

Independent auditor's report

To the Board of Directors of White Rock Insurance (SAC) Ltd.

Our opinion

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

What we have audited

The Company's condensed financial statements comprise:

- the condensed balance sheet as at December 31, 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 Canadian Auditing Standards (CASs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the condensed financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the ethical requirements of the Chartered Professional Accountants of Bermuda Rules of Professional Conduct (CPA Bermuda Rules) that are relevant to our audit of the condensed financial statements in Bermuda. We have fulfilled our ethical responsibilities in accordance with these requirements.

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.

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 CASs 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 CASs, we exercise professional judgment and maintain professional scepticism 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.

Grant Thornton (Bermuda) Limited

**Chartered Professional Accountants
Hamilton, Bermuda**

April 26, 2023

CONDENSED BALANCE SHEET

White Rock Insurance (SAC) Ltd.
 As at **December 31, 2022**
 expressed in ['000s] **United States Dollars**

LINE No.		2022	2021
1.	CASH AND CASH EQUIVALENTS	791	791
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	42	34
(b)	Deferred - not yet due		
(c)	Receivables from retrocessional contracts		
(d)	Total accounts and premiums receivable	42	34
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		
13.	SUNDRY ASSETS:		
(a)	Derivative instruments		
(b)	Segregated accounts companies - long-term business - variable annuities		
(c)	Segregated accounts companies - long-term business - other	13,843	23,795

CONDENSED BALANCE SHEET

White Rock Insurance (SAO) Ltd.

As at **December 31, 2022**

expressed in ['000s]

United States Dollars

LINE No.		2022	2021
(d)	Segregated accounts companies - general business		
(e)	Deposit assets		
(f)	Deferred acquisition costs		
(g)	Net receivables for investments sold		
(h)	Other Sundry Assets (Specify)		
(i)	Other Sundry Assets (Specify)		
(j)	Other Sundry Assets (Specify)		
(k)	Total sundry assets	13,843	23,795
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	14,676	24,620
	TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS		
16.	UNEARNED PREMIUM RESERVE		
(a)	Gross unearned premium reserves		
(b)	Less: Ceded unearned premium reserve		
i.	Foreign affiliates		
ii.	Domestic affiliates		
iii.	Pools & associations		
iv.	All other insurers		
(c)	Total ceded unearned premium reserve	-	-
(d)	Net unearned premium reserve	-	-
17.	LOSS AND LOSS EXPENSE PROVISIONS:		
(a)	Gross loss and loss expense provisions		
(b)	Less: Reinsurance recoverable balance		
i.	Foreign affiliates		
ii.	Domestic affiliates		
iii.	Pools & associations		
iv.	All other reinsurers		
(c)	Total reinsurance recoverable balance	-	-
(d)	Net loss and loss expense provisions	-	-
18.	OTHER GENERAL BUSINESS INSURANCE RESERVES		
19.	TOTAL GENERAL BUSINESS INSURANCE RESERVES	-	-
	LONG-TERM BUSINESS INSURANCE RESERVES		
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)	Total Net Long-Term Business Insurance Reserves	-	-
	OTHER LIABILITIES		
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE		
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE		
30.	LOANS AND NOTES PAYABLE		

CONDENSED BALANCE SHEET

White Rock Insurance (SAO) Ltd.

As at **December 31, 2022**

expressed in ['000s] **United States Dollars**

LINE No.	2022	2021
31. (a) INCOME TAXES PAYABLE		
(b) DEFERRED INCOME TAXES		
32. AMOUNTS DUE TO AFFILIATES		
33. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	7	7
34. FUNDS HELD UNDER REINSURANCE CONTRACTS:		
35. DIVIDENDS PAYABLE		
36. SUNDRY LIABILITIES:		
(a) Derivative instruments		
(b) Segregated accounts companies	13,843	23,795
(c) Deposit liabilities		
(d) Net payable for investments purchased		
(e) Other sundry liabilities (specify)		
(f) Other sundry liabilities (specify)		
(g) Other sundry liabilities (specify)		
(h) Total sundry liabilities	13,843	23,795
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	13,850	23,802
39. TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	13,850	23,802
CAPITAL AND SURPLUS		
40. TOTAL CAPITAL AND SURPLUS	826	818
41. TOTAL	14,676	24,620
	TRUE	TRUE

WHITE ROCK INSURANCE (SAC) LTD.

