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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of SIG Re Ltd.

### Opinions

We have audited the condensed financial statements of SIG Re Ltd. (the "Company"), which comprise the condensed balance sheets and condensed statements of capital and surplus as of December 31, 2023 and 2022, and the related condensed statements of income for the years then ended, and the related notes to the condensed financial statements.

### Unmodified opinion on regulatory basis of accounting

In our opinion, the accompanying condensed financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations for the years then ended 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") described in Note 3.

### Adverse opinion on U.S. generally accepted accounting principles

In our opinion, because of the significance of the matter discussed in the *Basis for adverse opinion on U.S. generally accepted accounting principles* section of our report, the condensed financial statements do not present fairly, in accordance with U.S. generally accepted accounting principles, the financial position of the Company as of December 31, 2023 and 2022, or the results of its operations for the years then ended.

### Basis for opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Basis for adverse opinion on U.S. generally accepted accounting principles

As described in Note 3 to the condensed financial statements, the condensed financial statements are prepared by the Company on the basis of the financial reporting provisions of the Legislation, which is a basis of accounting other than U.S. generally accepted accounting principles, to meet the requirements of the Bermuda Monetary Authority.

The effects on the condensed financial statements of the variances between the regulatory basis of accounting described in Note 3 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.



## Responsibilities of management for the condensed financial statements

Management is responsible for the preparation and fair presentation of the condensed financial statements in accordance with the financial reporting provisions of the Legislation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the condensed financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed 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 condensed financial statements are available to be issued.

## 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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 condensed financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional scepticism throughout the audit.
- Identify and assess the risks of material misstatement of the condensed 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 condensed financial statements.
- Obtain an understanding of internal controls 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 condensed 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.

*KPMG Audit Limited*

Chartered Professional Accountants  
Hamilton, Bermuda  
April 30, 2024

**CONDENSED CONSOLIDATED BALANCE SHEET**

SIG Re Ltd.

As at

expressed in ['000s]

**December 31, 2023**

**United States Dollars**

**LINE No.**

	<b>2023</b>	<b>2022</b>
1. CASH AND CASH EQUIVALENTS	75,220	47,499
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	898	243
(b) Deferred - not yet due		
(c) Receivables from retrocessional contracts		
(d) Total accounts and premiums receivable	898	243
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		

**CONDENSED CONSOLIDATED BALANCE SHEET**

SIG Re Ltd.

As at

expressed in ['000s]

**December 31, 2023**

**United States Dollars**

LINE No.		2023	2022
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		595
(g)	Net receivables for investments sold		
(h)	Prepaid Expenses	24	2
(i)	Fixed Assets	814	
(j)	Lease - Deposit and Right of Use	198	
(k)	Total sundry assets	1,036	597
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	77,154	48,339
	<b>TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS</b>		
16.	UNEARNED PREMIUM RESERVE		
(a)	Gross unearned premium reserves	2,267	2,101
(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	2,267	2,101
17.	LOSS AND LOSS EXPENSE PROVISIONS:		
(a)	Gross loss and loss expense provisions	692	19,383
(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	692	19,383
18.	OTHER GENERAL BUSINESS INSURANCE RESERVES		
19.	TOTAL GENERAL BUSINESS INSURANCE RESERVES	2,959	21,484
	<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	-	-

**CONDENSED CONSOLIDATED BALANCE SHEET**

SIG Re Ltd.

As at

expressed in ['000s]

**December 31, 2023**

**United States Dollars**

LINE No.		2023	2022
(d)	<b>Total Net Long-Term Business Insurance Reserves</b>	-	-
	<b>OTHER LIABILITIES</b>		
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE		
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE		
30.	LOANS AND NOTES PAYABLE		
31.	(a) INCOME TAXES PAYABLE		
	(b) DEFERRED INCOME TAXES		
32.	AMOUNTS DUE TO AFFILIATES	48,664	409
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	450	255
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)	Lease Liability	194	
(f)	Other sundry liabilities (specify)		
(g)	Other sundry liabilities (specify)		
(h)	Total sundry liabilities	194	-
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	49,308	664
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	52,267	22,148
	<b>CAPITAL AND SURPLUS</b>		
40.	TOTAL CAPITAL AND SURPLUS	24,887	26,191
41.	TOTAL	77,154	48,339

TRUE

TRUE

**CONDENSED CONSOLIDATED STATEMENT OF INCOME**

SIG Re Ltd.

