

# CONDENSED CONSOLIDATED BALANCE SHEET

Balmoral Insurance Company Limited

As at December 31, 2022

expressed in Australia Dollars

LINE No.		2022	2021
1.	CASH AND CASH EQUIVALENTS	1,995,581	20,474,416
2.	QUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
i.	Held to maturity	-	-
ii.	Other	-	-
(b)	Total Bonds and Debentures	-	-
(c)	Equities		
i.	Common stocks	-	-
ii.	Preferred stocks	-	-
iii.	Mutual funds	-	-
(d)	Total equities	-	-
(e)	Other quoted investments	-	-
(f)	Total quoted investments	-	-
3.	UNQUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
i.	Held to maturity	-	-
ii.	Other	-	-
(b)	Total Bonds and Debentures	-	-
(c)	Equities		
i.	Common stocks	-	-
ii.	Preferred stocks	-	-
iii.	Mutual funds	-	-
(d)	Total equities	-	-
(e)	Other unquoted investments	-	-
(f)	Total unquoted investments	-	-
4.	INVESTMENTS IN AND ADVANCES TO AFFILIATES		
(a)	Unregulated entities that conduct ancillary services	-	-
(b)	Unregulated non-financial operating entities	-	-
(c)	Unregulated financial operating entities	-	-
(d)	Regulated non-insurance financial operating entities	-	-
(e)	Regulated insurance financial operating entities	-	-
(f)	Total investments in affiliates	-	-
(g)	Advances to affiliates	-	-
(h)	Total investments in and advances to affiliates	-	-
5.	INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE:		
(a)	First liens	-	-
(b)	Other than first liens	-	-
(c)	Total investments in mortgage loans on real estate	-	-
6.	POLICY LOANS	-	-
7.	REAL ESTATE:		
(a)	Occupied by the company (less encumbrances)	-	-
(b)	Other properties (less encumbrances)	-	-
(c)	Total real estate	-	-
8.	COLLATERAL LOANS	-	-
9.	INVESTMENT INCOME DUE AND ACCRUED	-	-
10.	ACCOUNTS AND PREMIUMS RECEIVABLE:		
(a)	In course of collection	-	-
(b)	Deferred - not yet due	-	-
(c)	Receivables from retrocessional contracts	-	-
(d)	Total accounts and premiums receivable	-	-
11.	REINSURANCE BALANCES RECEIVABLE:		
(a)	Foreign affiliates	-	-
(b)	Domestic affiliates	-	-
(c)	Pools & associations	-	-
(d)	All other insurers	-	-
(e)	Total reinsurance balance receivable	-	-
12.	FUNDS HELD BY CEDING REINSURERS	-	-

