



AIG Transaction Execution Limited

Annual Report and Financial Statements

**For the year ended
30 November 2019**



Registered Number 07420054

AIG TRANSACTION EXECUTION LIMITED
Annual Report and Financial Statements for the year ended 30 November 2019

Contents of the Annual Report and Financial Statements
For the year ended 30 November 2019

Contents

Company Information	3
Strategic Report	4 - 6
Directors' Report	7 - 8
Independent Auditors' Report	9 - 10
Statement of Comprehensive Income	11
Balance Sheet	12
Statement of Changes in Equity	13
Notes to the Financial Statements	14 - 26

AIG TRANSACTION EXECUTION LIMITED
Annual Report and Financial Statements for the year ended 30 November 2019

Company Information

DIRECTORS: O Bengtsson
J Caulfield
A Thomas

SECRETARY: K Hillery

REGISTERED OFFICE: The AIG Building
58 Fenchurch Street
London EC3M 4AB

REGISTERED NUMBER: 07420054

INDEPENDENT AUDITORS: PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London SE1 2RT

PRINCIPAL BANKERS: Citibank N A
Citigroup Centre
Canada Square
London E14 5LB

AIG TRANSACTION EXECUTION LIMITED
Annual Report and Financial Statements for the year ended 30 November 2019

Strategic Report for the year ended 30 November 2019

The Directors have pleasure in presenting the Annual Report and the audited Financial Statements of AIG Transaction Execution Limited (the "Company") prepared under UK GAAP for the year ended 30 November 2019.

PRINCIPAL ACTIVITIES

AIG Transaction Execution Limited (ATEL) is a private Limited Company domiciled in the UK. The company's principal activity is to provide core treasury services to American International Group subsidiaries across Europe, Middle East & Africa (EMEA) and Asia Pacific (APAC) regions.

REVIEW OF BUSINESS

Results and Performance

The results of the Company for the year, as shown on page 11, show a profit before taxation of £906k (2018: £758k). Income was largely driven by the interest received in the year from loans to fellow group companies and deposits with banks and credit institutions and favourable foreign movements.

At 30 November 2019, the total equity of the Company, as shown on page 12, totals £1,901k (30 November 2018: £1,167k). There were no dividends declared or paid in the year (2018: £1,000k).

Key Performance Indicators

The Board monitors the performance of the Company in the light of the following key performance indicators:

	2019 £'k	2018 £'k
Total comprehensive income for the year	734	614
Financial Investments	3,696	135,825
Borrowings	314,743	152,105

Profit for the year has increased by £120k through investment gains and favourable foreign exchange movements. Due to the nature of the business and the requirements of other group companies the nature of funding can change during the year and this is reflected in the increase in borrowings and the decrease in financial investments from 2018 to 2019.

FUTURE OUTLOOK

The directors expect the current level of activities to be maintained with the opportunity of providing treasury services to a larger number of group companies. Cash flow is expected to remain positive, and to continue to be in excess of that necessary to support the Company's needs.

CHANGE OF ACCOUNTING BASIS FROM IFRS TO UK GAAP

The Company decided to change accounting basis from IFRS to UK GAAP effective 1 December 2018. This decision was made to maintain consistency with the accounting basis of the principal subsidiaries. The change of accounting basis has no impact on the numbers currently reported in the Financial Statements for the year ending 30 November 2019 or for the prior year reported numbers.

AIG TRANSACTION EXECUTION LIMITED

Annual Report and Financial Statements for the year ended 30 November 2019

RISKS AND APPROACH TO RISK

The Company is exposed to a number of risks associated with transacting with related entities in the group ("AIG Group") and other external counterparties. These are shown in Note 2 on Pages 16 - 19 of these financial statements. The Company measures, monitors and tracks risk and responds to it as appropriate.

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. All policies are subject to Board approval and ongoing review by management, risk committee and internal audit. Compliance with regulation, legal and ethical standards is a high priority for the Company. As part of the AIG Group, the Company conforms to an internal control framework which exists to manage financial risks and ensures that controls operate effectively.

COVID-19 CORONAVIRUS

In addition to the risks above, the Company has been monitoring and managing the potential risks and uncertainties from the coronavirus (COVID-19) outbreak as follows.

The UK government released an action plan on 3 March 2020, giving a guide of what to expect in the UK if the COVID-19 outbreak continued and the overall phases of their plan to respond to the COVID-19 outbreak. Following on from the reporting date of this document, 30 November 2019, AIG has been proactive in monitoring operational readiness, financial impact and continued customer service excellence.

Given the rapidly developing situation, we have included an initial assessment on the impact of COVID-19 with respect to the following key areas; business continuity and operations, systems of governance, risk profile and impact on the business.