As at **December 31, 2023**  
expressed in ['000s] **United States Dollars**

LINE No.		2023	2022
	<b>GENERAL BUSINESS UNDERWRITING INCOME</b>		
1.	GROSS PREMIUMS WRITTEN		
	(a) Direct gross premiums written		
	(b) Assumed gross premiums written	5,434	6,298
	(c) Total gross premiums written	5,434	6,298
2.	REINSURANCE PREMIUMS CEDED		
3.	NET PREMIUMS WRITTEN	5,434	6,298
4.	INCREASE (DECREASE) IN UNEARNED PREMIUMS	(166)	(2,101)
5.	NET PREMIUMS EARNED	5,268	4,197
6.	OTHER INSURANCE INCOME		
7.	TOTAL GENERAL BUSINESS UNDERWRITING INCOME	5,268	4,197
	<b>GENERAL BUSINESS UNDERWRITING EXPENSES</b>		
8.	NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED	3,051	20,410
9.	COMMISSIONS AND BROKERAGE	2,005	1,214
10.	TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	5,056	21,624
11.	<b>NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS</b>	212	(17,427)
	<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		

**CONDENSED CONSOLIDATED STATEMENT OF INCOME**

SIG Re Ltd.

As at

**December 31, 2023**

expressed in ['000s]

**United States Dollars**

LINE No.	2023	2022
(b) Annuities		
(c) Accident and health		
(d) Total increase (decrease) in policy reserves	-	-
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>	212	(17,427)
<b>UNDERNOTED ITEMS</b>		
30. COMBINED OPERATING EXPENSE		
(a) General and administration	1,911	413
(b) Personnel cost	739	451
(c) Other	303	20
(d) Total combined operating expenses	2,953	884
31. COMBINED INVESTMENT INCOME - NET	2,313	6
32. COMBINED OTHER INCOME (DEDUCTIONS)		
33. COMBINED INCOME BEFORE TAXES	(429)	(18,306)
34. COMBINED INCOME TAXES (IF APPLICABLE):		
(a) Current		
(b) Deferred		
(c) Total	-	-
35. COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	(429)	(18,306)
36. COMBINED REALIZED GAINS (LOSSES)		
37. COMBINED INTEREST CHARGES	875	1
38. NET INCOME	(1,304)	(18,307)

**CONDENSED CONSOLIDATED STATEMENT OF CAPITAL AND SURPLUS**

SIG Re Ltd.