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Australia Dollars

LINE No.		2022	2021
13.	SUNDRY ASSETS:		
(a)	Derivative instruments	-	-
(b)	Segregated accounts companies - long-term business - variable annuities	-	-
(c)	Segregated accounts companies - long-term business - other	-	-
(d)	Segregated accounts companies - general business	-	-
(e)	Deposit assets	-	-
(f)	Deferred acquisition costs	-	-
(g)	Net receivables for investments sold	-	-
(h)	Deferred tax asset	25,065	45,100
(i)	Prepaid expenses	34,236	18,894
(j)	Other insurance receivables (not yet due)	443,593	886,669
(k)	Total sundry assets	502,894	950,663
14.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS		
(a)	Letters of credit	-	-
(b)	Guarantees	-	-
(c)	Other instruments	-	-
(e)	Total letters of credit, guarantees and other instruments	-	-
15.	TOTAL	2,498,475	21,425,079
	<b>TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS</b>		
16.	UNEARNED PREMIUM RESERVE		
(a)	Gross unearned premium reserves	-	14,062,500
(b)	Less: Ceded unearned premium reserve		
i.	Foreign affiliates	-	4,682,813
ii.	Domestic affiliates	-	-
iii.	Pools & associations	-	-
iv.	All other insurers	-	9,379,687
(c)	Total ceded unearned premium reserve	-	14,062,500
(d)	Net unearned premium reserve	-	-
17.	LOSS AND LOSS EXPENSE PROVISIONS:		
(a)	Gross loss and loss expense provisions	-	-
(b)	Less: Reinsurance recoverable balance		
i.	Foreign affiliates	-	-
ii.	Domestic affiliates	-	-
iii.	Pools & associations	-	-
iv.	All other reinsurers	-	-
(c)	Total reinsurance recoverable balance	-	-
(d)	Net loss and loss expense provisions	-	-
18.	OTHER GENERAL BUSINESS INSURANCE RESERVES	-	-
19.	TOTAL GENERAL BUSINESS INSURANCE RESERVES	-	-
	<b>LONG-TERM BUSINESS INSURANCE RESERVES</b>		
20.	RESERVE FOR REPORTED CLAIMS	-	-
21.	RESERVE FOR UNREPORTED CLAIMS	-	-
22.	POLICY RESERVES - LIFE	-	-
23.	POLICY RESERVES - ACCIDENT AND HEALTH	-	-
24.	POLICYHOLDERS' FUNDS ON DEPOSIT	-	-
25.	LIABILITY FOR FUTURE POLICYHOLDERS' DIVIDENDS	-	-
26.	OTHER LONG-TERM BUSINESS INSURANCE RESERVES	-	-
27.	TOTAL LONG-TERM BUSINESS INSURANCE RESERVES		
(a)	Total Gross Long-Term Business Insurance Reserves	-	-
(b)	Less: Reinsurance recoverable balance on long-term business		
(i)	Foreign Affiliates	-	-
(ii)	Domestic Affiliates	-	-
(iii)	Pools and Associations	-	-
(iv)	All Other Insurers	-	-
(c)	Total Reinsurance Recoverable Balance	-	-
(d)	<b>Total Net Long-Term Business Insurance Reserves</b>	-	-
	<b>OTHER LIABILITIES</b>		
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	-	16,872,189
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE	-	-

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Balmoral Insurance Company Limited

As at December 31, 2022

expressed in

Australia Dollars

LINE No.		2022	2021
30.	LOANS AND NOTES PAYABLE	-	-
31.	(a) INCOME TAXES PAYABLE	189,825	447,508
	(b) DEFERRED INCOME TAXES	-	-
32.	AMOUNTS DUE TO AFFILIATES	-	-
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	83,552	71,364
34.	FUNDS HELD UNDER REINSURANCE CONTRACTS:	-	-
35.	DIVIDENDS PAYABLE	-	-
36.	SUNDRY LIABILITIES:		
(a)	Derivative instruments	-	-
(b)	Segregated accounts companies	-	-
(c)	Deposit liabilities	-	-
(d)	Net payable for investments purchased	-	-
(e)	Deferred insurance income	-	1,738,917
(f)	Foreign resident insurance tax payable	-	-
(g)	Other sundry liabilities (specify)	-	-
(h)	Total sundry liabilities	-	1,738,917
37.	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS:		
(a)	Letters of credit	-	-
(b)	Guarantees	-	-
(c)	Other instruments	-	-
(d)	Total letters of credit, guarantees and other instruments	-	-
38.	TOTAL OTHER LIABILITIES	273,377	19,129,978
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	273,377	19,129,978
	<b>CAPITAL AND SURPLUS</b>		
40.	TOTAL CAPITAL AND SURPLUS	2,225,098	2,295,101
41.	TOTAL	2,498,475	21,425,079
		TRUE	TRUE

# CONDENSED STATEMENT OF INCOME

Balmoral Insurance Company Limited  
As at December 31, 2022  
expressed in Australia Dollars

