Statement of Financial Position date. Transfers between the fund for future appropriations and the technical account represent the changes in these unallocated amounts between Statement of Financial Position dates.

- *Reinsurance*

The Company cedes insurance premiums and risk in the normal course of business. Outwards reinsurance premiums are accounted for in the same accounting period as the related premiums for the direct insurance business being reinsured. Reinsurance assets include balances due from reinsurance companies for paid and unpaid losses, ceded unearned premiums and ceded future life policy benefits. Amounts recoverable from reinsurers are estimated in a manner consistent with the claim liability associated with the reinsured policy. Amounts recoverable under reinsurance contracts are assessed for impairment at each Statement of Financial Position date. If objective evidence of impairment exists, reinsurance assets are reduced to the level at which they are considered to be recoverable and an impairment loss is recognised in the technical account.

- *Deposits with ceding undertakings*

Deposits with ceding undertakings represents a receivable for assets held by ceding companies in accordance within reinsurance agreements in which the Company acts as the reinsurer. The assets withheld by the ceding company are legally owned by those companies, however the assets are legally segregated from other accounts of the cedants and all economic rights and obligations on the underlying assets accrue to the Company. The assets are required to be sufficient to meet the associated policyholder obligations and any surplus or shortfall is periodically settled. The asset is recorded at fair value determined based on the fair value of the assets held on the Company's behalf by the ceding company.

- *Unit-linked investment contracts*

These represent portfolios maintained to meet the specific investment objectives of policyholders who bear the credit, market and liquidity risks related to the investments. Financial liabilities in respect of unit-linked investment contracts are measured at fair value through profit and loss and are presented in the Consolidated Statements of Financial Position within 'Technical provisions for linked liabilities'. Fair values are determined at each reporting date by reference to the underlying financial assets and fair value adjustments are recognised in the Consolidated Statements of Comprehensive Income. Deposits and withdrawals in respect of unit-linked investment contracts are recorded directly as an adjustment to the liability to the policyholder in the Consolidated Statements of Financial Position. Fees from unit-linked investment contracts (included in 'Other technical income') and investment income and interest payable on contract balances are recognised in the Consolidated Statements of Comprehensive Income in the year they are assessed unless they relate to services to be provided in future years, in which case they are deferred and recognised as the service is provided. The liability is derecognised when the contract expires, is discharged or is cancelled.

c. General Business

- *Premiums Written*

Premiums are written and earned when due for payment, irrespective of whether they relate in whole or in part to a later accounting period, together with regular periodic premiums received on contracts entered into in previous years. Any related commissions are expensed as incurred.

- *Claims*

Claims are accounted for when notified or due for payment. Claims payable include related external claims handling costs.

- *General Business Provision*

For general insurance products, the same approach is adopted as used for calculating the long-term business provision.

Foreign Currency

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At the end of each financial period foreign currency monetary items are translated to the functional currency using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are translated using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at exchange rates at the end of the financial period of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statements of Comprehensive Income.

For subsidiaries for which their local functional currency is not consistent with the functional currency of the Group, the results and financial position of the subsidiary are translated to the Group's presentational currency as follows:

- Assets and liabilities are translated at the closing rate at the balance sheet date;
- Income and expenses are translated at the average rate of exchange during the period; and
- All resulting exchange differences are recognised in 'Other comprehensive income'.

Share Capital Presented as Equity

An equity instrument is a contract that references a residual interest in the net assets of an entity and for which there is (i) no contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity, potentially on unfavourable terms; or (ii) cannot be settled in a variable number of the entity's own equity instruments or other than by exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Equity shares are recognised when issued. Incremental costs directly attributable to the issue of new equity shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividend Recognition

A dividend distribution to the Company's shareholders is recognized as a liability in the period in which the dividends are declared.

Cash and Cash Equivalents

Cash and cash equivalents includes cash-in-hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Financial Instruments

The Company has chosen to apply the provisions of Sections 11 and 12 of FRS 102 to account for all of its financial instruments.

- *Basic Financial Assets*

Basic financial assets, including cash, trade and other debtors, short-term deposits and investments in corporate bonds are initially recognised at transaction price (including transaction costs).

Cash, trade and other debtors are subsequently measured at amortised cost using the effective interest method. The Company's corporate bonds, equities, loans and certain term deposits are upon their initial recognition designated as at fair value through profit and loss (see Other Financial Assets for further discussion).

- *Other Financial Assets*

Other financial assets are initially recognised at transaction price excluding transaction costs except for any other financial assets not measured at fair value through profit and loss. Other financial assets, as well as corporate bonds, are subsequently measured at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are subsequently measured at cost less impairment.

Realised gains and losses on investments carried at fair value through profit and loss are calculated as the difference between net sales proceeds and carrying value. In the case of investments included at amortised cost, realised gains and losses are calculated as the difference between sale proceeds and their latest carrying value. Movements in unrealised gains and losses on investments represent the difference between the fair value at the balance sheet date and their purchase price or their fair value at the last balance sheet date, together with the reversal of unrealised gains and losses recognised in earlier accounting periods in respect of investment disposals in the current period.

The Company uses derivatives to meet risk management objectives. Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value are recognised immediately in the profit and loss account. All derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Financial assets are de-recognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of ownership of the financial asset are transferred to another party or (c) control of the financial asset has been transferred to another party who has the practical ability to unilaterally sell the financial asset to an unrelated third party without imposing additional restrictions.

At the end of each financial period, financial assets measured at amortised cost and equities whose fair values cannot be measured reliably are assessed for objective evidence of impairment. If there is objective evidence that a financial asset measured at amortised cost is impaired, an impairment loss is recognised in the Consolidated Statements of Comprehensive Income. The impairment loss is reversed if, in a subsequent period, the amount of an impairment losses decreases as a result of an event occurring after the impairment was recognized.

- *Assets covering Linked Liabilities*

Assets covering linked liabilities include managed funds which hold equities, corporate bonds, cash and cash deposits and derivatives. These assets are measured at fair value at each reporting date.

- *Financial Liabilities*

Basic financial liabilities, including trade and other creditors and bank loans are initially recognised at transaction price and are subsequently carried at amortised cost, using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires. Borrowing costs are not capitalized.

Fair Value Measurements

The Company measures certain financial instruments, such as debt securities, equities whose values can be measured reliably, loans, certain term deposits and derivatives, at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The values of financial assets and financial liabilities are measured at fair values that are quoted in active markets based on bid prices for financial assets or ask prices for financial liabilities.

All assets, liabilities and equity items for which fair value is measured or disclosed in the Consolidated Financial Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

- Level 1 – The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
- Level 3 – Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

For assets and liabilities that are measured at fair value in the Consolidated Financial Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole at the end of each reporting period).

Investment Income

Investment income includes interest and dividend income and is net of investment expenses and withholding taxes.

Interest income is recognised as it accrues using the effective interest rate method.

Dividend income is recognised when the right to receive payment is established.

Employee Benefits

The Group operates a number of annual bonus plans for employees. An expense is recognised in the profit and loss account when the Group has a legal or constructive obligation to make payments under the plans as a result of past events and a reliable estimate of the obligation can be made.

In addition to the annual bonus plans for employees, the Company also operates a long-term incentive (LTI) plan. An expense is recognized when the Company has a legal or constructive obligation to make payments under the LTI plan as a result of past events and a reliable estimate of the obligation can be made. The Company recognises a liability under the LTI plan measured at the present value of the benefit obligation at the reporting date.