As at **December 31, 2023**  
expressed in ['000s] **United States Dollars**

LINE No.		2023	2022
1.	<b>CAPITAL:</b>		
(a)	Capital Stock		
	(i) Common Shares		
	authorized <span style="float: right;">120</span> shares of par	120	120
	value <span style="float: right;">\$ 1.000</span> each issued and		
	fully paid <span style="float: right;">120</span> shares		
	(ii)		
	(A) Preferred shares:		
	authorized <span style="float: right;">_____</span> shares of par		
	value <span style="float: right;">_____</span> each issued and		
	fully paid <span style="float: right;">_____</span> shares		
	aggregate liquidation value for –		
	2023 <span style="float: right;">_____</span>		
	2022 <span style="float: right;">_____</span>		
	(B) Preferred shares issued by a subsidiary:		
	authorized <span style="float: right;">_____</span> shares of par		
	value <span style="float: right;">_____</span> each issued and		
	fully paid <span style="float: right;">_____</span> shares		
	aggregate liquidation value for –		
	2023 <span style="float: right;">_____</span>		
	2022 <span style="float: right;">_____</span>		
	(iii) Treasury Shares		
	repurchased <span style="float: right;">_____</span> shares of par		
	value <span style="float: right;">_____</span> each issued		
(b)	Contributed surplus	45,000	45,000
(c)	Any other fixed capital		
	(i) Hybrid capital instruments		
	(ii) Guarantees and others		
	(iii) Total any other fixed capital	-	-
(d)	Total Capital	45,120	45,120
2.	<b>SURPLUS:</b>		
(a)	Surplus - Beginning of Year	(18,929)	(623)
(b)	Add: Income for the year	(1,304)	(18,307)
(c)	Less: Dividends paid and payable		
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments		
(e)	Add (Deduct) change in any other surplus		
(f)	Surplus - End of Year	(20,233)	(18,929)
3.	<b>MINORITY INTEREST</b>		
4.	<b>TOTAL CAPITAL AND SURPLUS</b>	24,887	26,191



**SIG Re Ltd.**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**  
**December 31, 2023**

**General Notes to the Financial Statements**

1. SIG Re Ltd. (the “Company”) was incorporated in Bermuda on April 14, 2021 and holds a Class 3A Insurer license. The Company was wholly owned by SIG Bermuda Holdings, LLC, a Delaware limited liability company (“SBH”), until October 2023, when SBH contributed its interest in the Company to SIG Insurance Holdings, LLC, a Delaware limited liability company and wholly owned subsidiary of SBH.
2. The Company is a reinsurance company specializing in the offer of data driven reinsurance products. The Company provides reinsurance across two “classes”, comprised of “general parametric reinsurance” and “specialty – prize and promotion indemnity reinsurance”.

General Parametric Reinsurance – Business written by the Company in this class includes reinsurance contracts with parametric reinsurance payment triggers or underlying insurance policy payment triggers that are based on parameters from independent third-party data sources, including, but not limited to, weather data, catastrophe data, insurance industry loss data for an event or a single risk, or other market data or social/economic indexes. Parametric insurance (also referred to as index-based insurance) differs from indemnity based traditional insurance in that the trigger for payout is dictated by an objective measure of causal event (e.g., a specified amount of rainfall over a specified time period).

Specialty – Prize and Promotion Indemnity Reinsurance – Business written by the Company in this class includes reinsurance of policies covering sports and business contest risk, sweepstake risk, lottery payout risk, performance target bonus risk and ticket vendor, media/advertising/event cancellation risk or any other contingency risk.

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 accounting principles generally accepted in the United States of America (“US GAAP”). The presentation of these financial statements in accordance with the guidance prescribed under the Legislation differs from US GAAP in certain respects as follows:
  - a. The format of the financial statements is prescribed by schedules IX and X of the Insurance Accounts Rules 2016;
  - b. Statement of Cash Flows or equivalent is not included;
  - c. Certain disclosures required by US GAAP are not included; and
  - d. Comprehensive income and its components are not presented in the condensed statement of income.

The effects of the foregoing variances from US GAAP on the accompanying condensed general-purpose financial statements have not been determined but could be material.

**SIG Re Ltd.**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**  
**December 31, 2023**

**General Notes to the Financial Statements** (continued)

4. The significant accounting policies followed by the Company are as follows:

Cash and Cash Equivalents

Cash and cash equivalents include amounts held in banks, time deposits and money market funds, with insignificant risk associated with their value. Pursuant to the terms of the reinsurance agreements in place between the Company and each insurance company that cedes risk to the Company, the Company has deposited collateral into one or more reinsurance trust accounts established for the benefit of each such cedant as security for the Company's obligations to pay losses.

Fixed Assets

Fixed assets held are for the Company's own use and are stated at cost less accumulated depreciation or amortization.

