

CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS

Transamerica Life International (Bermuda) Ltd.
As at December 31, 2022 and 2021

Condensed General Purpose Financial Statements

As at December 31, 2022

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Independent auditor's report

To the Board of Directors of Transamerica Life International (Bermuda) Ltd.

Our opinion

In our opinion, the condensed financial statements of Transamerica Life International (Bermuda) 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 significant accounting policies and other explanatory information.

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 the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Chartered Professional Accountants of Bermuda Rules of Professional Conduct (CPA Bermuda Rules) that are relevant to our audit of the condensed financial statements in Bermuda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the CPA Bermuda Rules.

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 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.

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 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.

PricewaterhouseCoopers Ltd.

**Chartered Professional Accountants
Hamilton, Bermuda
April 26, 2023**

CONDENSED BALANCE SHEET
TRANSAMERICA LIFE INTERNATIONAL (BERMUDA) LTD.

as at

December 31, 2022

United States Dollars

ASSETS

STMT LINE NO.	December <u>2022</u>	December <u>2021</u>
1 CASH AND CASH EQUIVALENTS	1,619,630	6,306,983
2 QUOTED INVESTMENTS:		
(a) Bonds and Debentures		
(i) Held to maturity	-	-
(ii) Other	18,081,522	14,444,615
(b) Total bonds and debentures	18,081,522	14,444,615
(c) Equities		
(i) Common stocks	-	-
(ii) Preferred stocks	-	-
(iii) Mutual funds	-	-
(d) Total equity	-	-
(e) Other quoted investments	-	-
(f) Total quoted investments	18,081,522	14,444,615
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 investment in mortgage loans on real estate	-	-

CONDENSED BALANCE SHEET
TRANSAMERICA LIFE INTERNATIONAL (BERMUDA) LTD.

as at

December 31, 2022

United States Dollars

ASSETS

STMT LINE NO.	December <u>2022</u>	December <u>2021</u>
6 POLICY LOANS	6,247,565	6,074,911
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	146,743	90,374
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 and associations	-	-
(d) All other insurers	-	-
(e) Total reinsurance balances receivable	-	-
12 FUNDS HELD BY CEDING REINSURERS	-	-
13 SUNDRY ASSETS:		
(a) Derivative instruments	-	-
(b) Segregated accounts Long-Term business -variable annuities	-	-
(c) Segregated accounts Long-Term business - other	48,998,542	55,412,681
(d) Segregated accounts - General business	-	-
(e) Deposit assets	-	-
(f) Deferred acquisition costs	-	-
(g) Net receivables for investments sold	931	-
(h) Other sundry assets – Other receivables	-	-
(i) Other sundry assets - Misc Assets	-	-
(j) Other sundry assets -	-	-
(k) Total sundry assets	48,999,473	55,412,681

CONDENSED BALANCE SHEET
TRANSAMERICA LIFE INTERNATIONAL (BERMUDA) LTD.

as at

December 31, 2022

United States Dollars

ASSETS

STMT LINE NO.	December <u>2022</u>	December <u>2021</u>
	-	-
14 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	-	-
15 TOTAL	<u><u>75,094,933</u></u>	<u><u>82,329,564</u></u>

CONDENSED BALANCE SHEET
TRANSAMERICA LIFE INTERNATIONAL (BERMUDA) LTD.

as at

December 31, 2022

United States Dollars

**TOTAL INSURANCE RESERVES, OTHER LIABILITIES,
AND CAPITAL AND SURPLUS**

STMT LINE NO.	December <u>2022</u>	December <u>2021</u>
26 OTHER LONG-TERM BUSINESS INSURANCE RESERVES	-	-
27 TOTAL LONG-TERM BUSINESS INSURANCE RESERVES		
(a) Gross long-term business insurance reserves	5,862,883	5,754,788
(b) Less: Reinsurance recoverable balance on long-term business		
(i) Foreign affiliates	-	-
(ii) Domestic affiliates	-	-
(iii) Pools & associations	-	-
(iv) All other insurers	40,436	43,876
(c) Total reinsurance recoverable balance	<u>40,436</u>	<u>43,876</u>
(d) Net long-term business insurance reserves	<u>5,822,447</u>	<u>5,710,912</u>
 OTHER LIABILITIES		
28 INSURANCE AND REINSURANCE BALANCES PAYABLE	111,160	59,348
29 COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE	53,518	41,336
30 LOANS AND NOTES PAYABLE	-	-
31 (a) INCOME TAXES PAYABLE	-	-
(b) DEFERRED INCOME TAXES	-	-
32 AMOUNTS DUE TO AFFILIATES	199,514	124,406
33 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	120,936	218,930
34 FUNDS HELD UNDER REINSURANCE CONTRACTS	-	-
35 DIVIDENDS PAYABLE	-	-