The Group operates a number of country-specific defined contribution plans for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense when they are due. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

Income Tax

Income tax expense for the financial period comprises current and deferred tax. Income tax expense is presented in the same component of total comprehensive income (profit and loss reserve or other comprehensive income) as the transaction or other event that resulted in the income tax expense. Current or deferred tax assets and liabilities are not discounted.

- *Current Tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the financial period or past financial periods. Current tax is measured at the amount of current tax that is expected to be paid using tax rates and laws that have been enacted or substantively enacted by the end of the financial period.

- *Deferred Tax*

Deferred tax is recognised in respect of timing differences, which are differences between taxable profits and total comprehensive income as stated in the Consolidated Financial Statements. These timing differences arise from the inclusion of income and expenses in tax assessments in financial periods different from those in which they are recognised in Consolidated Financial Statements.

Deferred tax is recognised on all timing differences at the end of each financial period with certain exceptions. Unrelieved tax losses and other deferred tax assets are recognised only when it is probable that they will be recovered against the reversal of deferred liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the end of each financial period end and that are expected to apply to the reversal of the timing difference.

Related Party Transactions

The Company discloses transactions with related parties which are not wholly owned within the same Group. This disclosure includes transactions with shareholders and Directors. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the Directors, separate disclosure is necessary to understand the effect of the transactions on the Consolidated Financial Statements.

Critical Accounting Judgements and Estimation Uncertainty

Estimates and judgements made in the process of preparing the Consolidated Financial Statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonably possible under the circumstances.

a. Critical Judgement in Applying the Entity's Accounting Policies

In the application of the Company's accounting policies, as described in the Statement of Accounting Policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

b. Critical Accounting Estimates and Assumptions

The Directors make estimates and assumptions concerning the future of the Company in the process of preparing the Company's Consolidated Financial Statements. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

- *Technical Provisions*

The estimation of the ultimate liability arising from claims under life insurance contracts is the Company's most critical accounting estimate. There are several sources of uncertainty that need to be considered in the estimation of the liability that the Company will ultimately pay for those claims. Estimates are made to the expected number of claims for each of the periods in which the Company is exposed to risk. The calculation incorporates assumptions regarding average claims costs, durations and delay factors. The life assurance provision is based on assumptions in relation to mortality, persistency, expenses, inflation and the discount rate.

- *Fair Value Measurements – Assets Measured with Unobservable Inputs*

Assets measured with unobservable inputs include residential mortgage funds, policy loans and certain derivatives. See Note 9 for further details.

1. Risk Management

a. Framework

Monument Re has established and maintains a sound corporate governance framework and risk management framework. Monument Re applies a governance framework aligned to the "Three Lines of Defence" model for Enterprise Risk Management. Such a model is widely adopted across the financial services industry and allows for appropriate segregation of risk ownership, oversight and assurance responsibilities. In particular:

- 1st line of defence: individuals and committees with direct responsibility for the management, control and reporting of risk;
- 2nd line of defence: individual and committees with responsibility for the design, coordination, oversight of the effectiveness and integrity of Monument Re's Risk Management and Internal Control Framework; and
- 3rd line of defence: individuals and committees providing independent assurance and challenge in respect of the effectiveness and integrity of the risk management framework.

Monument Re has also defined the high-level principles and standards that will be in place to ensure that situations that could lead to potential conflicts of interest are appropriately managed. These are formally described in Monument Re's Conflicts of Interest Policy.

The Board is ultimately accountable to ensure the effective implementation of the risk management framework, and approves the risk management framework at least annually. The Risk Committee is a committee of the Board and assists the Board by providing leadership, direction and oversight with regard to the framework and other risk matters. To this end, any changes to the framework and key risk reports are reviewed and approved by the Risk Committee. Any matters considered significant are escalated to the Board, in line with escalation procedures formalised in Monument Re's Risk Management Policy.

The risk management function, led by the Group Chief Risk Officer ("CRO"), supports the Board and its Committees in discharging their Risk Management related responsibilities as outlined above. The risk management function also provides challenge to the business consistent with the three lines of defence risk governance model outlined above.

The risk management framework includes the following overarching components:

- Risk strategy and appetite, aligned to Monument Re's business strategy;
- Risk tolerances, limits and triggers; and
- Risk management policies and ongoing processes to identify, measure, monitor, manage and report risk.

The material risks addressed by the framework include:

- Market Risk;
- Insurance Risk:
- Credit Risk;
- Operational Risk;
- Liquidity Risk;
- Group Risk;
- Strategic Risk; and
- Sustainability Risk.

The framework includes the following key risk management tools:

- Risk and Control Self-Assessment (“RCSA”);
- Event and Issue Management;
- Risk Reviews;
- Stress and Scenario Testing; and
- Capital Projections.

The framework is applied to newly acquired businesses such that there is proportionate and consistent application of a single risk framework across the Group. A period of transition, in which pre-existing policies continue to operate, is typically required prior to the embedding of Group policies with respect to newly acquired businesses.

Similar to the Own Risk and Solvency Assessment process in Europe, the Bermudian solvency regime requires Monument Re to complete a Group Solvency Self-Assessment and a Commercial Insurer Solvency Self-Assessment on at least an annual basis. These processes include stress and scenario testing and forward looking projections of the capital position of the Group.

These processes are an integral part of the strategic planning cycle. The results of the exercise are used to review the appropriateness of Monument Re’s capital planning and management actions available to mitigate the probability or impact of stress events, as well as to feed back into review of the risk management framework itself.

b. Market Risk

Market risk is the risk of loss or other adverse impact on the Group arising from movements in markets. The principal exposures of the Group are to interest rates, credit spreads, foreign exchange rates (currency risk) and inflation rates.

- *Interest Rate Risk*

  Movements in interest rates can impact the value of fixed interest assets and policyholder liabilities. The Group mitigates this risk by holding assets with similar sensitivity to interest rate changes to its liabilities. Limits are set around net exposures.

Sensitivities (€'000)	Net Assets Delta	Description
Interest Rate Up	(14,102)	Parallel shift up 100 basis points
Interest Rate Down Risk	12,344	Parallel shift down 100 basis points

- *Credit Spread Risk*

At 31 December 2019, Monument Re had a €953m portfolio of fixed income and mortgage fund investments. Movements in spreads impact the market value of these fixed interest assets. At 31 December 2019, a 50 basis point increase in spreads reduces net assets by €1.1m.

- *Currency risk*

The Group recognises two forms of currency risk:

- Currency risk where there is a mismatch between assets and liabilities by currency ('Currency Mismatch Risk'). The Company has very low risk appetite for this risk and mitigates currency risk by matching policyholder liabilities with assets denominated in the same currency; and
- Reporting risk when translating the financial results into the reporting currency, EUR ('Currency Translation Risk').

At 31st December 2019, the Company had limited exposure to Currency Mismatch Risk. This exposure is largely as a result of the Company's expenses being denominated in EUR and GBP whilst the fund management charges to cover these expenses are based on underlying assets denominated in other currencies (with particular exposure to USD). The Company also had some exposure to Currency Translation Risk as a result of holding surplus assets in GBP and USD. The reporting risk arising from fluctuations in GBP and USD assets to the EUR exchange rate is an accepted risk for Monument Re. The Company's main exposures to Currency Mismatch and Translation Risk at the reporting date are given below:

- A 10% appreciation in EUR relative to USD would reduce the Company's net assets by EUR 2.2m (USD 2.7m).
- A 10% appreciation in EUR relative to GBP would reduce the Company's net assets by EUR 0.3m (GBP 0.3m).
- A 10% appreciation in EUR relative to SEK would reduce the Company's net assets by EUR 1.1m (SEK 11.5m).
- A 10% appreciation in EUR relative to NOK would reduce the Company's net assets by EUR 0.5m (NOK 4.9m).
- A 10% appreciation in EUR relative to DKK would reduce the Company's net assets by EUR 0.6m (DKK 4.4m).