NOTES TO CONDENSED FINANCIAL STATEMENTS

AS AT 31ST DECEMBER 2022

General

1. Background

White Rock Insurance (SAC) Ltd. (the “Company”) was incorporated under the name Three Star Insurance Company Limited under the laws of Bermuda on November 30, 1982 and is authorized to conduct business pursuant to the provisions of the Segregated Accounts Companies Act (2000). The Company is a wholly owned subsidiary of Aon Insurance Managers (Bermuda) Ltd. (“Parent”), a company incorporated in Bermuda. The Parent is ultimately owned by Aon plc incorporated in Ireland.

Effective August 15, 2012 the Company received its long-term Class C license under the Insurance Act, 1978, as amended, of Bermuda (“Act”). The Company is also licensed as a Class 3 general business insurer under the Act.

2. Description of Business

As at December 31, 2022, the Company had established one-segregated account for its long-term business.

Each segregated account writes insurance that does not result in the transfer of risk between accounts. Losses incurred by each segregated account are limited to the assets available within that segregated account. The general account earns program fee income for the administration of these segregated accounts.

The Company earns program fee income for the administration of the segregated accounts pursuant to the Shareholder’s Agreement and Cell Management Agreement.

3. Basis of Preparation

The financial statements are based on 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”).

The functional and reporting currency of the Company is the United States dollar.

4. Summary of Significant accounting policies

The following significant accounting policies relate to both the Company and its segregated accounts:

WHITE ROCK INSURANCE (SAC) LTD.

NOTES TO CONDENSED FINANCIAL STATEMENTS

AS AT 31ST DECEMBER 2022

a. **Financial assets and liabilities**

Financial assets and liabilities are recognized on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instruments. The Company's financial assets and liabilities are recorded initially at fair value. Financial assets are derecognized when the Company no longer has rights to cash flows, the risk and rewards of ownership or control of the assets. Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or it expires.

Cash and cash equivalents

Cash and cash equivalents include amounts held in banks and funds having short term liquidity. The carrying value approximates fair market value because of the short-term liquidity.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized at fair value plus any directly attributable transaction cost. After initial recognition, these are measured at amortized cost less any impairment losses. The Company's due from segregated account participants relating to program fees receivable fall into this category of financial instruments.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are recognized when due and measured on initial recognition at fair value of the consideration received less directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost. Amounts due to segregated account participants relates to funds received by the Company on behalf of segregated accounts and are recorded in this category of financial liability.

b. **Revenue recognition**

Program fee income is recorded as earned, of which 50% is earned outright and the remaining 50% on a pro-rata basis over the term of each segregated account underwriting policy agreement. The portion that will be earned in the future periods is recorded as deferred program fee income.

Investment income is comprised of interest income, which is accrued to the balance sheet date.

c. **Fair value of financial instruments**

Estimated fair value of financial instruments held by the Company approximate carrying value due to their liquid and short-term nature.

WHITE ROCK INSURANCE (SAC) LTD.

NOTES TO CONDENSED FINANCIAL STATEMENTS

AS AT 31ST DECEMBER 2022

d. Segregated account assets and liabilities

The Company operates segregated accounts, each of which insure certain risks of the owners of that segregated account. Losses incurred by each segregated account are limited to the assets available within that segregated account. The segregated accounts do not transfer insurance risk to the Company.

In absence of IFRS guidance which specifically applies to the transactions of the segregated accounts, management has considered other standard-setting bodies that use a similar conceptual framework and adopted the use of balance sheet accounting. Therefore, assets held with the segregated accounts have been recorded within these financial statements as assets held in segregated accounts and the corresponding liabilities are recorded as liabilities related to segregated accounts. The result of operations of the segregated accounts are not included within these financial statements, as the Company's shareholder does not have an interest in the net income, assets or liabilities of the segregated accounts. The assets and liabilities relating to the segregated accounts are remeasured at each reporting period to reflect actual payments, income and expenses relating to the segregated accounts.

On March 1, 2023, the Company received an approval from the Bermuda Monetary Authority to utilize balance sheet accounting for its segregated accounts business effective with the financial year ending December 31, 2022 under Section 56 Direction. In context balance sheet accounting refers to excluding the insurance business of the segregated accounts from the statutory income statement and recording all asset balances related to the transactions on line 13 of the statutory balance sheet and recording all liabilities related to the transactions on line 36 of the statutory balance sheet; and "Segregated Accounts Business" refers to insurance business written on a segregated account basis relating to insurance or reinsurance policies that satisfy Condition 2. The balance sheet accounting treatment shall be applied to the Company's general business and long-term business.