LINE No.		2022	2021
	<b>GENERAL BUSINESS UNDERWRITING INCOME</b>		
1.	GROSS PREMIUMS WRITTEN		
	(a) Direct gross premiums written	-	-
	(b) Assumed gross premiums written	-	-
	(c) Total gross premiums written	-	-
2.	REINSURANCE PREMIUMS CEDED	-	-
3.	NET PREMIUMS WRITTEN	-	-
4.	INCREASE (DECREASE) IN UNEARNED PREMIUMS	-	-
5.	NET PREMIUMS EARNED	-	-
6.	OTHER INSURANCE INCOME	1,738,917	2,318,556
7.	TOTAL GENERAL BUSINESS UNDERWRITING INCOME	1,738,917	2,318,556
	<b>GENERAL BUSINESS UNDERWRITING EXPENSES</b>		
8.	NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED	-	-
9.	COMMISSIONS AND BROKERAGE	-	-
10.	TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	-	-
11.	<b>NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS</b>	1,738,917	2,318,556
	<b>LONG-TERM BUSINESS INCOME</b>		
12.	GROSS PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Direct gross premiums and other considerations	-	-
	(b) Assumed gross premiums and other considerations	-	-
	(c) Total gross premiums and other considerations	-	-
13.	PREMIUMS CEDED	-	-
14.	NET PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Life	-	-
	(b) Annuities	-	-
	(c) Accident and health	-	-
	(d) Total net premiums and other considerations	-	-
15.	OTHER INSURANCE INCOME	-	-
16.	TOTAL LONG-TERM BUSINESS INCOME	-	-
	<b>LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES</b>		
17.	CLAIMS - LIFE	-	-
18.	POLICYHOLDERS' DIVIDENDS	-	-
19.	SURRENDERS	-	-
20.	MATURITIES	-	-
21.	ANNUITIES	-	-
22.	ACCIDENT AND HEALTH BENEFITS	-	-
23.	COMMISSIONS	-	-
24.	OTHER	-	-
25.	TOTAL LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES	-	-
26.	INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES):		
	(a) Life	-	-
	(b) Annuities	-	-
	(c) Accident and health	-	-
	(d) Total increase (decrease) in policy reserves	-	-

# CONDENSED STATEMENT OF INCOME

Balmoral Insurance Company Limited

As at December 31, 2022  
expressed in Australia Dollars

LINE No.		2022	2021
27.	TOTAL LONG-TERM BUSINESS EXPENSES	-	-
28.	<b>NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS</b>	-	-
29.	<b>COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS</b>	1,738,917	2,318,556
	<b>UNDERNOTED ITEMS</b>		
30.	COMBINED OPERATING EXPENSE		
	(a) General and administration	1,181,965	1,510,448
	(b) Personnel cost	-	-
	(c) Other	-	-
	(d) Total combined operating expenses	1,181,965	1,510,448
31.	COMBINED INVESTMENT INCOME - NET	4,959	44
32.	COMBINED OTHER INCOME (DEDUCTIONS)	118,345	92,895
33.	COMBINED INCOME BEFORE TAXES	680,256	901,047
34.	COMBINED INCOME TAXES (IF APPLICABLE):		
	(a) Current	171,224	292,599
	(b) Deferred	20,035	12,494
	(c) Total	191,259	305,093
35.	COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	488,997	595,954
36.	COMBINED REALIZED GAINS (LOSSES)	-	-
37.	COMBINED INTEREST CHARGES	-	-
38.	<b>NET INCOME</b>	<b>488,997</b>	<b>595,954</b>

# CONDENSED STATEMENT OF CAPITAL AND SURPLUS

Balmoral Insurance Company Limited  
As at December 31, 2022  
expressed in Australia Dollars