Conversely, the impact of a depreciation would cause an equal but opposite change in the Company's net assets.

- *Inflation rate risk*

The Group is exposed to inflation rates being higher than expected, in particular wage inflation. An expense sensitivity including an inflation sensitivity is provided in the following section.

- *Equity risk*

The Company has indirect exposure to equity risk through unit-linked policies where the investor bears the investment risk. This exposure arises because fund charges, a source of income for the Company, depend on future performance of the unit-linked funds. These funds are typically invested in a mixture of asset classes, including equities. At the reporting date, the impact of a 20% fall in equity prices would reduce net assets by EUR 3.2m, this allows for the equity hedges that were in place at the reporting date.

c. Insurance Risk

Insurance risk is the risk of loss or other adverse impact on the Group arising from unexpected fluctuations in the timing, frequency or severity of insured events, or timing and amount of claim settlements and expenses.

The insurance technical provisions are sensitive to the key assumptions set out in Note 13. The sensitivity of certain variables like legislative change, uncertainty in the estimation process, etc., is not possible to quantify. Furthermore, because of delays that arise between occurrence of a claim and its subsequent notification and eventual settlement, the outstanding claim provisions are not known with certainty at the balance sheet date.

Consequently, the ultimate liabilities will vary, possibly materially, as a result of subsequent developments. Differences resulting from reassessment of the ultimate liabilities are recognised in subsequent periods’ Consolidated Financial Statements.

The Group has a large portfolio of diversified policyholders. Individual sums assured are limited by product type. As a result concentration risk is not considered to be a material risk for the Group.

The table below shows the impact on net assets for a number of relevant insurance risks, allowing for reinsurance covers in place at the reporting date.

Sensitivities (€'000)	Net Assets Delta	Description
Disability Risk	(173)	35% increase in disability rates applied over the contract boundary period and a 20% decrease in recovery rates
Unemployment Risk	(55)	40% increase in claim frequencies applied over the contract boundary period and a 20% decrease in claim termination rates
Lapse Down Risk	1,651	10% permanent decrease in lapse rates
Mass Lapse Risk	1,565	10% mass lapse
Mortality Risk	9,225	15% permanent increase in mortality rates
Longevity Risk	(12,300)	20% permanent reduction in mortality rates
Expense Risk	(27,864)	10% increase in expenses and a 1% increase in expense inflation per annum

The above stresses have been performed assuming contract boundaries apply.

d. Credit Risk

Credit risk is the risk of loss or other adverse impact on the Group arising from one party to a financial instrument failing to discharge an obligation. The credit risk exposures of the Group at 31st December 2019 are:

- Liquidity funds and cash deposited with banks;
- Amounts due from bond issuers;
- Deposits with ceding undertakings; and
- Amounts due from reinsurers in respect of claims already paid.

The Group manages the levels of credit risk it accepts by imposing minimum credit ratings for investment counterparties, and concentration limits to avoid overexposure to any investment counterparty, and limits in respect of reinsurance counterparty risk.

The risk of changes in the credit standing of counterparties (e.g. downgrades for rated counterparties) is an aspect of credit risk. Credit investments are also typically exposed to the risk of changes in market value arising from market movements, which may or may not be related to changes in the market's perception of the creditworthiness of the counterparty. This is considered under Market Risk below.

The following table provides information regarding credit risk exposure of financial instruments within the Group at 31st December 2019 and 2018 by classifying them according to external credit ratings.

December 31, 2019	AAA €'000	AA €'000	A €'000	BBB €'000	BB €'000	Not rated €'000	Total(1) €'000
Financial instruments:							
Debt securities and other fixed income securities	266,414	192,251	129,436	232,547	15,657	19,141	855,446
Equity mutual funds	-	-	-	-	-	91,123	91,123
Residential mortgage funds(2)	-	69,618	-	-	-	-	69,618
Loans and receivables	-	22,120	-	-	-	-	22,120
Term deposit	-	-	8,593	-	-	-	8,593
Fixed income mutual funds	-	-	-	-	-	5,568	5,568
Derivatives	(7,153)	1,265	235	(229)	-	-	(5,882)
Other	-	-	-	-	-	472	472
Total	**259,261**	**285,254**	**138,264**	**232,318**	**15,657**	**116,304**	**1,047,058**

(1) The financial instruments at 31st December 2019 above exclude policyholder loans of EUR 10.9 million.

(2) The rating represents an assigned internal rating as stated in the Group Investment Policy. The rating is determined based on input from the investment manager and Management's knowledge and expertise.

December 31, 2018	AAA €'000	AA €'000	A €'000	BBB €'000	Not rated €'000	Total[1] €'000
Financial instruments:						
Debt securities and other fixed income securities	24,127	79,919	25,966	44,508	-	174,520
Residential mortgage funds[2]	-	62,007	-	-	-	62,007
Derivatives	1,688	-	2,811	-	-	4,499
Other	-	-	-	-	353	353
Total	**25,815**	**141,926**	**28,777**	**44,508**	**353**	**241,379**

(1) The financial instruments at 31st December 2018 above exclude policyholder loans of EUR 9.1 million and a term deposit of EUR 0.7 million.

(2) The rating represents an assigned internal rating as stated in the Group Investment Policy. The rating is determined based on input from the investment manager and Management's knowledge and expertise.

Reinsurance is used to manage insurance risk. This does not, however, discharge the Group's liability as primary insurer. If a reinsurer fails to pay a claim, the Group remains liable for the payment to the policyholder. Management assesses the creditworthiness of all the Group's reinsurers on a periodic basis.

Certain subsidiaries within the Group are also exposed to credit risk on its insurance policies for which premiums are collected by monthly direct debit. This risk is accepted as part of the normal business practice of collecting premiums by monthly direct debits. No debtors were past due at 31st December 2019.

e. Operational Risk

Operational risk is the risk of loss or other adverse impact on the Group arising from inadequate or failed internal processes, personnel or systems or external. Operational risks include, inter alia, outsourcing arrangements to external providers, information security, legal, compliance, regulatory, fraud and people risks. The main operational risks of the Group are:

- The risk of the inability to protect customer and Group data from unauthorised access, use and disclosure from, for example, a cyber-security incident;
- The risk of exposing the Group to overseas taxation through the creation of a Permanent Establishment ("PE") outside Bermuda; and
- The risk of financial or reputational loss from the failure/non-performance of outsourcing/third party arrangements.

The Company has a comprehensive operational risk management framework for the timely identification, measurement, monitoring and control of operational risk. The Company has in place a tested business continuity plan and a cyber insurance policy.

f. Liquidity Risk

Liquidity risk is the risk of loss or other adverse impact on the Group arising from insufficient liquidity resources being available to meet obligations as they fall due. The main liquidity risks facing the Group are obligations to:

- pay policyholder claims and expenses; and
- meet derivative margin and reinsurance collateral requirements.

These risks are mitigated by cash holdings and highly liquid investments held in accordance with the Group's Liquidity Framework. The Liquidity Framework requires a forward-looking assessment of liquidity requirements, including those arising from derivative margin and reinsurance collateral mechanisms, and maintenance of a liquidity buffer to cover severe market and demographic stress. Further details of the Group's exposure to derivatives at 31st December 2019 is provided in Note 9.