1. Business Continuity and Operations

Business continuity plans are currently in place within the UK and in all regions around the world. AIG is closely following developments and advisories from the UK Government; the Centres for Disease Control and Prevention ("CDC") as well as the World Health Organization ("WHO"). As of 17 March 2020, all AIG UK employees have been asked to work from home and this has been achieved with no serious issues identified impacting our business operations.

IT is monitoring network traffic and has delivered full network availability and functionality for our IT systems. To date no major application issues have been encountered, but minor issues are being reviewed and addressed as required. Third party performance is being monitored and any issues are escalated to their representatives in a timely manner. No major issues have been identified which would jeopardise our critical business functions.

2. Systems of Governance

The infrastructure and framework for the Systems of Governance remains robust and responsive in the COVID-19 environment. Where required the frequency of reporting and committees have been increased with key metric reporting on solvency and liquidity on up to a daily basis.

3. Risk Profile Impact

We continue to monitor our Risk Profile through the changing external environment. Key risk area impacts are being assessed through Stress and Scenario Testing to assure resilience of the solvency of the company.

AIG TRANSACTION EXECUTION LIMITED
Annual Report and Financial Statements for the year ended 30 November 2019

4. Impact on the Business

Beginning in January 2020, global financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The extent and duration of the impact of COVID-19 on global and local economies, financial markets and sectors and specific industries in which the Company operates is uncertain at this point and has the potential to adversely affect the Company's business, results of operations or financial condition, the impact of which is still under assessment.

On behalf of the Board:

DocuSigned by:

Ola Bengtsson

9B74CC07E0E44BF.....

O Bengtsson - Director

Date: 13 August 2020

AIG TRANSACTION EXECUTION LIMITED

Annual Report and Financial Statements for the year ended 30 November 2019

Directors' Report for the year ended 30 November 2019

DIRECTORS AND COMPANY SECRETARY

The current directors of the Company who were in office during the financial year are on Page 3.

There were no appointments or resignations to the directors or secretary of the Company during the year or up to the date of signing.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

During the year the Company had in place qualifying third party indemnity provisions for the directors of the Company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions if any of FRS 102 used in the preparation of the financial statements and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

The Directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AIG TRANSACTION EXECUTION LIMITED
Annual Report and Financial Statements for the year ended 30 November 2019

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of this report confirms that:

- so far as each of them is aware, there is no information relevant to the audit of the Company's financial statements for the year ended 30 November 2019 of which the auditors are unaware; and
- the director has taken all steps that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

FINANCIAL INVESTMENTS

The Company's financial risk management objectives and policies are set out in Note 2 to the financial statements on pages 16 - 19.

DIVIDENDS

There were no dividends declared or paid in the year (2018:£1,000k).

GOING CONCERN

The directors believe that preparing the financial statements on the going concern basis is appropriate due to the current financial status and confidence in the future growth strategies of the Company. The future outlook of the company is in the Strategic Report on page 4.

FUTURE DEVELOPMENTS

The directors expect the current level of activities to be maintained with the opportunity of providing treasury services to a larger number of group companies. Cash flow is expected to remain positive, and to continue to be in excess of that necessary to support the Company's needs.

EVENTS AFTER THE REPORTING PERIOD

Disclosure on the potential impact of COVID-19 can be found in the Strategic Report and Note 22.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be reappointed as auditors.

On behalf of the Board:

DocuSigned by:

Ola Bengtsson

.....9B74CC7E0EA4BF.....

O Bengtsson - Director

Date: 13 August 2020

AIG TRANSACTION EXECUTION LIMITED
Annual Report and Financial Statements for the year ended 30 November 2019

***Independent auditors' report to the members of AIG
Transaction Execution Limited***

Report on the audit of the financial statements

Opinion

In our opinion, AIG Transaction Execution Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 November 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 30 November 2019; the statement of comprehensive income, and the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the 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 remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

AIG TRANSACTION EXECUTION LIMITED

Annual Report and Financial Statements for the year ended 30 November 2019

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 30 November 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.


Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Mark Bolton (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
13 August 2020

AIG TRANSACTION EXECUTION LIMITED
Annual Report and Financial Statements for the year ended 30 November 2019

Statement of Comprehensive Income
for the year ended 30 November 2019

	Note	2019 £'k	2018 £'k
Income			
Gross investment income	4	4,841	3,276
Net foreign exchange gain	5	65	12
Derivative financial instruments at fair value through profit or loss		109	(35)
Other income	6	47	76
Total income		5,062	3,329
Expenses			
Interest expense	7	(4,121)	(2,501)
Other operating expenses	8	(35)	(70)
Total expenses		(4,156)	(2,571)
Profit before taxation		906	758
Tax on profit	9	(172)	(144)
Profit for the year	10	734	614
Other comprehensive income for the year		-	-
Tax on other comprehensive income for the year		-	-
Total comprehensive income for the year		734	614

The total comprehensive income for the year is entirely attributable to equity shareholders of the company and is derived from continuing operations.

