



AXCELUS FINANCIAL LIFE LTD.

Condensed General Purpose Financial Statements

For the Year Ended December 31, 2023

Axcelus Financial Life Ltd.
Condensed General Purpose Financial Statements
December 31, 2023

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Report of Independent Auditors

The Board of Directors
Axcelus Financial Life Ltd.
(formerly Lombard International Life Ltd.)

Opinions

We have audited the accompanying condensed financial statements of Axcelus Financial Life Ltd. (formerly known as Lombard International Life 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, including the related notes (collectively referred to as 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”).

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 accompanying condensed financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, 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 of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the *Auditors’ responsibilities for the audit of the 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Reference: Report of Independent Auditors on the condensed financial statements of Axcelus Financial Life Ltd. (formerly known as Lombard International Life Ltd.) as at December 31, 2023 and 2022 and for the years then ended.

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 accounting principles generally accepted in the United States of America, 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.

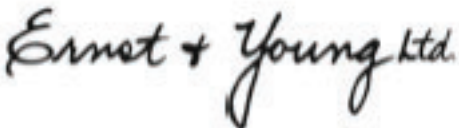
Auditors' Responsibilities for the Audit of the Condensed Financial Statements

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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the condensed financial statements.

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

- Exercise professional judgement and maintain professional skepticism 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.



April 29, 2024

Chartered Professional Accountants

CONDENSED GENERAL PURPOSE BALANCE SHEET

Axcelus Financial Life Ltd. formerly Lombard International Life Ltd

As at 31 December 2023

United States Dollars

LINE No.		2023	2022
1.	CASH AND CASH EQUIVALENTS	1,534,090	1,360,526
2.	QUOTED INVESTMENTS:		
(a)	Bonds and Debentures		
	Cash - Separate Accounts	-	-
	Short Term investments - Separate Accounts	-	-
(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	75,159	16,003
(h)	Total investments in and advances to affiliates	75,159	16,003
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	-	-

CONDENSED GENERAL PURPOSE BALANCE SHEET

Axcelus Financial Life Ltd, formerly Lombard International Life Ltd

As at

31 December 2023

United States Dollars

LINE No.		2023	2022
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	-	-
13.	SUNDRY ASSETS:		
(a)	Derivative instruments	-	-
(b)	Segregated accounts companies - long-term business - variable annuities	3,199,334,369	2,605,892,697
(c)	Segregated accounts companies - long-term business - other	358,601,623	444,169,978
(d)	Segregated accounts companies - general business	-	-
(e)	Deposit assets	-	-
(f)	Deferred acquisition costs	3,647,964	3,392,142
(g)	Net receivables for investments sold	-	-
(h)	Other - Prepaid expenses	79,619	38,374
(i)	Other - Right-of-use asset - property lease	193,280	15,091
(j)	Other - Miscellaneous receivable	-	69,756
(j)	Other - Amounts due to general account from segregated accounts	1,688,982	-
(k)	Total sundry assets	3,563,545,837	3,053,578,038
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	3,565,155,086	3,054,954,567
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:		

CONDENSED GENERAL PURPOSE BALANCE SHEET

Axcelus Financial Life Ltd. formerly Lombard International Life Ltd

As at

31 December 2023

United States Dollars

LINE No.		2023	2022
(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	106	200
22.	POLICY RESERVES - LIFE	53	100
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	159	316
(b)	Less: Reinsurance recoverable balance on long-term business		
	(i) Foreign Affiliates	-	-
	(ii) Domestic Affiliates	-	-
	(iii) Pools and Associations	-	-
	(iv) All Other Insurers	-	16
(c)	Total Reinsurance Recoverable Balance	-	16
(d)	Total Net Long-Term Business Insurance Reserves	159	300
	OTHER LIABILITIES		
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	19	10
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE	209,362	123,455
30.	LOANS AND NOTES PAYABLE	-	-
31.	(a) INCOME TAXES PAYABLE	-	-
	(b) DEFERRED INCOME TAXES	-	-
32.	AMOUNTS DUE TO AFFILIATES	698,134	1,314,489
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	683,666	423,410

CONDENSED GENERAL PURPOSE BALANCE SHEET

Axcelus Financial Life Ltd. formerly Lombard International Life Ltd

As at

31 December 2023

United States Dollars

LINE No.		2023	2022
34.	FUNDS HELD UNDER REINSURANCE CONTRACTS:	-	-
35.	DIVIDENDS PAYABLE	-	-
36.	SUNDRY LIABILITIES:		
(a)	Derivative instruments	-	-
(b)	Segregated accounts companies	3,557,935,992	3,048,441,121
(c)	Deposit liabilities	-	-
(d)	Net payable for investments purchased	-	-
(e)	Other sundry liabilities - Property lease liability	196,857	15,759
(f)		-	-
(g)		-	-
(h)	Total sundry liabilities	3,558,132,849	3,048,456,880
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	3,559,724,030	3,050,318,244
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	3,559,724,189	3,050,318,544
	CAPITAL AND SURPLUS		
40.	TOTAL CAPITAL AND SURPLUS	5,430,897	4,636,023
41.	TOTAL	3,565,155,086	3,054,954,567