LINE No.		2022	2021
1.	<b>CAPITAL:</b>		
(a)	Capital Stock		
	(i) Common Shares		
	authorized 1,250,000 shares of par	1,643,655	1,643,655
	value \$1.00 USD each issued and		
	fully paid 1,250,000 shares		
	(ii)		
	(A) Preferred shares:	-	-
	authorized _____ shares of par		
	value _____ each issued and		
	fully paid _____ shares		
	aggregate liquidation value for –		
	2022 _____		
	2021 _____		
	(B) Preferred shares issued by a subsidiary:	-	-
	authorized _____ shares of par		
	value _____ each issued and		
	fully paid _____ shares		
	aggregate liquidation value for –		
	2022 _____		
	2021 _____		
	(iii) Treasury Shares	-	-
	repurchased _____ shares of par		
	value _____ each issued		
(b)	Contributed surplus	-	-
(c)	Any other fixed capital		
	(i) Hybrid capital instruments	-	-
	(ii) Guarantees and others	-	-
	(iii) Total any other fixed capital	-	-
(d)	Total Capital	1,643,655	1,643,655
2.	<b>SURPLUS:</b>		
(a)	Surplus - Beginning of Year	651,446	610,492
(b)	Add: Income for the year	488,997	595,954
(c)	Less: Dividends paid and payable	(559,000)	(555,000)
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments	-	-
(e)	Add (Deduct) change in any other surplus	-	-
(f)	Surplus - End of Year	581,443	651,446
3.	<b>MINORITY INTEREST</b>	-	-
4.	<b>TOTAL CAPITAL AND SURPLUS</b>	2,225,098	2,295,101

**BALMORAL INSURANCE COMPANY LIMITED**  
**NOTES TO CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS**  
**FOR THE PERIOD JANUARY 1, 2022 TO DECEMBER 31, 2022**

Matters to be set forth in a General Note to the Financial Statements

1. Balmoral Insurance Company Limited (the “Company”), was incorporated under the laws of Bermuda on November 10, 2017 and is wholly owned by Helia Group Limited (the “Parent”, “HLP”), who is also the Ultimate Beneficial Owner of the Company. Balmoral Insurance Company Limited is registered as a Class 3A Insurance Company. The Company is registered as a SAC under the Segregated Accounts Act 2000.
2. The Company insures mortgage default risk for mortgage loans originated in Australia through a segregated account on an excess of loss basis. The policy inceptioned on October 1, 2017 and expired on September 30, 2022. The insurance business written by the Company is fully reinsured through a 100% quota share reinsurance programme. The Company owns and controls the Segregated Cell which is treated as consolidated. The Company is a tax resident of Australia.
3. These condensed general purpose financial statements are prepared in accordance with financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Accounts Rules 2016 with respect to condensed general purpose financial statements (the “Legislation”). The recognition and measurement principles applied are in line with International Financial Reporting Standards (“IFRS”). The presentation of these financial statements in accordance with the guidance prescribed under the Legislation differs from IFRS in certain respects as follows:
  - The format of the financial statements is prescribed by schedules IX and X of the Insurance Accounts Rules 2016;
  - Statement of Cash Flows or equivalent is not included;
  - Certain disclosures required by IFRS are not included; and
  - Comprehensive income and its components are not presented in the condensed statement of income.

The effects of the foregoing variances from IFRS on the accompanying condensed general purpose financial statements have not been determined.

4. The accounting policies of the Company are as follows:

(a) Premiums

Premiums have been brought to account as income from the date of attachment of risk over the period of the insurance contract based on actuarial assessment of the pattern and period of risk. This assessment led to a recognition of earned premiums on a straight-line basis.

The earned portion of premiums received is recognised as revenue. The balance of premium received is carried as an unearned premium reserve.

(b) Loss and loss expense provisions

The liability for losses and loss adjustment expenses includes an amount determined from loss reports and individual cases and an amount, based upon estimates by the actuarial report for losses incurred but not reported. These estimates are continually reviewed and are necessarily subject to the impact of future changes in such factors as claim severity and frequency. While management believes that the amount is adequate, the ultimate liability may be in excess of, or less than, the amount provided and any adjustments will be reflected in the periods in which they become known.

(c) Cash and cash equivalents

Cash and cash equivalents include current cash accounts held at financial institutions. The carrying amount approximates fair value. Interest income earned on cash and cash equivalents is recognised on an accrual basis.