The notes on pages 14 to 26 form an integral part of these financial statements.

AIG TRANSACTION EXECUTION LIMITED
Annual Report and Financial Statements for the year ended 30 November 2019

Balance Sheet
as at 30 November 2019

	Note	2019 £'k	2018 £'k
Fixed assets			
Loans and receivables	11	1,413	0
Total fixed assets		1,413	0
Current assets			
Loans and receivables	11	3,696	135,825
Derivative financial instrument	12	94	-
Other receivables	13	1,119	268
Cash and cash equivalents	14	310,574	17,521
Total current assets		315,483	153,614
Current liabilities			
Borrowings	15	314,743	152,105
Derivative financial instrument	12	-	86
Current tax liabilities		216	209
Other payables	16	36	47
Total current liabilities		314,995	152,447
Net current assets		488	1,167
Total assets less current liabilities		1,901	1,167
Capital and reserves			
Called up share capital	17	-	-
Share premium account		540	540
Profit and loss account	18	1,361	627
Total Equity		1,901	1,167

The notes on pages 14 to 26 form an integral part of these financial statements.

The financial statements on pages 11 to 26 were approved by the board of directors on and signed on its behalf by:

DocuSigned by:

Ola Bengtsson

9B74CCC7E0EA4BF...

O Bengtsson
 Director

Date: 13 August 2020

AIG TRANSACTION EXECUTION LIMITED
Annual Report and Financial Statements for the year ended 30 November 2019

Statement of Changes in Equity
for the year ended 30 November 2019

	Called up share capital £'k	Share premium account £'k	Profit and Loss Account £k	Total Equity £k
Balance at 1 December 2017	-	540	1,013	1,553
Total comprehensive income for the year	-	-	614	614
Dividends paid and payable	-	-	(1,000)	(1,000)
Balance at 30 November 2018	-	540	627	1,167
Total comprehensive income for the year	-	-	734	734
Balance at 30 November 2019	-	540	1,361	1,901

The notes on pages 14 to 26 form an integral part of these financial statements.

AIG TRANSACTION EXECUTION LIMITED

Annual Report and Financial Statements for the year ended 30 November 2019

Notes to the Financial Statements for the year ended 30 November 2019

1. **Accounting Policies**

A. Basis of Preparation

AIG Transaction Execution Limited (the "Company") is incorporated in the United Kingdom and registered in England and Wales and is limited by shares. The financial statements are presented in pounds sterling, which is the Company's presentational currency. The Company's immediate and ultimate parents are AIG Property Casualty International, LLC and American International Group, Inc. ("AIG") respectively. The Company is a private limited company domiciled in the UK. The company's principal activity is to provide core treasury services to AIG subsidiaries across Europe, Middle East & Africa (EMEA) and Asia Pacific (APAC) regions.

The registered office and principal place of business is: The AIG Building, 58 Fenchurch Street, London EC3M 4AB. These financial statements have been authorised for issue by the Board of Directors on 12 August 2020.

The Directors have considered all available information including the support of a financially strong parent company and believe that the Company is well placed to manage its business and operational risks successfully. The Directors are therefore confident that the Company has adequate resources to continue in operational existence for the foreseeable future and, accordingly, the Company continues to prepare its financial statements on a going concern basis.

The financial statements have been prepared on the historical cost basis (except that certain assets are measured at fair value as described in the accounting policies below) and in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

B. Change of Accounting Basis in 2019

The Company decided to change accounting basis from IFRS to UK GAAP effective 1 December 2018. This decision was made to maintain consistency with the accounting basis of other AIG entities operating in the United Kingdom. The change of accounting basis has no impact on the numbers currently reported in the Financial Statements for the year ending 30 November 2019 or for the prior year reported numbers and as such no reconciliation between IFRS and UK GAAP is relevant.

The Annual Report and Financial Statements for the Company for the year ended 30 November 2018 were last prepared under the previous accounting basis, IFRS. The Company adopted FRS102 applicable from 1 December 2018.

C. Exemptions for Qualifying Entities under FRS102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders.

The Company has taken advantage of the following exemptions in accordance with paragraph 1.12 of FRS 102:

- a) from disclosing the Company key management personnel compensation
- b) from preparing a statement of cash flows
- c) from disclosing detailed transactions with related parties that are wholly-owned subsidiaries within the AIG Group

D. Financial Assets

On initial recognition, the Company classifies its financial assets in one of the following categories: at fair value through profit or loss or loans and receivables. No material fair value through profit or loss or available for sale assets were held by the Company in 2018 or 2019 except for derivative financial instruments which are noted below.