CONDENSED BALANCE SHEET
TRANSAMERICA LIFE INTERNATIONAL (BERMUDA) LTD.

as at

December 31, 2022

United States Dollars

**TOTAL INSURANCE RESERVES, OTHER LIABILITIES,
AND CAPITAL AND SURPLUS**

STMT LINE NO.	December <u>2022</u>	December <u>2021</u>
36 SUNDRY LIABILITIES:		
(a) Derivative instruments	-	-
(b) Segregated accounts companies	48,998,542	55,412,681
(c) Deposit liabilities	-	-
(d) Net payable for investments purchased	-	-
(e) Other sundry liabilities - Borrowed money	-	2,671,224
(f) Other sundry liabilities -	-	-
(g) Other sundry liabilities -	-	-
(h) Total sundry liabilities	<u>48,998,542</u>	<u>58,083,905</u>
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	<u>-</u>	<u>-</u>
38 TOTAL OTHER LIABILITIES	<u>49,483,670</u>	<u>58,527,925</u>
39 TOTAL LONG-TERM BUSINESS INSURANCE RESERVES AND OTHER LIABILITIES	55,306,117	64,238,837
CAPITAL AND SURPLUS		
40 TOTAL CAPITAL AND SURPLUS	19,788,816	18,090,727
41 TOTAL	<u>75,094,933</u>	<u>82,329,564</u>

CONDENSED STATEMENT OF INCOME
TRANSAMERICA LIFE INTERNATIONAL (BERMUDA) LTD.

as at
December 31, 2022
expressed in
United States Dollars

STMT LINE NO.	December <u>2022</u>	December <u>2021</u>
GENERAL BUSINESS UNDERWRITING INCOME	-	-
1 GROSS PREMIUMS WRITTEN		
(a) Direct gross premiums written	-	-
(b) Assumed gross premiums written	-	-
(c) Total gross premiums written	<u>-</u>	<u>-</u>
2 REINSURANCE PREMIUMS CEDED	-	-
3 NET PREMIUMS WRITTEN	-	-
4 INCREASE(DECREASE) IN UNEARNED PREMIUMS	-	-
5 NET PREMIUMS EARNED	-	-
6 OTHER INSURANCE INCOME	-	-
7 TOTAL GENERAL BUSINESS UNDERWRITING INCOME	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
GENERAL BUSINESS UNDERWRITING EXPENSES		
8 NET LOSS INCURRED AND NET LOSS EXPENSES INCURRED	-	-
9 COMMISSIONS AND BROKERAGE	-	-
10 TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	-	-
11 NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS	-	-
 LONG-TERM BUSINESS INCOME		
12 GROSS PREMIUMS AND OTHER CONSIDERATIONS:		
(a) Direct gross premiums and other considerations	833,800	824,080
(b) Assumed gross premiums and other considerations	-	-
(c) Total gross premiums and other considerations	<u>833,800</u>	<u>824,080</u>
13 PREMIUMS CEDED	(429,078)	(450,371)

CONDENSED STATEMENT OF INCOME
TRANSAMERICA LIFE INTERNATIONAL (BERMUDA) LTD.

as at
December 31, 2022
expressed in
United States Dollars

STMT LINE NO.	December <u>2022</u>	December <u>2021</u>
14	-	-
(a)	404,722	373,709
(b)	-	-
(c)	-	-
(d)	<u>404,722</u>	<u>373,709</u>
15	-	-
16	<u>404,722</u>	<u>373,709</u>
LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES		
17	(1,329)	(75)
18	-	-
19	-	-
20	-	-
21	-	-
22	-	-
23	90,528	76,933
24	-	-
25	<u>89,199</u>	<u>76,858</u>
26		
(a)	115,190	109,936
(b)	-	-
(c)	-	-
(d)	<u>115,190</u>	<u>109,936</u>
27	<u>204,389</u>	<u>186,794</u>
28	200,333	186,915

