Boston Insurance SAC Ltd.
Financial Statements
December 31, 2021 and 2020
(With Independent Auditor's Report Thereon)

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April 26, 2022

Report of Independent Auditors

To the Board of Directors and Shareholder of Boston Insurance SAC Ltd.

Opinion

We have audited the accompanying financial statements of Boston Insurance SAC Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2021 and December 31, 2020, and the related statements of operations, changes in shareholder's equity and cash flows for the years then ended, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and December 31, 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgement and maintain professional scepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit

PricewaterhouseCoopers Ltd.

Chartered Professional Accountants

Boston Insurance SAC Ltd.
Balance Sheets
As at December 31, 2021 and 2020
(in thousands of U.S. Dollars, except share and per share data)

	2021	2020
ASSETS		
Cash and cash equivalents	8,174	8,891
Due from related company	46	-
Total assets	8,220	8,891

LIABILITIES & SHAREHOLDER'S EQUITY

	2021	2020
Bank overdraft facility	347	-
Due to related company	-	335
Other liabilities	510	556
Total liabilities	857	891
Shareholder's Equity:		
Voting common stock ($1.00 par value; 250,000 shares authorized, issued and outstanding)	250	250
Additional paid-in capital	750	750
Accumulated retained earnings	6,363	7,000
Total shareholder's equity	7,363	8,000
Total liabilities and shareholder's equity	8,220	8,891

Stephen Arrowsmith, Director

Jonathan Young, Director

See accompanying notes to financial statements.

Boston Insurance SAC Ltd.
Statements of Operations
For the years ended December 31, 2021 and 2020
(in thousands of U.S. Dollars)

	2021	2020
Revenues:		
Interest income	26	89
Other income	165	-
Total revenues	191	89
Expenses:		
Operating expenses	783	766
Intercompany expenses	45	-
Total expenses	828	766
Net loss	(637)	(677)

See accompanying notes to financial statements.

Boston Insurance SAC Ltd.
Statements of Changes in Shareholder's Equity
For the years ended December 31, 2021 and 2020
(in thousands of U.S. Dollars)

	Voting Common Stock	Additional Paid-in Capital	Accumulated Retained Earnings	Total Shareholder's Equity
Balances as of December 31, 2019	250	750	7,677	8,677
Net loss	-	-	(677)	(677)
Balances as of December 31, 2020	250	750	7,000	8,000
Balances as of December 31, 2020	250	750	7,000	8,000
Net loss	-	-	(637)	(637)
Dividends paid	-	-	-	-
Balances as of December 31, 2021	250	750	6,363	7,363

See accompanying notes to financial statements.

Boston Insurance SAC Ltd.
Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(in thousands of U.S. Dollars)

	2021	**2020**
Cash flows from operating activities:		
Net loss	(637)	(677)
Change in operating assets and operating liabilities:		
Due to related company	(381)	(565)
Other liabilities	(46)	112
Net cash provided by / (used in) operating activities	(1,064)	(1,130)
Cash flows from financing activities:		
Bank overdraft facility	347	-
Net cash provided by / (used in) financing activities	347	-
Net increase (decrease) in cash and cash equivalents	(717)	(1,130)
Cash and cash equivalents as of the beginning of year	8,891	10,021
Cash and cash equivalents as of the end of year	8,174	8,891

See accompanying notes to financial statements.

1. Organization and Background

Boston Insurance SAC Ltd. ("the Company") was incorporated under the laws of Bermuda on July 22, 2005 and registered as a Segregated Accounts Company pursuant to Section 6 of the Segregated Accounts Companies Act 2000 on September 21, 2007. On September 21, 2007 the Company was registered as a Long-Term Insurer pursuant to Section 4 of the Insurance Act 1978 and, on December 29, 2011, in accordance with the Insurance amendment (No. 3) Act 2010, was re- registered as a Class C Insurer. The Company is a wholly owned subsidiary of Credit Suisse (USA), Inc. which is in turn owned by Credit Suisse Group AG which is registered under the laws of Switzerland.

The following explains the general nature of the business in the Company:

Pursuant to its registration under the Segregated Accounts Act 2000, the Company offers segregated accounts facilities to its affiliates whereby the assets and the liabilities of programs underwritten by the cells are segregated from the Company's assets and liabilities.