Derivative financial instruments are recognised in the Balance Sheet on a trade date basis and are measured at fair value. Derivatives are carried as assets when fair value is positive and as liabilities when fair value is

AIG TRANSACTION EXECUTION LIMITED**Annual Report and Financial Statements for the year ended 30 November 2019**

Notes to the Financial Statements for the year ended 30 November 2019

negative. Movements in the fair value of derivative financial instruments are recognised in the Statement of Comprehensive Income.

Loans and receivables

Non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market are classified as loans and receivables.

Loans and receivables are initially recognised at the value of the loan plus directly related transaction costs. They are subsequently measured at amortised cost using the effective interest method less any impairment losses. At the year-end these balances were carried at amortised cost.

E. Investment Return

Investment return recognised as total income in the Statement of Comprehensive Income includes gross investment income (comprising of interest on loans advanced to related parties and third parties) and realised gains and losses and movements in unrealised gains and losses on financial assets held at fair value through profit or loss. Interest income is recognised on an accrual basis.

F. Impairment of Financial Assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets classified as available-for-sale or as loans and receivables is impaired. A financial asset or group of financial assets is impaired, and an impairment loss incurred, if there is objective evidence that events have occurred subsequent to the initial recognition of the financial asset or group of financial assets that has adversely affected the amount or timing of future cash flows from the asset. No available-for-sale assets were held by the Company in 2018 or 2019.

G. Derivative Financial Instruments

Derivative financial instruments include forward currency swaps that derive their value from movements in underlying foreign exchange rates. Derivatives are initially recognised and subsequently measured at fair value with movements in fair value recognised in the Statement of Comprehensive Income. Fair values are obtained from quoted market prices in active markets, including recent market transactions, and valuation techniques, including discounted cash flow models and options pricing models, as appropriate. Derivatives are carried as assets where their fair value is positive and as liabilities where the fair value is negative.

H. Foreign Currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling on the balance sheet date. Transactions during the year are translated into sterling using the rates of exchange prevailing at the date of the transaction. Translation differences on loans and receivables are included in foreign exchange gains in the Statement of Comprehensive Income.

I. Taxation

The charge for tax is based on the results for the year determined in accordance with the relevant tax laws and regulations that are enacted, or substantively enacted, at the reporting date in each jurisdiction, together with adjustments to provisions for prior years.

Deferred tax is provided in full on all temporary differences arising between the carrying amounts in the financial statements and the tax bases of the assets and liabilities. Deferred tax assets are recognized to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax is calculated based on the tax rates that have been enacted or substantively enacted at the end of the reporting period and which are expected to be in force when the relevant deferred tax asset is realized or the relevant deferred tax liability is settled. Deferred tax balances are not discounted. There were no deferred tax assets or liabilities held by the Company at 30 November 2018 or 2019.

AIG TRANSACTION EXECUTION LIMITED

Annual Report and Financial Statements for the year ended 30 November 2019

Notes to the Financial Statements for the year ended 30 November 2019

J. Borrowings

Borrowings comprise loans from group undertakings. The associated borrowing costs are recognised in the Statement of Comprehensive Income in the year in which they arise. Borrowings are measured at amortised cost using the effective interest method.

K. Financial Liabilities

Trade and other payables are measured at cost.

L. Critical Accounting Estimates and Judgments

The Company exercises judgment in selecting its critical accounting policies. UK GAAP requires management to select suitable accounting policies, apply them consistently and make judgements and estimate which are reasonable and prudent when preparing the financial statements. The judgements and estimate are based on management's knowledge of current factors and circumstances and prediction of future events and actions. Actual results may differ from those estimates, possibly significantly.

Management considers that the only significant accounting judgment relates to impairment of financial assets and derivative financial instruments. Please refer to the above policy on impairment for further information.

2. Management of Financial Risk

A. Financial Risk Management and Policies

Financial assets of the Company are comprised of loans to group undertakings, third parties, derivative financial instruments and cash and cash equivalents. Financial liabilities are comprised of borrowings from group companies for financing purposes and trade and other payables. The key financial risk may arise from a permanent diminution in the value of loans to group undertakings and third parties. Other main risks arising from financial instruments are credit risk, liquidity risk, market risk, capital risk and group risk. Each of these risks is discussed below.

The Board has overall responsibility for ensuring that the Company manages risk within the risk appetite it has set, to ensure the Company's ongoing viability. The Company's risk levels are monitored regularly, to ensure it operates within its expressed appetite. The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. The effectiveness of the Company's controls is monitored by the AIG Group's Internal Audit function which acts as an additional level of risk control.