Depreciation is calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives. Depreciation on leasehold improvements is calculated using the straight-line method and depreciation on furniture & fixtures is calculated using the double declining balance method. The residual values and useful lives are reviewed, and adjusted as appropriate, at each balance sheet date.

Lease

The Company recognizes right-of-use assets and corresponding lease liabilities relating to its office lease. This lease is recognized as an operating lease. Each lease payment reduces the balance of the lease liabilities with a portion being allocated to interest expense to produce a constant periodic rate of interest, which is equivalent to the Company's incremental borrowing rate, on the remaining balance of the lease liabilities for each period. Right-of-use amortization is equal to the difference between each lease payment and accretion of the lease liability using the Company's incremental borrowing rate. Lease expense is recognized on a straight-line basis over the life of the lease.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax-credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company evaluates the carrying value of its deferred tax assets on a yearly basis. In completing this evaluation, management considers all available positive and negative evidence. Estimating future taxable income is inherently uncertain and requires judgment. Deferred tax assets are reduced by a valuation allowance if, based on the weight of this evidence, it is more likely than not that all or a portion of the recorded deferred tax assets will not be realized in future periods.

**SIG Re Ltd.**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**  
**December 31, 2023**

**General Notes to the Financial Statements** (continued)

Premiums Assumed

Premiums are recognized as revenue on a pro-rated basis over the period of the exposure in the underlying agreements with the unearned portion deferred on the balance sheet.

Commission and Brokerage

Commission and brokerage are comprised of commissions, fees and taxes that relate directly to the successful acquisition of premium. Such costs are deferred and recognized in income on a pro-rated basis over the period of the exposure in the underlying agreements.

The Company evaluates the recoverability of deferred acquisition costs by determining if the sum of future earned premiums is greater than the expected future claims and expenses. Anticipated investment income is also a factor in this determination. If a loss is probable on the unexpired portion of policies in force, a premium deficiency loss is recognized. At December 31, 2023, premium deficiency on bound and on-risk contracts was greater than deferred acquisition costs hence deferred acquisition costs were expensed out and premium deficiency loss was recorded. At December 31, 2022, the deferred acquisition costs were considered fully recoverable and no premium deficiency loss was recorded.

Loss and Loss Expense Provisions

Losses and loss expenses are recognized as incurred and are based on the estimated ultimate cost of settlement. Outstanding losses include amounts determined from reports and individual cases. Delays may occur in the notification of certain claims and a substantial measure of experience and judgement is involved in assessing outstanding liabilities, the ultimate cost of which may not be known with certainty at the balance sheet date. Such liabilities are based on estimates and while the directors and management believe that the amounts are fairly stated, the ultimate liability may be in excess of, or less than the amounts provided.

The loss and loss expenses provisions include losses reported at the balance sheet date.

Investment Income

Investment income on cash and cash equivalents is recorded as earned to the balance sheet date.

5. Refer to Note 4.

6-14. Not applicable

15. The Company owes two affiliated companies, Susquehanna International Group, LLP and Susquehanna Technology Management, Inc., for advances to the Company for operational reasons. As at December 31, 2023, the balances due were \$1.029M (2022: \$0.409M) and \$1.360M (2022: Nil), respectively. There are no formalized repayment terms for these balances.

During 2023, the Company borrowed \$45.400M from SIG Funding, LLLP ("SIG Funding"), an affiliate of the Company, under the funding arrangement in place between the Company and SIG Funding. As at December 31, 2023, an additional \$0.875M (2022: \$0.013M) was due to SIG Funding for interest on the borrowed funds.