(d) Receivables

Accounts and premium receivable and sundry assets are stated at the amounts to be received in the future less any impairment loss. The amounts are discounted to take into account the time value of money, using a risk free rate of 0.1%. The recoverability of debts is assessed on an ongoing basis and provision for impairment is made based on an objective evidence for individual receivables and having regard to past default experience. The impairment charge is recognised in profit or loss. Debts which are known to be uncollectible are written off. No impairment and no write off occurred during the period.

(e) Payables

Payables are stated at fair value of the consideration to be paid in the future for goods and services received. The amounts are discounted to take into account the time value of money, using a risk free rate of 0.1%.

(f) Recognition and earning of ceded premiums

Premiums ceded to reinsurers are recognised as an expense in accordance with the pattern of reinsurance coverage received. The outward reinsurance premium relating to future coverage is deferred and recognized in the condensed balance sheet as a ceded unearned premium reserve in Line 16(b).

(g) Other insurance income

Other insurance income primarily relates to commissions associated with the placement of the Company's reinsurance programme. This income is recognised over the period of the term of the reinsurance agreements, on a straight-line basis. The portion relating to future periods is recognised as a deferred insurance income in the condensed balance sheet, in Line 36(e).

5. Income is recognized on the following basis:

Premiums - see Note 4(a).

Investment Income is accounted for on the accrual basis.

Commission income is accounted for using the same earning pattern used for premiums. Twelve months commission income amounting to AUD 1,738,917 was earned as at December 31, 2022 (2021 – 2,318,556). The Unearned portion is AUD Nil (2021 – 1,738,917) which is presented on Line 36(e) on the Condensed Balance Sheet.

6. Monetary assets and liabilities originating in other currencies are translated into Australian Dollars (the functional currency) at the rates of exchange in effect at the balance sheet date. Non-monetary items originating in other currencies are translated into Australian Dollars at the rate of exchange in effect at the dates when the transaction occurred. Revenue and expense items are translated into Australian Dollars at the rate of exchange prevailing at the time of the transaction. The resulting exchange gains or losses are recognized in the statement of income. For the period ended December 31, 2022, the foreign exchange gain was AUD 120,676 (2021 – 95,954 gain) and is included in Line 32 under Combined Other Income (Deductions).

7-14. Not applicable.



15. The Company has entered into a Services Agreement with Helia Insurance Pty Limited (formerly Genworth Financial Mortgage Insurance Pty Limited), a related party of the Company. AUD Nil (2021 – Nil) is payable to the affiliated party as at December 31, 2022, as described in Note 32. There were no unpaid amounts in relation to the agreement during the period.

16. Events subsequent to reporting date

On 7 March 2023, the Company entered into a termination and release agreement with the Commonwealth Bank of Australia, to terminate the aggregate excess of loss insurance contract issued by the Company. Following the termination of this contract, there is no insurance contract in-force within the Company.

17. Not applicable.

Matters to be set forth in Notes to the Condensed Statement of Capital and Surplus

Line

1. (a) Capital stock comprises of 1,250,000 authorized, issued and fully paid shares with a par value of \$1 USD each. Contributed capital at December 31, 2022 accounted to AUD 1,643,655.

1. (b) – 1.(d) Not applicable.

2.(c) The Company declared and paid a dividend of AUD 559,000 during the financial year.

Matters to be set forth in Notes to the Condensed Balance Sheet

Line

1. See General Note 4(c). The cash is held in the Company's segregated account.

2-9. Not applicable.

10. Accounts and Premiums receivable consists of amounts receivable from third party direct insurance operations.

11-12. Not applicable.

13(a)–13(g). Not Applicable.

13(h). Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities using the Australian tax rate enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time

as the liability to pay the related dividend.

13(i) Prepaid assets relate to corporate secretary fees and annual government fees settled in 2022.

13(j) See General Note 5. Other insurance receivables related to brokerage fee rebate from the Company's reinsurance broker that is not yet due.