The Company has performed an analysis under guidance provided by ASC 810 to determine appropriate accounting treatment of assets and liabilities within segregated cells, for the purposes of these financial statements.

During 2008, the Company established a separate account entitled Cell C1. Cell C1 provides insurance to a company related through common control for Excess Mortality Risks. Each policy of insurance is based on a group of lives, and 100 percent of the risk is reinsured with an unrelated Bermuda insurance company. A one-time premium is received on inception of the policies, and the policy periods range from two to eleven years. All policies are expired and cell C1 was dissolve in 2021.

During 2010, the Company established separate accounts entitled SWAP Cell D1, Insurance Cell E1, SWAP Cell D2 and Insurance Cell E2. SWAP Cell D1 and SWAP Cell D2 provide derivative hedges to a company related through common control for Pension Longevity Risks. SWAP Cell D1 and SWAP Cell D2 insure their risks 100 percent with Insurance Cell E1 and Insurance Cell E2 respectively. Insurance Cell E1 and Insurance Cell E2 reinsure their risks 100 percent each with unrelated reinsurance companies. Premiums and losses are reported and paid monthly.

During 2010, the Company also established separate accounts entitled SWAP Cell F1 and Insurance Cell G1 which commenced activity in 2010. SWAP Cell F1 provides a derivative hedge for a letter of credit covering Triple-X excess reserve exposures for a large life company. In 2011 the program was expanded and the Company established SWAP Cell F2 and Insurance Cell G2 to accommodate reinsurance of the risks with a second reinsurer. SWAP Cells F1 and F2 insure their risks 100 percent with Insurance Cells G1 and G2 respectively, and Insurance Cells G1 and G2 reinsure their risk 100 percent with two unrelated reinsurance companies. Premiums are paid quarterly. In 2017 the policies were commuted for a fee, and Cells F1, F2, G1 and G2 were dissolved.

Separate accounts entitled SWAP Cell H1 and Insurance Cell I1 were established in 2010 and activated in 2011. SWAP Cell H1 provides a derivative hedge for a letter of credit covering Triple-X excess reserve exposures for a large life company. SWAP Cell H1 insures its risk 100 percent with Insurance Cell I1, and Insurance Cell I1 reinsures its risk 100 percent with an unrelated reinsurance company. Premiums are paid quarterly. In 2015 the policies were commuted for a fee, and Cells H1 and I1 were dissolved.

1. Organization and Background (Continued)

During 2011, the Company established separate accounts entitled Insurance Cell D4 and Insurance Cell D5. Insurance Cell D4 and Insurance Cell D5 provide insurance to a company related through common control for Pension Longevity Risks and reinsure their risks 100 percent each with unrelated reinsurance companies. Premiums and losses are reported and paid monthly.

Separate accounts entitled SWAP Cell J1 and Insurance Cell K1 were established in 2012. SWAP Cell J1 provides a derivative hedge for a surplus note covering XXX excess reserve exposures for a large life company. SWAP Cell J1 insures its risk 100 percent with Insurance Cell K1, and Insurance Cell K1 reinsures its risk 100 percent with an unrelated reinsurance company. Premiums are paid quarterly. All policies were terminated in 2020 and cells J1 and K1 were dissolved in 2021.

During 2013, the Company established separate accounts entitled SWAP Cell L1, SWAP Cell L2, Insurance Cell M1 and Insurance Cell M2 which commenced activity in 2013. SWAP Cells L1 and L2 provide derivative hedges for a vehicle note financing Triple-X excess reserve exposure for a large life company. SWAP Cells L1 and L2 insure their risks 100 percent with Insurance Cells M1 and M2 respectively, and Insurance Cells M1 and M2 reinsure their risk 100 percent with two unrelated reinsurance companies. Premiums are paid quarterly.

2. Significant Accounting Policies

Basis of financial information. The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S.GAAP"). To prepare the financial statements in accordance with U.S.GAAP, management is required to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the statement of financial condition and the reported amounts of revenues and expenses during the reporting period. While management evaluates its estimates and assumptions on an ongoing basis, actual results could differ materially from management's estimates. Market conditions may increase the risk and complexity of the judgments applied in these estimates.

Cash and cash equivalents. Cash and cash equivalents include all demand deposits held in banks, including demand deposits held at affiliate branches, and certain highly liquid investments with original maturities of 90 days or less. The carrying value of cash and cash equivalents approximates fair value.