Analysis of contract liabilities maturities

The maturities of the Company's contract liabilities for the years ended 31st December 2019 and 2018 are shown below. Cash flows assume the application of contract boundaries and are gross of reinsurance.

For the year ended 31st December 2019 Maturities	Premiums €'000	Claims €'000	Expenses €'000	Total €'000
Less than 1 year	(29,167)	98,514	21,335	90,682
1-2 years	(24,036)	69,327	18,748	64,039
2-3 years	(19,879)	59,034	16,230	55,385
3-4 years	(16,326)	56,886	14,032	54,592
Over 5 years	(56,343)	779,900	82,974	806,531
Total	**(145,751)**	**1,063,661**	**153,319**	**1,071,229**

For the year ended 31st December 2018 Maturities	Premiums €'000	Claims €'000	Expenses €'000	Total €'000
Less than 1 year	(5,481)	63,484	4,783	62,786
1-2 years	(2,561)	34,084	3,810	35,333
2-3 years	(2,289)	27,339	2,412	27,462
3-4 years	(2,054)	19,761	1,566	19,273
Over 5 years	(9,173)	291,244	25,489	307,560
Total	**(21,558)**	**435,912**	**38,060**	**452,414**

g. Group Risk

Group risk is the risk of loss or other adverse impact on the Group arising from financial or non-financial relationships between entities within the Group. This includes reputational, contagion, accumulation, concentration and intra-Group transactions risk.

Risk reporting at Group level mitigates the risk of unidentified risk accumulations or concentrations. Significant commonality of Board composition mitigates the risk of lack of awareness or communication of activity in different parts of the Group. Intra-group transaction risks are mitigated by close scrutiny of intra-group transactions including external specialist input where appropriate. Conflicts would be managed in accordance with the Group's conflicts of interest policy.

h. Strategic Risk

Strategic risk is the risk of loss or other adverse impact on the Group arising from failing to identify and react appropriately to opportunities and/or threats arising from changes in the market, some of which may emerge over a number of years.

The Group includes solvency and financial condition risk within strategic risk, given the importance of the group's solvency position to the achievement of the Group's objectives.

The nature of the Group's operations within the EU means that different regulatory capital regimes apply to subsidiaries subject to the Solvency II Framework Directive as adopted by local regulators. This requires the Group to operate a robust capital management framework to ensure applicable regulatory requirements and stakeholder expectations are met.

The Company maintains sufficient equity shareholders' funds to meet the regulatory capital requirements of the business. The Company is licensed by the BMA as a Class E long-term insurer and is subject to the Insurance Act 1978, as amended (Bermuda Insurance Act) and regulations promulgated thereunder. The BMA also acts as the Insurance Group regulatory supervisor. The BMA has integrated the EBS framework into the determination of Bermuda Solvency and Capital Requirement ("BSCR"). The European Commission has granted the BMA's regulatory regime for reinsurance, group solvency calculation and group supervision full equivalence to the European Union's Directive (2009/138/EC, or "Solvency II"). Under the Bermuda Insurance Act, the Company is required to maintain statutory capital and surplus to meet the Minimum Margin of Solvency ("MSM") which is equal to the greater of USD 8 million (EUR 7 million) or 2% of the first USD 500 million of Statutory Financial Statements ("SFS") assets plus 1.5% of SFS assets above USD 500 million (EUR 330 million), subject to a floor of 25% of the Enhanced Capital Ratio ("ECR").

Note that as an insurance group, Monument Re must ensure that the value of the insurance group's total statutory economic capital and surplus, calculated in accordance with Schedule XIV of the Insurance (Prudential Standards) (Insurance Group Solvency Requirement) Rules 2011, exceeds the aggregate of:

- the aggregate MSM of each qualifying member of the Group controlled by the parent company; and
- the parent company's percentage shareholding in the member multiplied by the member's MSM, where the parent company exercises significant influence over a member of the group but does not control the member.

There were no breaches of the regulatory capital requirements during the financial period.

Further key strategic risks for the Group are:

- Future transactions significantly underperform, or the Group is not successful in making future acquisitions and economies of scale do not arise;

- Regulatory, legal and fiscal risk exposure from potential changes in the regulatory, legal and fiscal environment in which the company operates.

There remains uncertainty regarding the final legal and regulatory arrangements to be determined following the United Kingdom's departure from the European Union ("Brexit"). The Group serves its UK customers through Irish entities and the operational impact of Brexit is expected to be limited for the Group. The Group continues to keep abreast of ongoing developments and update its planning to take account of significant changes in the course of Brexit.

i. Sustainability Risk

Sustainability risk is the risk of loss or other adverse impact on the Group arising from environmental, social and governance risks, or the risk of adverse social or environmental externalities arising from the activities of the Group.

The Group maintains a diversified investment portfolio and monitors a range of sustainability risks via its Emerging Risks Forum, including flood risk with respect to property collateral.

The Group promotes low carbon alternatives, for example video-conferencing as an alternative to business travel. The Group provides opportunities for and promotes community investment.

2. Business Combinations

On 13th September 2019, following receipt of regulatory approval, Monument Re completed, through its European subsidiary Monument Life Insurance DAC (formerly Laguna Life DAC, "MLIDAC"), the acquisition of Inora Life Designated Activity Company ("Inora") from Societe Generale S.A. Inora Life is a life insurer domiciled in Ireland which has ceased all new activity since 2012 but still manages a portfolio of unit-linked insurance products.

On 27th June 2019, following receipt of regulatory approval, Monument Re completed the acquisition of Nordben Life and Pension Insurance Co. Limited ("Nordben") from BenCo Insurance Holding B.V., which is owned 89.96% by Storebrand Livsforsikring AS. Nordben, a Guernsey based company, is licensed to carry out long-term and general insurance business, including domestic business and is subject to regulation by the Guernsey Financial Services Commission. Nordben has been closed to all new business since early 2016.

On 18th March 2019, following receipt of regulatory approval, Monument Re completed the acquisition of Robein Leven N.V. and its subsidiaries ("Robein Leven") from Amerborgh Financial Services B.V. Robein Leven is a closed life insurer domiciled in the Netherlands with traditional and linked products.

Combined, these transactions have led to a bargain purchase gain of EUR 21.1 million recognised directly in the Statement of Comprehensive Income for the year ended 31st December 2019. In 2018, Monument Re completed the acquisitions of Aspecta Assurance International Luxembourg S.A. and ABN AMRO Life Capital Belgium S.A. which resulted in a bargain purchase gain of EUR 17.0 million.

3. Portfolio Transfer

Effective 16th December 2019, Monument Re completed the acquisition of a closed book of life business from Curalia OVV ("Curalia"), a Belgian mutual insurance company. In accordance with the authorisation by the National Bank of Belgium, the portfolio has transferred, as of the effective date, into Monument Assurance Belgium with the policy terms and conditions unchanged.

Effective 31st May 2019, Monument Re completed the acquisition of a run-off portfolio of traditional life and credit life business from Alpha Insurance SA ("Alpha"), a Belgian composite insurance company. Alpha is a wholly-owned subsidiary of Enstar Group Limited. In accordance with the authorisation by the National Bank of Belgium, the portfolio has transferred, as of the effective date, into Monument Assurance with the policy terms and conditions unchanged.

Effective 1st April 2019, Monument Re completed the acquisition of a run-off portfolio of linked and traditional business from MetLife Europe d.a.c. In accordance with the approval of the Irish High Court, the portfolio has transferred, as of the effective date, into MLIDAC in Ireland with terms and conditions unchanged. Prior to the transfer this transaction was accounted for as reinsurance (see also Note 4. below).