**SIG Re Ltd.**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**  
**December 31, 2023**

**General Notes to the Financial Statements** (continued)

16. The Company evaluated events and transactions occurring between December 31, 2023 and the date of approval of the financial statements by the Board of Directors for potential recognition or disclosure in the notes to the financial statements. In February and March 2024, the Company cumulatively borrowed an additional \$135.000M from SIG Funding under the funding arrangement described in Note 15.
17. On July 11, 2022, the Company filed a section 953(d) election under the U.S. Internal Revenue Code with an effective date of January 1, 2021. The Company received the approval from the U.S. Internal Revenue Service in April 2024. The impact of the taxes is as follows:

Particulars	In thousands (\$)	
	2023	2022
<u>Deferred Tax Assets:</u>		
Net operating losses–	4,100	3,605
Discount on loss and loss expense provisions	14	377
Unearned premiums	95	88
Other	45	30
Total Deferred Tax Assets	4,254	4,100
<u>Deferred Tax Liabilities:</u>		
Deferred acquisition costs	-	(125)
Excise tax accrual	(5)	-
Total Deferred Tax Liabilities	(5)	(125)
Total Deferred Tax Asset	4,249	3,975
Less: Valuation allowance	(4,249)	(3,975)
Net Deferred Tax Asset	Nil	Nil

**Notes to Statement of Capital and Surplus**

- |    |     |  |                   |                   |
|----|-----|--|-------------------|-------------------|
| 1. | (a) |  | <u>2023</u>       | <u>2022</u>       |
|    |     | Common Stock   |                   |                   |
|    |     | Authorized, issued and fully paid                                |                   |                   |
|    |     | 120,000 shares of par value \$1 each                             | \$ <u>120,000</u> | \$ <u>120,000</u> |
|    | (b) | Contributed surplus  |                   |                   |
|    |     | No contributions were made during the relevant year (2022: Nil). |                   |                   |
| 2. | (c) | Dividends paid and payable                                       |                   |                   |
|    |     | There are no dividends paid or payable for the current year.     |                   |                   |

**SIG Re Ltd.**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**  
**December 31, 2023**

**Notes to the Balance Sheet**

1. In total, \$62.363M of encumbered cash and cash equivalents was placed in reinsurance trust accounts, which is equivalent to the limit of liability under all bound and on-risk contracts at December 31, 2023 (2022: \$26.898M).
- 2-3. The Company has no quoted or unquoted investments.
- 4-9. Not applicable
10. The Company has \$0.872M in accounts and premiums receivable at December 31, 2023 (2022: \$0.243M). The premium receivable amount relates to deals under the 'Specialty – Prize and Promotion Indemnity Reinsurance' class which were written during the end of the year.

The Company also has \$0.026M as federal excise tax ("FET") recoverable at December 31, 2023 (2022: Nil), as a result of section 953(d) election. The Company expects to fully recover the FET paid in 2022 and 2023.

- 11-12. Not applicable

13. Sundry Assets includes Deferred Acquisition Cost of \$Nil (2022: \$0.595M), Prepaid Expenses of \$0.024M (2022: \$0.002M), Fixed Assets of \$0.814M (2022: Nil) and Lease – Deposit & Right-of-Use of \$0.198M (2022: Nil) at December 31, 2023.

Acquisition costs are comprised of commissions, taxes and other fees that relate directly to the acquisition of premium.

The details of Fixed Assets are as follows:

	<b>Leasehold Improvements</b>	<b>Furniture &amp; Fixtures</b>	<b>Total</b>
In thousands (\$)			
<u>Gross carrying amount</u>			
Balance as at December 31, 2022	-	-	-
Additions	895	129	1,024
Balance as at December 31, 2023	895	129	1,024
<u>Accumulated depreciation/amortization</u>			
Balance as at December 31, 2022	-	-	-
Depreciation for the year	163	47	210
Balance as at December 31, 2023	163	47	210
<u>Net carrying amount</u>			
As at December 31, 2022	-	-	-
As at December 31, 2023	732	82	814

During 2023, the Company entered into a lease for office space. The lease is recognized as an operating lease. The remaining term of the lease is 29 months.

The incremental borrowing rate used by the Company in determining the lease liability was 3.24%.