16. See General Note 4(a).

17. a) Movements in the loss and loss expense provisions are disclosed per below table:

<b>General Business Reserves</b>	<b>2022 (AUD)</b>	<b>2021 (AUD)</b>
Gross loss and loss expense provisions at beginning of year	-	-
Less: Reinsurance recoverable at beginning of year	-	-
Net loss and loss expense provisions at beginning of year	-	-
Net losses incurred and net loss expenses incurred related to:		
(a) Current year	-	-
(b) Prior years	-	-
Total net losses incurred and net loss expenses incurred	-	-
Less: Losses and loss expenses paid or payable related to:		
(a) Current year	-	-
(b) Prior years	-	-
Total losses and loss expenses paid or payable	-	-
<b>Net loss and loss expense provisions at end of year</b>	-	-
Add: Reinsurance recoverable at end of year	-	-
<b>Gross loss and loss expense provisions at end of year</b>	-	-

18-27. Not applicable.

28. The insurance and reinsurance balances payable balance of AUD Nil (2021 – 16,872,189) is represented by AUD Nil (2021 – 5,618,439) reinsurance premiums payable to an affiliated company and AUD Nil (2021 – 11,253,750) payable to external reinsurers.

29 - 30. Not applicable.

31. (a) Income taxes payable is the expected tax payable on the taxable income for the financial period, using the Australian tax rate enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

The Company is a member of Helia Group Limited tax consolidation group. Under the tax consolidation system the head entity is liable for the current income tax liabilities of that group. Entities are jointly and severally liable for the current income tax liabilities of the tax consolidated group where the head entity defaults, subject to the terms of the valid tax sharing agreement between the entities in the group. Assets and liabilities arising in the Company under the tax funding arrangement are recognized as amounts receivable from or payable to other entities in the tax consolidated group.

(b) Not applicable.

32. Amounts due to affiliates relate to amounts settled by the Parent or other related entities which bear no interest or carry any fixed terms of repayment. Service fees of AUD 937,500 (2021 – 1,250,000) were incurred and paid during the period.

33. Accounts payable and accrued liabilities are broken down as follows:

Accrued professional fees	83,552
Total	AUD 83,552

34-36(d) Not applicable.

36(e) Deferred insurance income related to deferred commission income. See General Note 5.

36(f) Not applicable.

36(g) Not applicable.

37. Not applicable.

#### Matters to be set forth in Notes to the Condensed Statement of Income

6. Insurance commissions income. See General Note 5.

8-28. Not applicable.

32. See General Note 6 for foreign exchange commentary. Other combined loss relates to the discounting of financial assets and liabilities for the time value of money of AUD 2,331. See Note 4(d) and 4(e).

36. Not applicable.



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## **INDEPENDENT AUDITOR'S REPORT**

### **To the Board of Directors of Balmoral Insurance Company Limited**

#### **Our opinion**

In our opinion, the condensed financial statements of Balmoral Insurance Company Limited (the "Company") are prepared, in all material respects, in accordance with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to condensed general purpose financial statements (the "Legislation").

#### ***What we have audited***

The Company's condensed financial statements comprise:

- the condensed balance sheet as at December 31, 2022
- the condensed statement of income for the year then ended
- the condensed statement of capital and surplus as at December 31, 2022, and
- the notes to the condensed financial statements, which include a summary of significant accounting policies.

#### **Basis for opinion**

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

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

#### **Independence**

We are independent of the Company in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the condensed financial statements in Bermuda and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

#### **Emphasis of matter – basis of accounting**

Without modifying our opinion, we note that the condensed financial statements have been prepared in accordance with the financial reporting provisions of the Legislation. The accounting policies used and the disclosures made are not intended to, and do not, comply with all of the requirements of International Financial Reporting Standards as issued by the International Accounting Standards Board.

#### **Responsibilities of management and those charged with governance for the condensed financial statements**

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



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

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

#### **Auditor's responsibilities for the audit of the condensed financial statements**

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

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

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

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.

*KPMG Audit Limited*

Chartered Professional Accountants  
Hamilton, Bermuda  
April 6, 2023