CONDENSED STATEMENT OF INCOME
TRANSAMERICA LIFE INTERNATIONAL (BERMUDA) LTD.

as at
December 31, 2022
expressed in
United States Dollars

STMT LINE NO.	December <u>2022</u>	December <u>2021</u>
	-	-
29 COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS	200,333	186,915
UNDERNOTED ITEMS		
30 COMBINED OPERATING EXPENSE		
(a) General and administratrion	167,111	178,028
(b) Personnel cost	-	-
(c) Other	424,356	397,953
(d) Total combined operating expenses	<u>591,467</u>	<u>575,981</u>
31 COMBINED INVESTMENT INCOME - NET	587,836	561,598
32 COMBINED OTHER INCOME (DEDUCTIONS)	-	-
33 COMBINED INCOME BEFORE TAXES	196,702	172,532
34 COMBINED INCOME TAXES (IF APPLICABLE):		
(a) Current	-	-
(b) Deferred	-	-
(c) Total	<u>-</u>	<u>-</u>
35 COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	196,702	172,532
36 COMBINED REALIZED GAINS (LOSSES)	(68,641)	(3,734)
37 COMBINED INTEREST CHARGES	-	-
38 NET INCOME	<u><u>128,061</u></u>	<u><u>168,798</u></u>

CONDENSED STATEMENT OF CAPITAL & SURPLUS
TRANSAMERICA LIFE INTERNATIONAL (BERMUDA) LTD.

as at
December 31, 2022
expressed in
United States Dollars

STMT LINE NO.	December <u>2022</u>	December <u>2021</u>
1 CAPITAL		
(a) Capital stock		
(i) Common shares:	250,000	250,000
Authorized 250,000 shares of par value \$1 each issued and fully paid 250,000 shares		
(ii)		
(A) Preferred shares:	-	-
(B) Preferred shares issued by a subsidiary:	-	-
(iii) Treasury shares:		
(b) Contributed surplus	20,053,000	20,053,000
(c) Any other fixed capital		
(i) Hybrid capital instruments	-	-
(ii) Guarantees and others	-	-
(iii) Total any other fixed capital	-	-
(d) Total Capital	<u>20,303,000</u>	<u>20,303,000</u>
2 SURPLUS		
(a) Surplus - Beginning of Year	(2,212,273)	1,096,691
(b) Add: Income (Loss) for the Year	128,061	168,798
(c) Less: Dividends paid and payable	-	-
(d) Add (deduct) change in unrealized appreciation (depreciation) of investments	(1,525,439)	(404,361)
(e) Add (Deduct) change in any other surplus	3,095,467	(3,073,401)
(f) Surplus - End of Year	<u>(514,184)</u>	<u>(2,212,273)</u>
3 MINORITY INTEREST	-	-
4 TOTAL CAPITAL AND SURPLUS	<u><u>19,788,816</u></u>	<u><u>18,090,727</u></u>

GENERAL NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Transamerica Life International (Bermuda) Ltd. (the Company) was incorporated under the laws of Bermuda on May 26, 1999, as a limited liability company. The Company's immediate parent is AEGON International B.V. The Company's ultimate parent company is AEGON N.V., a company incorporated under the laws of the Netherlands.
2. The Company is authorized under the Insurance Act 1978 to carry on business as a Class C Insurer. The Company is also registered under the Segregated Accounts Act 2000. The Company's direct business consists of High Net Worth Flexible Premium Variable Universal Life Insurance policies with each policy being written in a separate segregated account. The Company retains a death benefit risk in respect of these policies in its general account. Premium retained in respect of this risk is accounted for in the condensed statement of income when charged from the policy holders. The Company reinsures a portion of the mortality risk.
3. The condensed general purpose financial statements have been prepared in conformity 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"). The condensed general purpose financial statements are based upon International Financial Reporting Standards (IFRS) but are in accordance with the reporting requirements of the Legislation, which varies in certain respects from IFRS. The more significant variances are as follows:
 - A statement of cash flows is not included;
 - A statement of comprehensive income is not included;
 - The presentation and classification of financial statement line items is in accordance with Schedules IX and XI of the Insurance Account Rules 2016 and differ from the expected presentation and classification under IFRS; and
 - The notes included in the condensed general purpose financial statements have been prepared in accordance with Schedule X of the Insurance Account Rules 2016 and exclude certain information required under IFRS.
4. The following is a summary of the significant accounting policies and practices employed by the Company:
 - (a) Quoted investments comprise of financial assets excluding derivatives. Financial assets are recognised on the trade date when the Company becomes a party to the contractual provisions of the instrument and are classified for accounting purposes depending on the characteristics of the instruments and the purpose for which they were purchased. All financial assets are classified as available-for-sale.