**SIG Re Ltd.**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**  
**December 31, 2023**

**Notes to the Balance Sheet** (continued)

The details of lease related costs are as follows:

	<b>2023</b>	<b>2022</b>
	In thousands (\$)	
Right of use	194	-
Lease liability	194	-
Total future minimum lease payments	201	-
Net of interest expense	7	-

14. Not applicable
16. The Company has unearned premium reserves of \$2.267M at December 31, 2023 (2022: \$2.101M). Unearned premium reserve is comprised of the premium related to the unexpired portion of each deal.
17. At December 31, 2023, the Company has loss reserves of \$0.259M (2022: Nil) for the deals under the 'Specialty – Prize and Promotion Indemnity Reinsurance' class and there were no loss reserves under the 'General Parametric Reinsurance' class (2022: \$19.383M). In accordance with the reinsurance agreements in place between the Company and each insurance company that cedes risk to the Company, the Company has deposited collateral into reinsurance trust accounts equal to the limit of liability under all active deals.

At December 31, 2023, the expected future claims and expenses were greater than the sum of future earned premiums hence a premium deficiency loss of \$0.433M (2022: Nil) was recognized after expensing out deferred acquisition costs of \$0.584M (2022: Nil).

The following table represents a reconciliation of beginning and ending loss and loss expenses provisions:

	<b>2023</b>	<b>2022</b>
	In thousands (\$)	
Loss and loss expenses provisions, beginning of year	19,383	-
Incurred losses and loss expenses:		
Current year	692	20,410
Prior year	2,359	-
Total incurred losses and loss expenses	3,051	20,410
Loss payments:		
Current year	-	(1,027)
Prior year	(21,742)	-
Total loss payments	(21,742)	(1,027)
Loss and loss expenses provisions, end of year	692	19,383

During 2023, the Company paid all the losses of prior year for the deal under 'General Parametric Reinsurance' class.

- 20-28. Not applicable
29. The Company has no commissions, expenses, fees and taxes payable.
30. Not applicable

**SIG Re Ltd.**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**  
**December 31, 2023**

**Notes to the Balance Sheet** (continued)

31. (a) The Government of Bermuda enacted the Corporate Income Tax Act 2023 ('the Act') on December 27, 2023, introducing a 15% corporate income tax on Bermuda businesses within "In Scope Multinational Enterprise Groups" (as defined in the Act), effective from January 1, 2025. The Company is currently reviewing the Act's implications and will complete its assessment before the close of the initial taxable year, i.e., 2025, with anticipated tax filings in 2026, if applicable. The Company is currently reviewing the legislation, but the financials as presented do not reflect an impact as the Company expects to have a full credit against this Bermuda tax for the U.S. taxes incurred due to the section 953(d) election discussed in Note 17 of the General Notes to the Financial Statements.

The Organization for Economic Co-operation and Development ("OECD") has a framework to implement a global minimum corporate tax of 15% for companies with global revenues and profits above certain thresholds (referred to as "Pillar 2"), with certain aspects of Pillar 2 effective January 1, 2024 and other aspects effective January 1, 2025. While its uncertain whether the U.S. will enact legislation to adopt Pillar 2, certain countries have adopted such legislation, and other countries are in the process of introducing legislation to implement Pillar 2. The Company is still assessing the impact of Pillar 2.

- (b) Refer to Note 17 of General Notes to the Financial Statements.

32. Refer to Note 15 of General Notes to the Financial Statements.
33. Accounts payable and accrued expenses represent \$0.399M (2022: \$0.255M) of general and administrative expenses already incurred but not yet paid and \$0.051M (2022: Nil) of leasehold improvements incurred but not yet paid.
- 34-35. Not applicable
36. Sundry Liabilities includes Lease Liability of \$0.194M (2022: Nil) at December 31, 2023. Refer to Note 13 of Notes to the Balance Sheet.
37. Not applicable

**Notes to the Income Statement**

6. Not applicable
15. Not applicable
32. Not applicable
36. Not applicable