4. Gross Premiums Written

a. Gross Premiums Written

Gross premiums written consist of:

	Year Ended 31st December 2019 €'000	Year Ended 31st December 2018 €'000
Direct insurance	511,499	36,880
Assumed insurance	9,640	438,684
Gross premiums written	**521,139**	**475,564**

The increase in direct gross premiums written for the year ended 31st December 2019 compared to the year ended 31st December 2018 was driven primarily by the portfolio transfers described in Note 3.

Assumed premiums for 2019 are further described below. Assumed premiums written for the year ended 31st December 2018 include the transfer of a run-off portfolio of flexible premium retail life insurance contracts from Ethias S.A. as well as the reinsurance of a run-off portfolio of traditional business from MetLife Europe d.a.c. ("MetLife"). This business was transferred from MetLife to MLIDAC in Ireland in 2019 following receipt of court approvals. See also below and Note 9.b for a discussion of deposits with ceding undertakings related to the MetLife transaction and Note 13 for a discussion of claims recorded in connection with these transactions.

Gross premiums written consist of:

	Year Ended 31st December 2019 €'000	Year Ended 31st December 2018 €'000
Direct Non Participating Regular Premiums		
Savings and Guarantees	237,395	-
Annuities	230,146	-
Protection	12,712	2,223
PPI - Designated as General Business	21,366	25,188
PPI - Designated as Life	7,614	9,469
	509,233	36,880
Direct Participating Regular Premiums		
Protection	1,255	-
Savings and Guarantees	1,011	-
	2,266	-
Assumed Non Participating Regular Premiums		
Protection	(1,857)	2,055
Annuities	11,497	154,520
Savings and Guarantees	-	282,109
	9,640	438,684
Net premiums written	**521,139**	**475,564**

The direct non participating regular premiums for the year ended 31st December 2019 related to annuities and savings and guarantees were primarily driven by the MetLife transaction and the acquisition of the Curalia portfolio, respectively.

The assumed non participating regular premiums for the year ended 31st December 2019 consist of EUR 144.9 million related to the acquisition of a portfolio of Irish annuities from Rothesay ("Rothesay portfolio acquisition"), partially offset by the return of premiums to MetLife. The Rothesay portfolio acquisition has been structured initially as reinsurance to Monument Re and is expected to be followed by a transfer of the portfolio to MLIDAC, subject to regulatory and court approvals. The MetLife return premiums relate to the reinsurance that was in place until the effective date of the portfolio transfer and premiums related to the portfolio transfer are shown in direct non participating annuity business in the table above.

b. Geographical Analysis Premium

Gross premiums written relate to the following countries:

	Year Ended 31st December 2019 €'000	Year Ended 31st December 2018 €'000
Belgium	246,623	282,356
Ireland	145,044	2,055
Greece	50,656	-
Spain	42,903	942
United Kingdom	29,565	189,816
Other	6,348	395
Gross premiums written	**521,139**	**475,564**

5. Investment Return

	Year Ended 31st December 2019 €'000	Year Ended 31st December 2018 €'000
(a) Technical Account - General Business		
Investment income		
Income on financial assets at fair value through profit and loss	276	107
Losses on realisation of investments	(22)	-
	254	107
Net unrealised gains and losses on investments	(64)	(19)
Investment expenses and charges		
Investment management expenses	(7)	(2)
Net investment return - General Business	**183**	**86**
(b) Technical Account - Long-term Business		
Investment income		
Income on financial assets at fair value through profit and loss	17,026	2,906
Gains/(losses) on realisation of investments	37,926	(451)
	54,952	2,455
Net unrealised gains and losses on investments	(98)	207
Income from deposits with ceding undertakings	11,877	12,171
Investment expenses and charges		
Investment management expenses	(4,014)	(516)
Net investment return - Long-term Business	**62,717**	**14,317**

	Year Ended 31st December 2019 €'000	Year Ended 31st December 2018 €'000
(c) Non-technical Account		
Investment income		
Income on financial assets at fair value through profit and loss	1,343	301
Losses on realisation of investments	-	(49)
	1,343	252
Net unrealised gains and losses on investments	4	546
Investment expenses and charges		
Investment management expenses	(482)	(188)
Net investment return - Non-technical account	**865**	**610**
Net investment return	**63,765**	**15,013**

6. Operating Expenses

a. Operating Expenses

	Year Ended 31st December 2019 €'000	Year Ended 31st December 2018 €'000
Administrative expenses	41,298	24,045
Reinsurance commission and profit participation	14,416	25,666
Operating expenses	**55,714**	**49,711**

b. Key Management Compensation

Key management includes the Directors and members of senior management. The compensation paid or payable to key management for employee services included in 'Operating expenses' for the year ended December 31, 2019 and 2018 was EUR 5.8 million and EUR 7.3 million, respectively.

The Company operates a long-term incentive plan (LTIP) designed to recognise transactions that demonstrate the emergence of anticipated value. The Company awards a portion of the value generated to key executives involved in delivering the transaction and in the ongoing management of the associated business. The value assessment takes account of the risks and rewards of the transaction. The experience assumed in pricing is tested over a four year period with phased payments to participants if the experience emerges in line with assumptions with 25% (end of year 2), 35% (end of year 3) and 40% (end of year 4).

c. Auditors' Remuneration

The auditors' remuneration included in 'Operating expenses' for the years ended 31st December 2019 and 2018 was as follows:

	Year Ended 31st December 2019 €'000	Year Ended 31st December 2018 €'000
Fees related to the audit of		
- The consolidated financial statements	228	250
- The Company's subsidiaries	841	508
Fees related to audit	1,069	758
Fees related to other assurance services	432	200
Total	**1,501**	**958**

7. Taxation

a. Tax on Profit on Ordinary Activities

	Year Ended 31st December 2019 €'000	Year Ended 31st December 2018 €'000
Current Tax		
Corporation tax on profit for the financial year	737	880
Loss carryforwards	-	(645)
Adjustment in respect of prior financial years	125	64
Current tax expense for the financial year	862	299
Deferred Tax		
Origination and reversal of timing differences	114	81
Deferred tax charge for the year	(1,534)	(630)
Tax on profit on ordinary activities	(558)	(250)

b. Reconciliation of Tax Expense

Tax assessed for the years ended 31st December 2019 and 2018 is higher than the standard rate of corporation tax in Bermuda of 0%. The differences are as follows:

	Year Ended 31st December 2019 €'000	Year Ended 31st December 2018 €'000
Profit on ordinary activities before tax	41,438	63,842
Standard tax rate for Bermuda	0%	0%
Profit on ordinary activities before tax multiplied by the standard rate of tax for Bermuda	-	-
Effect of:		
Foreign taxes at local expected tax rates	2,826	1,589
Loss carryforwards	(1,130)	(754)
Expenses not deductible for tax purposes	21	-
Deductions allowable for tax purposes	(999)	(476)
Income Tax Withheld	-	-
FX movements	12	(59)
Adjustment in respect of prior financial years	132	(1)
Current tax charge for the year	**862**	**299**

The standard rate of tax in Republic of Ireland, Belgium, Luxembourg, Italy and Netherlands was 12.5%, 29.58%, 26.1%, 30.82% and 25%, respectively, for the year ended 31st December 2019. The standard rate of tax in Republic of Ireland, Belgium, Luxembourg and Italy was 12.5%, 33.99%, 26.1% and 30.82%, respectively, for the year ended 31st December 2018.

c. Deferred Tax

The provision for deferred taxation included in 'Other creditors including taxation and social security' in the Consolidated Statements of Financial Position at 31st December 2019 and 2018 is as follows:

	Year Ended 31st December 2019 €'000	Year Ended 31st December 2018 €'000
Deferred tax acquired on business combinations	6,286	4,966
Deferred tax	**6,286**	**4,966**

The enacted tax rates related to the releases of the deferred tax balance are expected to be 12.5% for Ireland, 30.82% in Italy and 25% in the Netherlands. Of the deferred tax in the table above, EUR 0.4 million is expected to be released in 2020.