The principal risks associated with the Company are as follows:

B. Credit Risk

This is the risk of default by a counterparty or obligor. The Company monitors its aggregated exposure to counterparties, market sectors and geographical regions. This enables it to directly compare its exposures against the agreed risk appetite.

The Company controls its credit risk through assessment of all credit exposures, approval through hierarchical mandate structures, concentration and aggregate exposure reporting, investment guidelines and regular monitoring and reporting of payment performance and trends.

The main areas of risk are:

- amounts due from group companies - the Company's appetite for group risk is not set in overall terms, but considered by the Board in the context of the Company's position in the AIG Group. Intra-group balances are settled when they fall due;
- cash and cash equivalents - balances are held by external financial institutions. The use of external financial institutions is subject to AIG Group's credit risk procedures and is carried out prior to commencing any new business relationship.

AIG TRANSACTION EXECUTION LIMITED

Annual Report and Financial Statements for the year ended 30 November 2019

Notes to the Financial Statements for the year ended 30 November 2019

Management regularly reviews exposure to counterparties and does not expect any losses from non-performance by these counter-parties. The following table provides an analysis of the major categories of financial assets with credit risk exposure and the credit rating of those financial assets based upon the ratings published by Standard & Poor's or equivalent:

At 30 November 2019	A £'k	Not Rated £'k	Total £'k
Financial investments	-	5,109	5,109
Derivative financial instrument	-	94	94
Other receivables	-	1,119	1,119
Deposits with credit institutions	307,836	-	307,836
Cash at bank	2,738	-	2,738
Total	310,574	6,322	316,896

At 30 November 2018	A £'k	Not Rated £'k	Total £'k
Financial investments: Loans and receivables	-	135,825	135,825
Other receivables	-	268	268
Deposits with credit institutions	17,000	-	17,000
Cash at bank	521	-	521
Total	17,521	136,093	153,614

There have been no financial assets with credit risk exposure that are neither past due nor impaired. The company does not hold any collateral as security.

Cash at Bank and Deposits with Credit Institutions

The Company holds cash and cash equivalents with various external counterparties. The credit risk associated with these counterparties is monitored on a regular basis. The Company seeks to manage this risk through the utilisation of processes and procedures to ensure that the Company only utilises approved bank operating accounts and investment counterparties. Bank balances are usually kept to a minimum but sufficient to meet day to day requirements of the Company.

C. Liquidity Risk

Liquidity risk is the risk that the Company has insufficient liquid or readily realisable assets to meet its commitments as and when they fall due, without incurring excessive cost.

The Company manages liquidity risk by identifying liquidity risk drivers and sources of liquidity, modelling a range of liquidity scenarios, maintaining liquid assets in line with its liquidity policy and risk appetite and monitoring changes to business or market factors that may affect its liquidity risk profile.

The Company's obligations mainly comprise interest on long term and short term loans. The contractual maturity of loans is monitored daily. Quarterly management accounts are prepared and compared with budget. Senior management have regular meetings with finance staff, at which the Company's performance, financial position and future prospects are discussed. Liquidity risk is minimised as most of the loan counter parties are companies in the AIG Group. The Company's liquidity requirement is a key element when the directors are considering payment of dividends.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

AIG TRANSACTION EXECUTION LIMITED
Annual Report and Financial Statements for the year ended 30 November 2019

Notes to the Financial Statements for the year ended 30 November 2019

At 30 November 2019	Between 3					Total
	Less than 3 months	months and 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	
	£'k	£'k	£'k	£'k	£'k	£'k
Borrowings	314,743	-	-	-	-	314,743
Derivative financial instrument	-	-	-	-	-	-
Current tax liabilities	-	216	-	-	-	216
Other payables	36	-	-	-	-	36
Total	314,779	216	-	-	-	314,995

At 30 November 2018	Between 3					Total
	Less than 3 months	months and 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	
	£'k	£'k	£'k	£'k	£'k	£'k
Borrowings	152,105	-	-	-	-	152,105
Derivative financial instrument	-	(4)	90	-	-	86
Current tax liabilities	-	209	-	-	-	209
Other payables	47	-	-	-	-	47
Total	152,152	205	90	-	-	152,447

D. Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. A description of the Company's principal risk relating to Market Risk is shown below; along with a summary description of controls the Company applies in seeking to mitigate this risk.