The adoption of the balance sheet accounting resulted to segregated accounts asset being presented at line 13 of \$13,843k (2021 - \$23,795k) and related segregated account liabilities at line 36 of the statutory balance sheet at the same amount.

e. Premiums

Premiums assumed and ceded are recorded on an accrual basis. Premiums are included in earnings on a pro-rata basis over the periods of the respective policies. The portion of the premium related to the unexpired portion of the policy is reflected in unearned premiums at the end of the fiscal year. The reinsurer's share of unearned premiums, net of a provision for doubtful amounts, is recognized as an asset at the same time and using principles consistent with the Company's method for determining unearned premiums.

WHITE ROCK INSURANCE (SAC) LTD.

NOTES TO CONDENSED FINANCIAL STATEMENTS

AS AT 31ST DECEMBER 2022

f. Provision for Policy Reserves

The provision for losses and loss expenses, which includes the estimated liability for claims reported to the segregated accounts and for claims incurred but not reported, is based upon management's best estimates. The estimates are regularly reviewed and updated, and any resulting adjustments are included in the statutory statement of income in the period in which they are made. While management believes that the amount is adequate, the ultimate liability may be in excess of, or less than the amount provided.

g. Translation of Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at year-end and non-monetary assets and liabilities at historical exchange rates. Revenues and expenses are translated using the average rate for the period. Segregated account Optima Re is denominated in foreign currencies. The resulting translation gain or loss is included in the determination of net income.

5. Income is recognized on the following basis:

- a) Premiums – See Note 4(e).
- b) Investment income is accounted for on an accrual basis.
- c) Commission income is accounted for on a pro-rata basis over the terms of the reinsurance contracts with the unearned portion being deferred in the statutory balance sheet. This income is directly related to underwriting general business.

6. Translation of Foreign Currencies – see Note 4 (g)

7- 16 N/A

17. As a result of the coronavirus (COVID-19) pandemic, economic uncertainties have arisen that have had serious and adverse consequences to business conditions around the globe. At the current time, we are unable to quantify the potential effects of this pandemic on future financial statements.

As the events involving the Russian Federation and Ukraine (the “Event”) continue to evolve, it has led to countries and jurisdictions such as the U.S, the U.K. and the EU imposing economic sanctions against individuals and entities with links to Russia and/or Ukraine. The Event has caused significant financial market volatility, economic uncertainty, and changes to the way business activities are undertaken.

Areas within the financial statements that could be materially impacted include the values of the Company's asset and investment portfolio. Fair value changes can also impact capital required and in turn the Company's solvency position. These impacts cannot be reasonably estimated at this time but are assessed to be minimal to the Company.

WHITE ROCK INSURANCE (SAC) LTD.

NOTES TO CONDENSED FINANCIAL STATEMENTS

AS AT 31ST DECEMBER 2022

As of the date of issuance of these financial statements, the Event is still evolving and there is significant uncertainty as to its ultimate impact on the Company. As the situation evolves, the Company is regularly assessing the impact on solvency capital and liquidity in line with established metrics and in compliance with the Company's risk appetite. The Company affirms that it continues to operate in line with its license requirements.

As at the end of April 2023, the Company remains solvent with adequate liquidity to meet its regulatory and statutory requirements.

WHITE ROCK INSURANCE (SAC) LTD.

NOTES TO CONDENSED FINANCIAL STATEMENTS

AS AT 31ST DECEMBER 2022

Statement of Capital and Surplus

- 1 (a) The Company's authorized share capital comprises 500k common shares of par value \$1 each and 100k non-voting preference shares of \$1 or \$10 each.

In 2013, 500k common shares, of which 120k shares was allocated to general account and the remaining 380k shares was allocated to long term account, were issued and fully paid.

(b) The Company's contributed surplus balance of 28k as of December 31, 2022 did not change from previous year's balance.

- 2 (c) N/A

Balance Sheet

1-12. N/A

13. See General Note 4(d).

14-35. N/A

36. See General Note 4(d).

37. N/A

Statement of Income

6 N/A

15 N/A

32 Other Income comprise 2022 earned program fee income.

36 N/A