CONDENSED GENERAL PURPOSE STATEMENT OF INCOME

Axcelus Financial Life Ltd. formerly Lombard International Life Ltd
As at December 31, 2023
United States Dollars

LINE No.		2023	2022
	GENERAL BUSINESS UNDERWRITING INCOME		
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	-	-
7.	TOTAL GENERAL BUSINESS UNDERWRITING INCOME	-	-
	GENERAL BUSINESS UNDERWRITING EXPENSES		
8.	NET LOSSES 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	-	-
	(b) Assumed gross premiums and other considerations	-	-
	(c) Total gross premiums and other considerations	-	-
13.	PREMIUMS CEDED	(112)	(117)
14.	NET PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Life	-	-
	(b) Annuities	(112)	(117)
	(c) Accident and health	-	-
	(d) Total net premiums and other considerations	(112)	(117)
15.	OTHER INSURANCE INCOME	6,259,507	5,834,245
16.	TOTAL LONG-TERM BUSINESS INCOME	6,259,395	5,834,128
	LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES		
17.	CLAIMS - LIFE	-	-
18.	POLICYHOLDERS' DIVIDENDS	-	-
19.	SURRENDERS	-	-
20.	MATURITIES	-	-
21.	ANNUITIES	-	-

CONDENSED GENERAL PURPOSE STATEMENT OF INCOME

Axcelus Financial Life Ltd. formerly Lombard International Life Ltd
As at December 31, 2023
United States Dollars

LINE No.		2023	2022
22.	ACCIDENT AND HEALTH BENEFITS	-	-
23.	COMMISSIONS	1,142,852	1,101,399
24.	OTHER	-	-
25.	TOTAL LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES	1,142,852	1,101,399
26.	INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES):		
	(a) Life	(140)	(97)
	(b) Annuities	(2)	(23)
	(c) Accident and health	-	-
	(d) Total increase (decrease) in policy reserves	(142)	(120)
27.	TOTAL LONG-TERM BUSINESS EXPENSES	1,142,710	1,101,279
28.	NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS	5,116,685	4,732,849
29.	COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS	5,116,685	4,732,849
	UNDERNOTED ITEMS		
30.	COMBINED OPERATING EXPENSE		
	(a) General and administration	753,849	708,918
	(b) Personnel cost	4,394,806	2,394,828
	(c) Other	(90,896)	(29,561)
	(d) Total combined operating expenses	5,057,759	3,074,185
31.	COMBINED INVESTMENT INCOME - NET	71,199	2
32.	COMBINED OTHER INCOME (DEDUCTIONS)	-	-
33.	COMBINED INCOME BEFORE TAXES	130,125	1,658,666
34.	COMBINED INCOME TAXES (IF APPLICABLE):		
	(a) Current	-	-
	(b) Deferred	-	-
	(c) Total	-	-
35.	COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	130,125	1,658,666
36.	COMBINED REALIZED GAINS (LOSSES)	-	-
37.	COMBINED INTEREST CHARGES	-	-
38.	NET INCOME	130,125	1,658,666

CONDENSED GENERAL PURPOSE STATEMENT OF CAPITAL AND SURPLUS

Axcelus Financial Life Ltd. formerly Lombard International Life Ltd
 As at **December 31, 2023**
 United States Dollars

LINE No.		2023	2022
1.	CAPITAL:		
(a)	Capital Stock		
	(i) Common Shares	250,000	250,000
	authorized	250,000	
	value	\$ 1,000	
	fully paid	250,000	
		shares of par	each issued and
			shares
	(ii)		
	(A) Preferred shares:	-	-
	authorized	-	
	value	\$ -	
	fully paid	-	
		shares of par	each issued and
			shares
	aggregate liquidation value for –		
	2023	-	
	2022	-	
	(B) Preferred shares issued by a subsidiary:	-	-
	authorized	-	
	value	\$ -	
	fully paid	-	
		shares of par	each issued and
			shares
	aggregate liquidation value for –		
	2023	-	
	2022	-	
	(iii) Treasury Shares	-	-
	repurchased	-	
	value	\$ -	
		shares of par	each issued
(b)	Contributed surplus	5,422,473	4,757,724
(c)	Any other fixed capital		
	(i) Hybrid capital instruments	-	-
	(ii) Guarantees and others	-	-
	(iii) Total any other fixed capital	-	-
(d)	Total Capital	5,672,473	5,007,724
2.	SURPLUS:		
(a)	Surplus - Beginning of Year	(371,701)	(2,315,615)
(b)	Add: Income for the year	130,125	1,658,666
(c)	Less: Dividends paid and payable	-	-
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments	-	-
(e)	Add (Deduct) change in any other surplus	-	285,248
(f)	Surplus - End of Year	(241,576)	(371,701)
3.	MINORITY INTEREST	-	-
4.	TOTAL CAPITAL AND SURPLUS	5,430,897	4,636,023