Unexpected Loss in Fair Value of Investment Portfolio: The adequacy of investment assets held by the Company may be adversely affected as a result of interest rate, inflation, foreign exchange, equity, real estate and credit spread movements and the deterioration in the credit quality of invested assets, impacting on the Company's capital position and liquidity profile. The Company seeks to manage this risk through the monitoring of adherence to established set of investment guidelines, which are reviewed and updated periodically by the Market Risk Committee. The guidelines contain restrictions on areas such as asset class concentrations, business sector concentrations, the duration of investments against our insurance liabilities, the level of assets held with single obligors with a credit rating lower than AAA and the overall average credit rating target of the investment portfolio. The Company's Treasury Department also has processes and procedures in place in order to review, assess and, if necessary, take action on foreign exchange rate movements

E. Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's exposure to interest rate risk arises primarily from long and short term loans to and from other group subsidiaries within the AIG Inc. group. The Company helps mitigate this risk by maintaining the duration of the maturity of most of its loans to less than one year. In addition the duration of loans and deposits are matched to further minimise risk as a result of changes in interest rates.

AIG TRANSACTION EXECUTION LIMITED

Annual Report and Financial Statements for the year ended 30 November 2019

Notes to the Financial Statements for the year ended 30 November 2019

F. Currency Risk

Currency risk is the risk that the value of the Company's operations or the value of assets and liabilities is affected by movements in exchange rates between the functional currency and currencies other than the functional currency.

The Company mitigates this risk through natural asset and liability management and by executing derivatives in the form of forward contracts when deemed appropriate. Prior to entering into a derivative contract approval is required from the AIG Group derivative committee. The analysis of the Company's shareholders' equity by currency is shown below:

	Pounds sterling £'k	US dollars £'k	Japanese yen £'k	Korean Won £'k	Other £'k	Total £'k
Total equity at 30 November 2019	916	(4,033)	5,040	-	(22)	1,901
Total equity at 30 November 2018	510	168	30	530	(71)	1,167
	10% increase in sterling/ US \$ rate £'k	10% decrease in sterling/ US \$ rate £'k	10% increase in sterling/ JPY rate £'k	10% decrease in sterling/ JPY rate £'k	10% increase in sterling/ KRW rate £'k	10% decrease in sterling/ KRW rate £'k
Total equity at 30 November 2019	367	(448)	(458)	560	-	-
Total equity at 30 November 2018	(15)	19	(3)	3	(48)	59

The exposure to currency fluctuations has been mitigated by holding a cross currency forward contract for Japanese Yen (JPY) against the dollar (USD) (please refer to Note 12).

G. Capital Risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shared or sell assets to reduce debt.

The company is not subject to any externally imposed capital requirements.

H. Group Risk

The Company is exposed to group risk in a number of areas, as it uses group resources for funding requirements. The activities of the wider group could affect the Company's strategy and reputation. Management regularly reviews exposure to group companies and does not expect any losses to arise from non-performance by the counterparties since loans are managed against the equity and strength of each counterparty.

AIG TRANSACTION EXECUTION LIMITED

Annual Report and Financial Statements for the year ended 30 November 2019

Notes to the Financial Statements for the year ended 30 November 2019

3. Fair Value Measurement

Fair value hierarchy

Financial assets recorded at fair value in the Balance Sheet are measured and classified in a hierarchy for disclosure purposes consisting of three levels based on the characteristics of inputs available in the marketplace that are used to measure the fair values as noted below:

- **Level 1** - Financial assets included in this category are measured at fair value with reference to publically available quoted prices in active markets that the company has the ability to access for identical assets. A financial instrument is regarded as being quoted in an active market if quoted prices are readily available from an exchange, dealer, broker, pricing service or regulatory agency and the prices quoted represent actual and regularly occurring market transactions conducted at an arm's length basis. The Company did not hold any level 1 financial assets during the year.
- **Level 2** - Financial assets included in this category are measured at fair value based on inputs other than quoted prices included in level 1 above, that are observable for the asset either directly or indirectly. Level 2 inputs include quoted market prices for similar assets in active markets, and other inputs other than quoted prices that are observable for the asset, such as interest rates and yield curves that are observable at commonly quoted intervals. Level 2 financial assets held by the Company during the year were foreign exchange forward contracts of which three were open at 30 November 2019 (Note 12).
- **Level 3** - Financial assets included in this category are measured at fair value based on prices provided by brokers derived from valuation techniques (models) that use significant inputs that are unobservable. These measurements include circumstances in which there is little, if any, market activity for the asset or liability. The Company did not hold any level 3 financial assets during the year.

4. Gross Investment Income

	2019 £'k	2018 £'k
Interest income from third parties:		
Credit institutions	1,604	915
PrimeRevenue Trade Assets S.A.	114	596
Interest income from related parties:		
Parent group companies	3,073	1,656
Fellow subsidiaries	50	109
Total	4,841	3,276

Figures under "Parent group companies" hereby represent interest income from AIG Inc. (the ultimate parent). The major fellow subsidiaries are AIG Europe (Services) Limited £12k (2018: £47k), AIG International Holdings GmbH £24k (2018: £1k).