Financial assets are initially recognised at fair value excluding interest accrued to date plus, in the case of a financial asset not at fair value through profit or loss, any directly attributable incremental transaction costs. Financial assets at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the condensed statement of income as incurred. Available-for-sale assets are recorded at fair value with unrealised changes in fair value recognised in equity.

An asset is impaired if the carrying amount exceeds the amount that would be recovered through its use or sale. Debt instruments are impaired when it is considered probable that not all amounts due will be collected as scheduled. Asset values are routinely evaluated when there are indications that the asset may be impaired.

For debt instruments classified as available-for-sale, the asset is impaired to its fair value. Any unrealised gain or loss previously recognised in equity is reversed and recognised in the condensed statement of income. After impairment, the interest accretion on debt instruments that are classified as available-for-sale is based on the rate of return that would be required by the market for similar rated instruments at the date of the impairment.

Impairment losses recognised for debt instruments can be reversed if in subsequent periods the amount of the impairment loss decreases and that decrease can be related objectively to a credit related event occurring after the impairment was recognized.

- (b) Cash and cash equivalents include cash at the bank and money market accounts which are short-term highly liquid investments with original maturities of three months or less.
 - (c) Bermuda currently imposes no income, withholding or capital gains taxes and the Company is not liable until at least March 31, 2035 for any such taxes pursuant to the Bermuda Exempted Undertaking Protection Act 1996, as amended.
5. (a) Premium retained in respect of risks retained is accounted for in the condensed statement of income when charged from the policy holders.
- (b) For interest-bearing assets, interest is recognized as it accrues and is calculated using the effective interest rate method. Fees and commissions that are an integral part of the effective yield of the financial assets or liabilities are recognized as an adjustment to the effective interest rate of the instrument. Investment income also includes dividends accrued.
- (c) Commissions allowed by reinsurers on business ceded are reported as income when incurred.
6. The financial statements are expressed in US dollars (\$), which is both the functional and presentation currency of the Company. Transactions during the period denominated in foreign currencies have been translated primarily using average rates of exchange as approximations for transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated to US dollars at the rates of exchange ruling at the condensed balance sheet date. The resulting gains or losses are recorded in the condensed statement of income. Non-monetary items carried at cost are not retranslated; items carried at fair value are translated at the exchange rate when fair value was determined.

7 – 12 .Not Applicable.

13. Fair Value

The Company has categorized its investments into the three-level hierarchy based on the priority of the inputs to the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument. Assets recorded at fair value on the Condensed Balance Sheet are categorized as follows:

Level 1 - Unadjusted quoted prices for identical assets in an active market.

Level 2 - Quoted prices in markets that are not active or inputs that are observable either directly or indirectly for substantially the full term of the asset. Level 2 inputs include the following:

- a) Quoted prices for similar assets in active markets
- b) Quoted prices for identical or similar assets in non-active markets
- c) Inputs other than quoted market prices that are observable
- d) Inputs that are derived principally from or corroborated by observable market data through correlation or other means

Level 3 - Prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3. The circumstances for using unobservable measurement includes those in which there is little, if any, market

activity for the assets. Therefore, the Company must make assumptions about inputs a hypothetical market participant would use to value the assets.

The following tables provide information about the Company's quoted and unquoted investments measured at fair value as of December 31, 2022 and 2021:

	2022			Total
	Level 1	Level 2	Level 3	
Quoted bonds and debentures	2,321,430	15,760,092	-	18,081,522

	2021			Total
	Level 1	Level 2	Level 3	
Quoted bonds and debentures	2,511,100	11,933,515	-	14,444,615

14. The contractual maturity profile of the Bonds and Debentures as of December 31, 2022 and 2021:

	Fair Value	
	2022	2021
Due in one year or less	1,972,240	1,341,199
Due after one year through five years	6,430,065	9,133,161
Due after five years through ten years	8,687,980	-
Due after ten years	991,237	3,970,255
	<u>18,081,522</u>	<u>14,444,615</u>

15. The Company shares certain officers, employees and general expenses with affiliated companies.

AEGON USA Investment Management, LLC acts as a discretionary investment manager under an Investment Management Agreement with the Company. The Company incurred expenses under this agreement of \$14,262 and \$114,519 for the years ended December 31, 2022 and 2021, respectively, which is reported in condensed statement of income Line 31.