Due to/from related company. These comprise certain expenses allocated to the Company by Credit Suisse Holdings (USA), Inc. See Note 4 for more information.

Interest income. Interest income comprises income from the Company's deposits held at banks and is recorded on an accruals basis.

Other income. Other income comprises income from the Company's cells and is recorded on an accruals basis.

2. Significant Accounting Policies (Continued)

RECENTLY ADOPTED ACCOUNTING STANDARDS

ASC Topic 740 – Income Taxes

In December 2019, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2019-12, "Simplifying the Accounting for Income Taxes" (ASU 2019-12), an update to Accounting Standards Codification (ASC) Topic 740 – Income Taxes. The amendments in ASU 2019-12 eliminated certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the accounting for basis differences when there are changes in foreign ownership. In addition, ASU 2019-12 included clarification and simplification of other aspects of the accounting for income taxes. The amendments were effective for annual reporting periods beginning after December 15, 2020 and for the interim periods within those annual reporting periods. Early adoption was permitted, including in an interim period.

The adoption of this standard did not have a material impact on the Group's financial position, results of operations or cash flows.

ASC Topic 848 – Reference Rate Reform

In March 2020, the FASB issued ASU 2020-04, "Facilitation of the Effects of Reference Rate Reform on Financial Reporting" (ASU 2020-04), creating ASC Topic 848 - Reference Rate Reform. The amendments in ASU 2020-04 provided optional guidance for a limited period of time to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. The amendments were elective and applied to contracts, hedging relationships and other transactions that referenced the London Interbank Offered Rate (LIBOR) or another reference rate expected to be discontinued because of reference rate reform.

In January 2021, the FASB issued ASU 2021-01, "Reference Rate Reform, Scope" (ASU 2021-01), which expanded the scope of ASC Topic 848 to apply certain optional expedients for contract modifications and hedge accounting provided in ASU 2020-04 to derivative instruments that use an interest rate for margining, discounting, or contract price alignment that is modified for reference rate reform. The guidance also applied to derivatives that did not reference LIBOR or other reference rates that were expected to be discontinued.

The adoption of this standard did not have a material impact on the Group's financial position, results of operations or cash flows.

3. Other Income

Other income comprises a reimbursement of certain operating expenses by one of the segregated cells upon the closure of the cell.

4. Related party balances and transactions

In the ordinary course of business, the Company enters into operating transactions with affiliated companies. The following table sets forth the Company's related party assets and liabilities which result from related party transactions as at and for the years ended December 31, 2021 and 2020:

	(in thousands of USD) As of December 31,	
	2021	**2020**
ASSETS		
Due from related company	46	-
Total liabilities	46	-
LIABILITIES		
Due to related company	-	335
Total liabilities	-	335

Assets/(Liabilities): Due from/(to) related company. These comprise a receivable/(payable) from Credit Suisse Holdings (USA), Inc. (CSHU) of $46 thousand (2020: ($335 thousand). The receivable/(payable) is in respect of taxation allocated to the Company by CSHU.

5. Concentrations of Credit Risks

The Company's assets are primarily overnight deposits held at Credit Suisse AG, Cayman branch. As at December 31, 2021, Credit Suisse AG holds a credit rating of "A1" (2020: "A1").

6. Variable Interest Entities

The Company engages in transactions with entities considered to be VIEs under U.S. GAAP. VIEs lack sufficient equity to finance their activities without additional subordinated financial support or are controlled by parties other than the equity holders. Such entities are required to be assessed for consolidation under specific U.S. GAAP guidance which requires the primary beneficiary to consolidate the VIE. The primary beneficiary is defined as the entity with both the power to direct the activities that most significantly affect the economics of the VIE and a potentially significant variable interest, that is exposed to potential benefits or losses in the VIE. The primary beneficiary analysis is a continuous test and is re-evaluated on an on-going basis.

In the event consolidation of a VIE is required, the exposure to the Company is limited to that portion of the VIE's assets attributable to any beneficial interest held by the Company prior to any risk management activities to hedge the Company's net exposure.

The Company offers segregated accounts facilities to companies related through common control whereby the assets and the liabilities of programs underwritten by the cells are segregated from the Company's assets and liabilities.