5. Net Foreign Exchange Gain

	2019 £'k	2018 £'k
Revaluation gains upon translation of assets and liabilities held in non functional currencies	65	12
Total	65	12

AIG TRANSACTION EXECUTION LIMITED
Annual Report and Financial Statements for the year ended 30 November 2019

Notes to the Financial Statements for the year ended 30 November 2019

6. Other Income

	2019 £'k	2018 £'k
Other income from fellow group subsidiaries		
Sundry income	47	76
Total	47	76

Sundry income relates to the onward recharging of expenses to the companies that ATEL provides treasury services for and income from commitment fees on unused loan facilities and other service fees.

7. Interest Expense

	2019 £'k	2018 £'k
Interest expense from loans	1,957	1,650
Interest expense from related parties		
Fellow subsidiaries	2,164	851
Total	4,121	2,501

8. Other Operating Expenses

	2019 £'k	2018 £'k
Other administrative expenses	35	70
Total	35	70

9. Tax on Profit

A. Analysis of tax on profit

	2019 £'k	2018 £'k
UK corporation tax on profit for the year	172	144
Tax on profit	172	144

AIG TRANSACTION EXECUTION LIMITED
Annual Report and Financial Statements for the year ended 30 November 2019

Notes to the Financial Statements for the year ended 30 November 2019

B. Factors affecting the tax on profit

	2019 £'k	2018 £'k
<i>Profit before tax</i>	906	758
Profit multiplied by standard rate of corporation tax in the UK of 19% (2018: 19%)	172	144
Tax on profit	172	144

10. Profit for the Year

A. Auditors Remuneration

	2019 £'k	2018 £'k
Fees paid to the Company's Auditors for: Audit of these financial statements	13	17
Total	13	17

B. Staff and Directors

There were no employees during the year (average headcount was nil for the current and prior year). All staff that support the operations of the Company were employed by American International Group UK Limited and there have been no recharges made for staff costs.

The Directors are employed and paid by American International Group UK Limited and American International Group, Inc. for the qualifying services they render to the Company. There were no retirement benefits accruing to directors (2018: nil) in respect of defined contribution pension schemes.

11. Loans and Receivables

The following is an analysis of the cost/amortised cost of loans and receivables.

	30 November 2019 £'k	30 November 2018 £'k
Loans and receivables due from:		
Fixed Assets		
Fellow group subsidiaries	1,413	-
Current Assets		
Parent group companies	-	135,239
Fellow group subsidiaries	3,696	586
Total	5,109	135,825

Funding arrangements for each counterparty can vary according to the business requirements of each company and as such the loans and receivables due from parent group companies are lower at 2019 than the prior year.

AIG TRANSACTION EXECUTION LIMITED
Annual Report and Financial Statements for the year ended 30 November 2019

Notes to the Financial Statements for the year ended 30 November 2019

12. Derivative Financial Instrument

The gross amounts related to the derivative financial instruments are detailed below measured at fair value. The derivative financial instruments are shown net in the Balance Sheet as the instruments are subject to enforceable master netting arrangement with right of set off between each forward contract, but are shown gross of the cash collateral received.

	30 November 2019 £'k	30 November 2018 £'k
Forward foreign exchange contracts - assets	94	50
Forward foreign exchange contracts - liabilities	-	(136)
Net Derivative Position - Asset/(Liability)	94	(86)

The derivative financial instruments are held with fellow group subsidiaries and the contract/notional amounts are further analysed below:

	30 November 2019 JPY	30 November 2018 KRW
Contract/notional amount	701,808,937	750,000,000

13. Other Receivables

	30 November 2019 £'k	30 November 2018 £'k
Amounts due within one year:		
Receivables due from fellow group subsidiaries	218	243
Receivables due from third parties	901	25
Total	1,119	268

Other receivables due from fellow group subsidiaries consists of expenses recharged to fellow AIG subsidiaries. The amounts outstanding are unsecured and will be settled in cash. No guarantees have been received. No provisions have been made for doubtful debts in respect of the amounts owed by related parties in the financial year 2019 (2018: £nil).

14. Cash and Cash Equivalents

	30 November 2019 £'k	30 November 2018 £'k
Cash at bank	2,738	521
Short term deposits with credit institutions	307,836	17,000
Total	310,574	17,521

AIG TRANSACTION EXECUTION LIMITED

Annual Report and Financial Statements for the year ended 30 November 2019

Notes to the Financial Statements for the year ended 30 November 2019

15. Borrowings

The nature of the borrowings are all short term and operated under an intercompany deposit agreement with other AIG entities. The interest rates are tied to an underlying reference rate, currently the BBA LIBOR rates, and an applicable spread. There are no fixed terms of repayments and the carrying value approximates the fair value as discounting is insignificant.