8. Investments in Group Undertakings

Set out below are the Company' investments in the primary regulated entities at 31st December 2019. An asterisk indicates holdings held directly by the Company. All subsidiaries set out below are included in the consolidation.

Subsidiary undertakings	Country of Incorporation	Principal activity	Class of shares held	Percentage of nominal value and voting rights
Monument Insurance DAC ("MIDAC")	Republic of Ireland	Payment Protection Insurance ("PPI")	Ordinary	100%*
Monument Assurance DAC ("MADAC")	Republic of Ireland	Payment Protection Insurance ("PPI")	Ordinary	100%
Monument Life Insurance DAC ("MLIDAC")	Republic of Ireland	Life Assurance	Ordinary	100%
Monument Assurance Belgium N.V. ("MAB")	Belgium	Life Assurance	Ordinary	100%
Monument Assurance Luxembourg S.A. ("MAL")	Luxembourg	Life Assurance	Ordinary	100%
Inora Life DAC	Republic of Ireland	Life Assurance	Ordinary	100%
Robein Leven NV	Netherlands	Life Assurance	Ordinary	100%
Nordben Life and Pension Insurance Co. Limited	Guernsey	Life Assurance	Ordinary	100%

9. Financial Instruments

a. Financial Assets

The cost and market values of financial assets included in 'Other financial investments' and 'Assets covering unit-linked liabilities' in the Company's Consolidated Statements of Financial Position at 31st December 2019 and 2018 were as follows:

	31st December 2019 Market value €'000	31st December 2019 Cost €'000
Held at fair value through profit and loss		
Debt securities and other fixed income securities	855,446	848,575
Equity mutual funds	91,123	90,639
Residential mortgage funds	69,618	69,570
Loans and receivables	22,120	21,913
Policy loans	10,877	10,444
Term deposits	8,593	8,554
Fixed income mutual funds	5,568	5,512
Derivatives	(5,882)	1,691
Other	472	471
Other financial investments	**1,057,935**	**1,057,369**
Assets covering unit-linked liabilities[(1)]	**947,073**	**825,628**

	31st December 2018 Market value €'000	31st December 2018 Cost €'000
Held at fair value through profit and loss		
Debt securities and other fixed income securities	174,520	176,007
Residential mortgage funds	62,007	62,000
Policy loans	9,121	9,548
Derivatives	4,499	1,864
Term deposits	700	700
Other	353	383
Other financial investments	**251,200**	**250,502**
Assets covering unit-linked liabilities[(1)]	**213,863**	**227,721**

(1) Excludes assets under the funds held agreement with MetLife (see Note 9.b below).

b. Deposits with Ceding Undertakings

During 2018, the Company entered into a reinsurance agreement with MetLife on a funds withheld basis, to reinsure a run-off portfolio of traditional and unit-linked business. This agreement was effective until the Company obtained required approvals to effect the portfolio transfer as described in Note 3. above. At 31st December 2019, 'Assets covering unit-linked liabilities' include the remaining asset of EUR 40.2 million on a funds withheld basis which is expected to be transferred to MLIDAC in 2020. At 31st December 2018, with respect to funds withheld, the Company's Consolidated Statement of Financial Position included within 'Investments – Deposits with ceding undertakings' financial assets of EUR 144.3 million related to the traditional business and within 'Assets covering unit-linked liabilities' financial assets of EUR 293.6 million related to unit-linked contracts (see also Note 10 below).

In relation to this transaction, the Company recorded a reinsurance commission income of EUR 20.8 million in the Consolidated Statement of Comprehensive Income for the year ended 31st December 2018.

c. Fair Value Hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1 - Quoted prices in an active market; the investments in this category generally include equities listed on a major exchange, government issued bonds, government sponsored or government agency issued bonds; government sponsored enterprises bonds, supranational and corporate bonds for which quoted prices in active markets are available;
- Level 2 - Recent transactions of an identical asset if there is unavailability of quoted prices; the investments in this category generally include government issued bonds, government sponsored or government agency issued bonds; government sponsored enterprises bonds, supranational and corporate bonds; and
- Level 3 - Use of a valuation technique if there is no active market or other transactions which are a good estimate of fair value; the investments in this category include residential mortgage funds, policyholder loans and derivatives.

31st December 2019	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total €'000
Debt securities and other fixed income securities	423,508	431,938	-	855,446
Equity mutual funds	-	91,123	-	91,123
Residential mortgage fund	-	-	69,618	69,618
Loans	-	22,120	-	22,120
Policyholder loans	-	-	10,877	10,877
Term deposit	-	8,593	-	8,593
Fixed income mutual funds	-	5,568	-	5,568
Derivative asset	-	-	2,524	2,524
Other	-	472	-	472
Derivative liability	-	-	(8,406)	(8,406)
Other financial investments	**423,508**	**559,814**	**74,613**	**1,057,935**
Assets covering unit-linked liabilities	**65,282**	**830,913**	**50,878**	**947,073**
Financial Liabilities	**(65,282)**	**(830,913)**	**(50,878)**	**(947,073)**

(1) Assets covering unit-linked liabilities in the table above exclude assets held by a ceding undertaking of EUR 40.2 million (see Note 9.b).

31st December 2018	Level 1 €'000	Level 2 €'000	Level 3 €'000	Total(1) €'000
Debt securities and other fixed income securities	-	174,520	-	174,520
Residential mortgage fund	-	-	62,007	62,007
Policyholder loans	-	-	9,121	9,121
Derivatives	-	-	4,499	4,499
Other	-	353	-	353
Other financial investments	**-**	**174,873**	**75,627**	**250,500**
Assets covering unit-linked liabilities(2)	**-**	**213,863**	**-**	**213,863**
Financial Liabilities	**-**	**(213,863)**	**-**	**(213,863)**

(1) In addition to the investments held at fair value in the table above, 'Other financial investments' also include a term deposit of EUR 0.7 million.

(2) Assets covering unit-linked liabilities in the table above exclude assets held by a ceding undertaking of EUR 293.6 million (see Note 9.b).

The Company determines fair value based on the following methods of valuation and assumptions:

- *Debt securities and other fixed income securities* – Securities that are actively traded are priced based on quoted market prices. Other fixed income securities are priced by independent pricing services. The independent pricing services use actual transaction prices for securities that have been actively traded. For securities that have not been actively traded, each pricing source has its own proprietary method to determine the fair value. For Level 2 assets these include index pricing for identical assets.
- *Residential mortgage fund* – The net asset value of the fund is provided on a monthly basis.
- *Fixed Income and Equity mutual funds* – The funds are traded and quoted prices are provided.
- *Loans and term deposits* – Mortgage loans and other loans are valued using the prevailing risk-free market interest rate for the remaining term, plus credit and liquidity surcharges.
- *Policyholder loans* – Policy loans represent partial surrenders where the policyholder has surrendered a portion of the their policy and are valued based on an assessment of cash flows required to satisfy future obligations, discounted at the risk free curves provided by the Bermuda Monetary Authority. The currency of the curve is represented by the currency of the policyholder liabilities.
- *Derivatives* – The Company's derivatives included in Level 3 are valued based on counterparty bank's internal models.
- *Assets covering unit-linked liabilities and financial liabilities* – The assets include investments in publicly traded funds, shares and debt securities for which quoted prices are available and unquoted debt securities and investments in funds. The liabilities reflect the value of these assets.