The Company has performed an analysis under guidance provided by ASC 810 to determine appropriate accounting treatment of assets and liabilities within segregated cells, for the purposes of these financial statements. The segregated accounts are pass-through structures that are designed to result in no gain or loss to the segregated accounts. The Company does not have any variable interest in the segregated cell structures.

As of December 31, 2021 and December 31, 2020, there were no VIEs that were consolidated by the Company.

The following provides key financial information on a consolidated basis, excluding transactions and balances between cells with respect to the activities undertaken by the segregated cell structures:

- Gross insurance premium written of $222 million (2020: $217 million). All premium written is ceded by the cells to third party reinsurers.

- Gross insurance claims of $210 million (2020: $200 million). All claims are ceded by the cells to third party reinsurers.

- The total assets of the VIEs were $23 million (2020: $19 million). This primarily consists of collateral, premium receivable and unearned premiums.

- The total liabilities of the VIEs were $23 million (2020: $19 million). This primarily consists of collateral, reinsurance premium payable and ceded unearned premiums.

7. Regulatory Capital Requirements

The Company is registered as a Class C insurer under the Insurance Act 1978 (Bermuda), amendments thereto and related regulations (the "Insurance Act") and is required to prepare and file Statutory Financial Statements and a Statutory Financial Return with the Bermuda Monetary Authority ("BMA"). For Bermuda registered insurance companies there are some differences between financial statements prepared in accordance with U.S. GAAP and those prepared on a statutory basis. Certain assets are non-admitted under Bermuda regulations and excluded from the statutory balance sheet.

Under the Bermuda Insurance Account Rules 2016, the Company is required to maintain a minimum margin of solvency for conducting its long-term business. The minimum margin of solvency is defined as a prescribed amount by which the value of the long-term assets of an insurer (defined as long-term statutory capital and surplus) must exceed its long-term business liabilities, and is the greater of a minimum defined amount or a percentage of assets. As at December 31, 2021 the long-term business statutory capital and surplus was $7 million (2020: $8 million). The minimum margin of solvency requirement was met throughout the period.

Under the Bermuda Insurance (Prudential Standards) Rules, all commercially licensed insurers are also required to submit certain risk management and solvency information in an annual Capital and Solvency return ("CSR") and are required to maintain capital and surplus to meet the "Enhanced Capital Ratio" as defined in the rules. The Company met the minimum requirements.

8. Taxation

Under current Bermuda law, the Company has received an undertaking from the Bermuda government exempting the Company from all local income, withholding and capital taxes until March 31, 2035. At the present time, no such taxes are levied in Bermuda.

For U.S. taxation purposes, the Company's status is as a "disregarded entity" based on elections made to the U.S. internal revenue services, meaning that the Company has no separate tax identity for U.S. taxation. Although the Company has no separate U.S. taxation status, within the group, the Company is treated internally as a division of its parent for taxation purposes. During the year-ended December 31, 2021, the company recognized an asset of $45 thousand (2020: nil) as communicated by the parent, with respect to certain tax expenses which were allocated to the Company. The allocation was based upon the Company's tax status as a "dieregarded entity" as described above.

9. Shareholder's Equity

The Company's authorized, issued, and outstanding share capital is 250,000 common shares with a par value of $1 per share. All shares are held by the Company's parent, Credit Suisse (USA), Inc.

Additional paid-in capital of $0.75 million was invested by the Company's parent Credit Suisse (USA), Inc. upon issuance of the Company's shares.

10. Bank overdraft facility

The Company maintains an overdraft facility. At December 31, 2021 there was an overdraft of $347,000 (2020: $0) due to a delay in incoming funds being received from the Company's deposit facility to fund certain operational transactions.

The overdraft was cleared shortly after year end.

11. Subsequent Events

The Company has evaluated the potential for subsequent events from December 31, 2021 through the date of issuance of the financial statements on April 26, 2022.

Since 31 December 2019 many countries have experienced an outbreak of the COVID-19 virus and on 11 March 2020, the World Health Organization declared the disease to be a global pandemic. The long-term impact of this pandemic is unclear at this time. The Company's management is monitoring the developments closely.

As explained in note 6, all business is written within segregated cells (VIEs) where the Company does not have any variable interest in the segregated cell structures, and therefore the Company does not expect to be impacted by COVID-19.