The Company is party to a consulting and administrative services agreement with Transamerica Life Insurance Company (TLIC) and a services agreement with Transamerica (Bermuda) Services Center, LTD. (TBSC). At December 31, 2022 and 2021, respectively, the Company reported a net amount of \$199,514 and \$124,406 payable to parent, subsidiary and affiliated companies included in condensed balance sheet Line 32. Terms of settlement require that these amounts be settled within 30 days.

16. Not applicable.

17. Not Applicable.

NOTES TO THE CONDENSED STATEMENT OF CAPITAL AND SURPLUS

- 1.(a) (a) Authorized, issued and fully paid \$250,000 common shares of par value \$1.00.
(b) Not applicable.
(c) Not applicable.
(d) Not applicable.
- 1.(b) The Company provided no distribution of contributed surplus in 2022 or 2021.
- 2.(c) (a) Not applicable.
(b) Not applicable.
(c) Not applicable.

NOTES TO THE CONDENSED BALANCE SHEET

- 1. Not Applicable.
- 2. See General Note 4(a).
- 3.-5. Not Applicable
- 6. Certain life insurance products offered by the Company permit policyholders to borrow funds using their policy as collateral. The maximum amount of the policy loan on any given policy is the policy's surrender value. Policy loans are carried at the aggregate unpaid balance. Policy loans may be repaid at any time by the policyholder. If the policyholder fails to repay the policy loan, funds are withdrawn from the policy's surrender value or the policy's death benefits. The annual interest rate on any loan is equal to the interest rate for the guaranteed principal account plus an amount equal to the current asset load. Interest is due on each policy anniversary date.
- 7.-8. Not Applicable.
- 9. Accrued investment income as of December 31, 2022 and 2021, respectively, was \$146,743 and \$90,374.
- 10. Not Applicable.
- 11. Not Applicable.
- 12. Not Applicable.
- 13. The Company's business consists of a number of High Net Worth Flexible Premium Variable Life Universal Insurance policies with each policy being written in a separate segregated account. Policyholder assets and equivalent liabilities have been recorded on the condensed balance sheet, with premiums received treated as deposits rather than revenue. Net receivables for investments sold as of December 31, 2022 and 2021, respectively, was \$931 and \$NIL.
- 14. Not Applicable.
- 16.-17. Not Applicable.
- 20. Long term insurance reserves for reported claims represent the estimated accrued liability for claims reported to the Company through the condensed balance sheet date. These reserves are estimated using individual case-basis valuations. These estimates are subject to the effects of trends in claim severity and frequency. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes available.

21. Long term insurance reserves for unreported claims represent the estimated accrued liability for claims incurred but not yet reported through the condensed balance sheet date. These reserves are estimated using statistical analysis techniques. These estimates are subject to the effects of trends in claim severity and frequency. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes available.
22. Life benefit reserves are developed by actuarial methods and are determined based on published mortality tables with interest rates and valuation methods. Reserves are considered to be at least adequate and to provide future guaranteed benefits as they become payable under the provisions of life insurance policies in-force.
- 23.-26. Not Applicable.
27. There is no collateral securing policy holder obligations.
- 28.-30. Not applicable.
31. (a) Not applicable.
(b) Not applicable.
32. Refer to General Note 15.
33. Accounts payable and accrued liabilities as of December 31, 2022 and 2021, was \$120,936 and \$218,930, respectively.
- 34.-35. Not applicable.
36. Segregated policyholder liabilities represent the corresponding liability of the segregated policyholders assets reported on Line 13(c).

The Company has an outstanding liability for borrowed money in the amount of \$NIL (2021: \$2,671,224) due to participation in dollar repurchase agreements, including accrued interest of \$NIL (2021: \$8,333) in 2022. The Company enters into dollar repurchase agreements in which securities are delivered to the counterparty once adequate collateral has been received.

37. Not Applicable.

NOTES TO THE CONDENSED STATEMENT OF INCOME

6. Not applicable.
15. Not applicable.
32. Not applicable.
36. The balance reported reflects net realized gains on bonds and debentures.