To validate prices, the Company compares the fair value estimates to its knowledge of the current market and will investigate prices that it considers not to be representative of fair value.

d. Financial Liabilities

The fair value of financial liabilities related to the unit-linked contracts of EUR 947.1 million (2018: EUR 507.5 million) is equivalent to the amount payable under the contract, based on the current asset value.

10. Assets covering Unit-linked Liabilities

Assets covering unit-linked liabilities relate to unit-linked investment contracts.

The balance of EUR 507.5 million at 31st December 2018 includes EUR 293.6 million related to a reinsurance agreement with MetLife on a funds withheld basis (further described in Note 9.b above). At 31st December 2019, the total balance of EUR 947.1 million includes the remaining assets on a funds withheld basis of EUR 40.2 million which is expected to be transferred to the Company's subsidiary Monument Life Insurance DAC in 2020.

An analysis of financial assets covering unit-linked liabilities is included in Note 9 above.

11. Debtors

	31st December 2019 €'000	31st December 2018 €'000
Debtors		
Debtors arising out of direct insurance operations		
Policyholders	2,253	2,185
Debtors arising out of reinsurance operations	1,960	-
Other debtors including tax and social security		
Tax recoverable	7,322	3,829
Other debtors	10,929	1,936
Other debtors	18,251	5,765
Other Group companies(1)	31,077	22,394
Total debtors	**53,541**	**30,344**

(1) Relates to a receivable from the parent company Monument Finco Limited.

Funds due from policyholders relates to premiums collected for which cash is received one month in arrears by the Group.

The increase in debtors arising from Other Group companies was due to the capital contribution declared in December 2019 which was settled shortly after the year end, partially offset by a repayment of the loan established in 2018 with the parent company, FINCO.

12. Equity Share Capital

	31st December 2019	31st December 2018
Authorised		
Ordinary shares at EUR 0.8734 each	150,000	150,000
	€'000	€'000
Allotted, called up and fully paid - presented as equity		
Ordinary shares at EUR 0.8734 each	52,491	56,028

Effective 11th January 2019, the Company redenominated its common shares from USD to EUR. The effect of the share redenomination was recorded in Foreign currency translation reserve.

A capital contribution of EUR 20.0 million (2018: EUR 89.5 million) was received during 2019 from the parent company.

At 31st December 2019 and 2018, there were 60.1 million issued ordinary shares. There is a single class of equity share. There are no restrictions on the distribution of dividends and the repayment of capital. All shares carry equal voting rights and rank for dividends to the extent to which the total amount on each share is paid up.

13. Technical Provisions

The Company has determined UK GAAP liabilities to be equivalent to Bermudian Technical Provisions ("TP") which is given by the sum of BEL and a RM, as determined under the EBS regime.

The BEL is based on an assessment of cash flows required to satisfy insurance obligations. Best estimate corresponds to a probability-weighted average of future cash flows with an allowance, where applicable, for contract boundaries. The BEL is determined by discounting the best estimate cash flows at the risk free curves provided by the Bermuda Monetary Authority. The currency of the curve is represented by the currency of the policyholder liabilities.

The RM reflects uncertainty inherent in the best estimate cash flows. It follows a cost of capital approach, with a prescribed 6% cost of capital charge. It includes an allowance for insurance, operational and counterparty risk capital, projected over the contract period and discounted at risk-free. The risk-free curve used is given by the reporting currency, EUR.

The gross BEL and RM and net technical provisions at 31st December 2019 and 2018 were as follows:

	31st December 2019 €'000	31st December 2018 €'000
Best Estimate Liabilities (Gross)	969,391	298,206
Risk Margin	28,637	6,833
Technical Provisions (Gross)	**998,028**	**305,039**
Reinsurance Asset	(5,677)	(4,519)
Technical Provisions (Net)	**992,351**	**300,520**

a. General Business Provision

The movement in provision for claims for the years ended 31st December 2019 and 2018 was as follows:

	Gross €'000	Reinsurer's Share €'000	Net €'000
Balance at 1st January 2019	7,975	-	7,975
Provision for claims acquired	6,245	-	6,245
Liabilities discharged in the year	(6,764)	-	(6,764)
Unwinding of discount rates	8	-	8
Changes in experience	(474)	-	(474)
Changes in assumptions	86	-	86
Other	0	-	0
Impact of FX	378	-	378
Balance at 31st December 2019	**7,454**	**-**	**7,454**

	Gross €'000	Reinsurer's Share €'000	Net €'000
Balance at 1st January 2018	9,810	-	9,810
Provision for claims acquired	6,746	-	6,746
Liabilities discharged in the year	(7,874)	-	(7,874)
Unwinding of discount rates	6	-	6
Changes in experience	(605)	-	(605)
Changes in assumptions	(21)	-	(21)
Other	3	-	3
Impact of FX	(90)	-	(90)
Balance at 31st December 2018	**7,975**	**-**	**7,975**

b. Long Term Business Provision

The movement in provision for claims for the years ended 31st December 2019 and 2018 was as follows:

	Gross €'000	Reinsurer's Share €'000	Net €'000
Balance at 1st January 2019	297,064	(4,519)	292,545
Long term technical provision acquired	690,904	1	690,905
Liabilities discharged in the year	(114,126)	(1,159)	(115,285)
Unwinding of discount rates	1,633	-	1,633
Changes in experience	63,560	-	63,560
Changes in assumptions	43,179	-	43,179
Other	(151)	-	(151)
Impact of FX	8,511	-	8,511
Balance at 31st December 2019	**990,574**	**(5,677)**	**984,897**

	Gross €'000	Reinsurer's Share €'000	Net €'000
Balance at 1st January 2018	1,741	(95)	1,646
Long term technical provision acquired	294,321	(4,423)	289,898
Liabilities discharged in the year	(337)	(1)	(338)
Unwinding of discount rates	4	-	4
Changes in experience	3	-	3
Changes in assumptions	1,334	-	1,334
Other	9	-	9
Impact of FX	(11)	-	(11)
Balance at 31st December 2018	**297,064**	**(4,519)**	**292,545**

c. Reinsurance Liabilities

The reinsurance liability of EUR 98.6 million (2018: EUR 96.3 million) relates to certain reinsurance treaties, arranged with a deficit account carrying forward the reinsurers' losses on an underwriting year basis.

d. Principal Assumptions

An annual review is performed on the claims experience of the Company to determine the appropriateness of the demographic assumptions used in calculating the BEL.

The principal assumptions underlying the calculation of the BEL at the reporting date are set out below:

Expenses: A regular investigation is performed to monitor its expense experience to determine the expenses incurred in administering and running the business across each of the entities. An allowance is made for expense inflation, considering both salary and price inflation.

Lapses: Lapse rates impact the expected remaining duration of the in-force business. Lapse risk is present across all portfolios and the Company performs an annual investigation on the appropriateness of these assumptions.

Accident & Sickness Incidence and Recovery Rates: These assumptions drive the level of expected accident and sickness claims and are key to the PPI business. Recovery rate assumptions are most relevant for the technical provisions given the short contract boundary. The Company performs an annual investigation on the appropriateness of the assumptions.

Unemployment Incidence rates and probability of returning to work: These assumptions are key to the PPI business and they drive the level of expected claims. Recovery rate assumptions are most relevant for the technical provisions given the short contract boundary. The Company performs an annual investigation on the appropriateness of the assumptions.