Axcelus Financial Life Ltd.
General Note to the Condensed General Purpose Financial Statements

1. Shareholder Controllers of the Insurer and Insurer's Affiliates Consolidated with the Insurer

Axcelus Financial Life Ltd. (the "Company") (formerly Lombard International Life Ltd.) was incorporated on March 5, 2012 under the laws of Bermuda and is licensed as a Class C insurer under the Insurance Act, 1978 of Bermuda and related regulations. The Company is a wholly owned subsidiary of Axcelus Financial Bermuda Holdings Ltd. (formerly Lombard International Bermuda Holdings Ltd., a Bermuda holding company).

On November 30, 2023, Lombard International Life Ltd.'s former ultimate parent, LIA Holdings Ltd., sold Lombard International Bermuda Holdings Ltd. and subsidiaries, including Lombard International Life Ltd., to AXL Wealth Acquisition, LLC, an affiliate of BroadRiver Asset Management, L.P.

On December 27, 2023, Lombard International Life Insurance Ltd. changed its name to Axcelus Financial Life Ltd.

On December 27, 2023, Lombard International Bermuda Holdings Ltd. changed its name to Axcelus Financial Bermuda Holdings Ltd.

2. General Nature of the Risks Underwritten by the Insurer

The Company is in the business of issuing life insurance and annuity products to High Net Worth Individuals (HNWIs) and institutional policyholders. The Company has registered under the Segregated Accounts Companies Act 2000. A separate segregated account of the Company is linked to each annuity product issued to each policyholder who requires US compliant private placement annuity products.

3. Accounting Standards and Principles on which the Condensed General Purpose Financial Statements are based

Basis of Presentation

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").

In connection with the aforementioned change in ownership, the Company converted from basing these condensed general purpose financial statements on International Financial Reporting Standards (IFRS) to Accounting Principles Generally Accepted in the United States of America (U.S. GAAP). For purposes of these condensed general purpose financial statements, the conversion was effective January 1, 2022, the earliest period presented in these financial statements.

As result of this conversion, the Company's capital and surplus increased \$395,565 and \$285,248 effective January 1, 2023 and 2022, respectively. The increase resulted from the revaluation of deferred acquisition costs recognized by the Company to conform with U.S. GAAP. The conversion did not result in a change in the amount of acquisition costs previously deferred. Under IFRS, deferred acquisition costs are amortized on a straight line basis, whereas under U.S. GAAP, they are amortized based upon estimated gross profits of the underlying business.

Axcelus Financial Life Ltd.
General Note to the Condensed General Purpose Financial Statements (continued)

The impact to the previously reported December 31, 2022 condensed general purpose financial statements is shown in the tables below:

December 31, 2022 Condensed General Purpose Balance Sheet

	As previously reported - IFRS	Impact of IFRS to U.S. GAAP Conversion	As currently reported - U.S. GAAP
Deferred acquisition costs	\$ 2,996,577	\$ 395,565	\$ 3,392,142
Other assets	<u>3,051,562,425</u>	<u>-</u>	<u>3,051,562,425</u>
Total assets	<u>\$ 3,054,559,002</u>	<u>\$ 395,565</u>	<u>\$ 3,054,954,567</u>
Liabilities	\$ 3,050,318,544	\$ -	\$ 3,050,318,544
Capital and surplus	<u>4,240,458</u>	<u>395,565</u>	<u>4,636,023</u>
	<u>\$ 3,054,559,002</u>	<u>\$ 395,565</u>	<u>\$ 3,054,954,567</u>

December 31, 2022 Condensed General Purpose Income Statement

	As previously reported-IFRS	Impact of IFRS to U.S. GAAP Conversion	As currently reported - U.S. GAAP
Combined net underwriting results before the undernoted items	\$ 4,732,849	\$ -	\$ 4,732,849
Total combined operating expenses	(3,184,502)	110,317	(3,074,185)
Combined investment income - net	<u>2</u>	<u>-</u>	<u>2</u>
	<u>\$ 1,548,349</u>	<u>\$ 110,317</u>	<u>\$ 1,658,666</u>