The total balance includes the loan principal of £312,572k and accrued interest of £2,171k. The balances as at 30 November with fellow group subsidiaries are shown below:

	30 November 2019	30 November 2018
	£'k	£'k
Amounts falling due within one year:		
AIG Global Reinsurance Services	62,594	58,809
AIG Asia Pacific Insurance PTE Limited	50,509	-
AIG China Real Estate Investors Limited	35,712	-
Chartis Latin America Investments Limited	33,253	6,961
AIG Europe (Services) Limited	29,232	20,976
AIG International Holdings GmbH	25,512	-
Laya Healthcare Limited	25,133	35,949
AIG Holdings Europe Limited	23,448	280
Hansa Grundstuckverwaltungs GmbH & Co.	9,925	10,340
AIG MEA Holdings Limited	6,788	6,889
Others	12,637	11,901
Total	314,743	152,105

16. Other Payables

	30 November 2019	30 November 2018
	£'k	£'k
Payables due to fellow group subsidiaries	19	26
Payables due to third parties	17	21
Total	36	47

17. Called Up Share Capital

	Number of shares	30 November 2019	30 November 2018
		£	£
Authorised, allotted, issued and fully paid up			
Ordinary £1 shares	9	9	9

AIG TRANSACTION EXECUTION LIMITED
Annual Report and Financial Statements for the year ended 30 November 2019

Notes to the Financial Statements for the year ended 30 November 2019

18. Profit and Loss Account

	2019 £'k	2018 £'k
At 1 December	627	1,013
Profit for the year	734	614
Dividend paid	-	(1,000)
At 30 November	1,361	627

19. Related Parties

The principal activity of the company is to act as a global treasury company and as a result there were large financial movements occurring throughout the year to and from fellow group companies. The Company enters into transactions with related parties that are normally contracted on an arms-length basis.

20. Dividends

There were no dividends paid or declared in the year. In the prior year a dividend of £1,000k was paid.

21. Ultimate Parent Company

The Company is owned 100% by AIG Property Casualty International, LLC. The ultimate parent company is American International Group, Inc. ("AIG Inc."), a company incorporated in the State of Delaware, United States of America. AIG Inc. is the parent undertaking of both the smallest and largest group of undertakings in the group. The consolidated financial statements of AIG Inc. may be obtained from The Company Secretary, 175 Water Street, New York, 10038.

22. Events After the Reporting Period

COVID-19 CORONAVIRUS

The UK government released an action plan on 3 March 2020, giving a guide of what to expect in the UK if the COVID-19 outbreak continued and the overall phases of their plan to respond to the COVID-19 outbreak. Following on from the reporting date of this document, 30 November 2019, AIG has been proactive in monitoring operational readiness, financial impact and continued customer service excellence.

Given the rapidly developing situation, we have included an initial assessment on the impact of COVID-19 with respect to the following key areas; business continuity and operations, systems of governance, risk profile and impact on the business.

1. Business Continuity and Operations

Business continuity plans are currently in place within the UK and in all regions around the world. AIG is closely following developments and advisories from the UK Government; the Centres for Disease Control and Prevention ("CDC") as well as the World Health Organization ("WHO"). As of 17 March 2020, all AIG UK employees have been asked to work from home and this has been achieved with no serious issues identified impacting our business operations.

IT is monitoring network traffic and has delivered full network availability and functionality for our IT systems. To date no major application issues have been encountered, but minor issues are being reviewed and addressed as required. Third party performance is being monitored and any issues are escalated to their representatives in a timely manner. No major issues have been identified which would jeopardise our critical business functions.

AIG TRANSACTION EXECUTION LIMITED

Annual Report and Financial Statements for the year ended 30 November 2019

Notes to the Financial Statements for the year ended 30 November 2019

2. Systems of Governance

The infrastructure and framework for the Systems of Governance remains robust and responsive in the COVID-19 environment. Where required the frequency of reporting and committees have been increased with key metric reporting on solvency and liquidity on up to a daily basis.

3. Risk Profile Impact

We continue to monitor our Risk Profile through the changing external environment. Key risk area impacts are being assessed through Stress and Scenario Testing to assure resilience of the solvency of the company.

4. Impact on the Business

Beginning in January 2020, global financial markets have experienced and may continue to experience significant volatility resulting from the spread of a novel coronavirus known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand and general market uncertainty. The extent and duration of the impact of COVID-19 on global and local economies, financial markets and sectors and specific industries in which the Company operates is uncertain at this point and has the potential to adversely affect the Company's business, results of operations or financial condition, the impact of which is still under assessment.