Mortality: This is not a material assumption for a large proportion of the balance sheet i.e. unit-linked and savings business. For MLIDAC, MAB and MAL, where there is mortality and rider risks, reinsurance is in place to reinsure a significant proportion of this exposure. This is a more material assumption for the Rothesay Life annuities reinsured to Monument Re during 2019.

Discount Rates: The discount rates used in the calculation of the Technical Provisions depend on the currency of the liabilities and the discount rate approach approved by the Board. For asset intensive business, the Company uses the Scenario Based Approach as described in the BMA's Guidance Note for Commercial Insurers and Groups Statutory Reporting Regime (dated 30th November 2016), for all other business, risk-free rates provided by the BMA are used.

Year	BMA Risk-Free		Bloomberg Swap Curve[2]	
	EUR Spot Rate	GBP Spot Rate	EUR Spot Rate	GBP Spot Rate
1	-0.49%	0.74%	-0.32%	0.83%
2	-0.46%	0.73%	-0.30%	0.79%
3	-0.41%	0.75%	-0.24%	0.82%
4	-0.35%	0.79%	-0.21%	0.86%
5	-0.28%	0.82%	-0.14%	0.88%
6	-0.22%	0.84%	-0.08%	0.91%
7	-0.15%	0.87%	0.01%	0.94%
8	-0.09%	0.90%	0.08%	0.96%
9	-0.02%	0.92%	0.14%	0.99%
10	0.05%	0.94%	0.21%	1.02%
20	0.48%	1.05%	0.58%	1.12%
30	0.52%	1.03%	0.64%	1.11%
40	0.60%	1.18%	0.56%	1.07%
50	0.90%	1.56%	0.49%	1.02%

In order to determine the SBA discount rates, a number of additional assumptions and management actions are required and including future spread assumptions, defaults and investment expenses.

Spread assumptions reflect the additional return above the swap curve that is expected to be earned on the underlying asset portfolio.

The Company makes an allowance for defaults by adopting the default assumptions published by EIOPA[3] which are derived from Standard & Poor's data.

Investment expenses are set by assessing the overall investment costs within the Group. At the Group level, an investment assumption of 15 basis points per annum has been used to cover all the expected investment costs.

e. Fund for Future Appropriations

The fund for future appropriations represents all funds, the allocation of which to with-profits policyholders and shareholders has not been determined at the balance sheet date.

[2] GBP Ticker: YCSW0022 Index, EUR Ticker: YCSW0045 Index
[3] EIOPA published default rates are provided here each month https://eiopa.europa.eu/regulation-supervision/insurance/solvency-ii-technical-information/risk-free-interest-rate-term-structures

14. Creditors Arising out of Direct Insurance and Reinsurance Operations

	31st December 2019 €'000	31st December 2018 €'000
Creditors arising out of direct insurance operations		
Claims payable	16,865	6,431
Commission payable	3,468	4,420
Profit share payable	170	613
Other	918	1,148
Total	**21,421**	**12,612**
Creditors arising out of reinsurance operations		
Reinsurance balances payable	**6,697**	**7,337**

Commission and profit share payable, together with amounts due to policyholders fall due within three months of the period end date.

15. Other Creditors

	31st December 2019 €'000	31st December 2018 €'000
Other creditors including tax and social security		
Deferred Tax Liability	6,286	4,966
LTIP accrual	4,200	2,900
Corporation tax payable	1,279	-
Other	4,583	944
Total	**16,348**	**8,810**

Trade and other creditors are payable at various dates in the three months after the end of the financial period in accordance with the creditors' usual and customary credit terms.

16. Commitments

During 2019, the Group made a commitment of EUR 15.0 million towards a European revolving credit facility ("RCF") fund. The fund purchases RCFs at a discount from financial institutions and the Group is at risk for its portion of any defaults on those RCFs. The Group has not been required to provide any funding, as a bank provides liquidity to the fund. The Group's maximum commitment to the fund at 31st December 2019 was EUR 15.0 million and there have been no defaults under these facilities.

The Group leases office space in various locations where its subsidiaries and branches are located. Total estimated future payments under these leases at 31st December 2019 were EUR 1.2 million in 2020, EUR 4.4 million in 2021-2025 and EUR 5.4 million after 2025.

17. Reconciliation of Profit Before Tax to Net Cash from Operating Activities

	31st December 2019 €'000	31st December 2018 €'000
Profit on ordinary activities before tax	41,438	63,842
Adjustments:		
Interest received	(6,127)	1,247
Shareholder realised and unrealised investment gains	(14,530)	(843)
Non-cash movement in technical reserves	408,453	244,762
Movement in deferred expenses	2,134	328
Deposits with ceding undertakings	144,334	(144,334)
Allocated investment income	-	(1,247)
Gain on acquisition	(21,121)	(16,999)
Movements in other assets/liabilities	(4,596)	(11,104)
Net cash from operating activities	**549,985**	**135,652**

18. Related Party Transactions

See Note 6 for disclosure of key management compensation, Note 11 for amounts owed by the parent company and Note 12 for disclosure of capital contribution by the parent company. There were no other material related party transactions during the years ended 31st December 2019 and 2018.

19. Events after the Reporting Date

Monument Re has signed agreements in respect of the following transactions below. The financial results of these transactions are not included in the Consolidated Financial Statements because they either remained subject to regulatory approval at the reporting date or were signed after the reporting date.

- On 7th November 2019, the Company signed the acquisition of Cattolica Life DAC ("Cattolica") from Società Cattolia di Assicurazione Società Cooperative. Cattolica is a closed Irish entity which wrote unit-linked business on a cross-border basis in Italy. This transaction remains subject to customary closing conditions, including receipt of regulatory approval.
- On 21st of March 2020, the Company signed the acquisition of GreyCastle Holdings Ltd ("GreyCastle") and its subsidiaries, which include GreyCastle Life Reinsurance (SAC) Ltd and GreyCastle Services, from the shareholders of GreyCastle Holdings Ltd. GreyCastle is domiciled in Bermuda and is focused on managing a portfolio of annuity and life risks. This transaction remains subject to customary closing conditions, including receipt of regulatory approval.

The novel coronavirus outbreak (COVID-19) has developed rapidly in 2020, with a significant number of infections reported across a wide range of countries and regions. At the date of signing this report the ultimate economic and social consequences of COVID-19 are uncertain. A pandemic may increase insurance claims, cause investment losses and disrupt business operations. Measures taken by various governments to contain the virus have also affected economic activity. Counterparty credit risk and liquidity risk may also increase.

The Group has a number of risk mitigations, as part of the general management of the business, which can be utilized to mitigate the potential impact of COVID-19. The Group is resilient to stress across each of these areas of risk, having regard to the risk mitigations (described in Note 1).

While it is not possible to identify the financial impact of COVID-19 on the Group’s financial statements, the sensitivities provided in Note 1 provide an indication of the impact of changes in our key assumptions related to the areas of risk before considering the risk mitigations available. In addition, the Group maintains excess capital above its regulatory capital requirements, which are calibrated to a one in 200 year stress event.

The financial statements have been prepared on a going concern basis. At the date of signing this report, business continuity plans are in place with employees engaged in home working, collaborating via videoconference and other electronic means.

Whilst uncertain, we do not believe that COVID-19 results in a materially adverse effect on our ability to maintain operations and meet obligations as they fall due.

20. Approval of Consolidated Financial Statements

The Consolidated Financial Statements were approved by the Board of Directors on 24th April 2020.