December 31, 2022 Condensed General Purpose Statement of Capital and Surplus

	As previously reported-IFRS	Impact of IFRS to U.S. GAAP Conversion	As currently reported - U.S. GAAP
Capital stock	\$ 250,000	\$ -	\$ 250,000
Contributed surplus	4,757,724	-	4,757,724
Surplus:			
Surplus - beginning of year	(2,315,615)	-	(2,315,615)
Add: net income	1,548,349	110,317	1,658,666
Add (deduct) change in any other surplus	<u>-</u>	<u>285,248</u>	<u>285,248</u>
Surplus - end of year	(767,266)	395,565	(371,701)
Total capital and surplus	<u>\$ 4,240,458</u>	<u>\$ 395,565</u>	<u>\$ 4,636,023</u>

Axcelus Financial Life Ltd.
General Note to the Condensed General Purpose Financial Statements (continued)

The condensed general purpose financial statements are based on U.S. GAAP but are in accordance with the reporting requirements of the Legislation, which varies in certain respects from U.S. GAAP. The more significant variances are as follows:

- A statement of cash flow is not included in the condensed general purpose financial statements but is required for financial statements prepared under U.S. GAAP;
- A statement of comprehensive income is not included in the condensed general purpose financial statements but is required for financial statements prepared under U.S. GAAP;
- The presentation and classification of financial statement line items are in accordance with Schedules IX and XI of the Insurance Account Rules 2016 and differ from the expected presentation and classification under U.S. GAAP; and
- The notes in the condensed general purpose financial statements are in accordance with Schedule X of the Insurance Account Rules 2016 and exclude certain disclosures required under U.S. GAAP.

4. Accounting Policies

a) Product classification

The Company's products are classified for accounting purposes as either investment contracts or insurance contracts.

Investment Contracts

The Company defines individual and group variable annuity products which do not transfer significant insurance risk, as investment contracts.

Unit-linked investment contract premiums

Investment contract premiums and policyholder contributions received in respect of the investment contract are treated as policyholder deposits and are not recorded as revenue in the condensed general purpose statement of income. Premiums received for investment contracts are accounted for as deposits and recorded on the condensed general purpose balance sheet within Line 13(b) - Sundry Assets, Segregated Accounts Companies - Long-Term Business - Variable Annuities, with a corresponding liability in line 36(b) - Sundry Liabilities - Segregated Accounts Companies.

Annuity Benefits and Withdrawals

Annuity benefits on investment contracts are recognized when payment is due and are reflected in the condensed general purpose statement of income within Line 21 - Long-Term Business Deductions and Expenses – Annuities, net of any applicable reinsurance recoveries.

Policyholder withdrawals from investment contracts are accounted for when payment is due and are deducted from the policyholder account balances reflected in Lines 13(b) and 36(b) of the condensed general purpose balance sheet.

Axcelus Financial Life Ltd.
General Note to the Condensed General Purpose Financial Statements (continued)

Insurance Contracts

Insurance Contracts are recognized and measured in accordance with U.S. GAAP, specifically Accounting Standards Codification (ASC) 944 – *Financial Services – Insurance*.

Insurance contracts are those contracts where the Company (the insurer) has accepted significant insurance risk from another party, the policyholder, by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Company determines whether it has significant insurance risk, when at least one scenario with commercial substance can be identified in which the Company has to pay significant additional benefits to the policyholder. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime.

Unit-linked insurance premiums

Premiums received on unit-linked insurance contracts are treated as policyholder deposits and are not recorded as revenue in the condensed general purpose statement of income. Premiums received for insurance contracts are accounted for as deposits on the condensed general purpose balance sheet within Line 13(c): Segregated Accounts Companies - Long-Term Business - Other, with a corresponding liability in Line 36(b) -Segregated Accounts Companies.

Policy claims and benefits

Death claims related to insurance contracts are reported in the condensed general purpose statement of income within Line 17: Long-Term Deductions and Expenses – Claims – Life. Death claims are accounted for on notification of death.

Surrenders are accounted for when payment is due and are deducted from the policyholder account balances reflected in Line 13(c) on the condensed general purpose balance sheet, net of any applicable surrender charges.

Insurance reserves

The Company's policy reserves reflected in Line 22 of the condensed general purpose balance sheet are actuarially calculated reserves representing the present value of expected future benefit payments under the terms of the unit-linked insurance contracts.

A reserve for an estimated amount of incurred but not reported death claims is reflected in Line 21 of the condensed general purpose balance sheet.

(b) Revenue Recognition

Investment contract policyholders are charged fees for policy administration and other contract services. The fees may be for fixed amounts, vary with the amount of assets being managed, or vary with the amount of investment contract premiums or contributions received by the policyholder. Such fees are charged as an adjustment to the policyholders' balance. These fees are recognized as revenue in the condensed general purpose statement of income within Line 15 - Long-Term Business Income, Other Insurance Income, in the period in which the services are performed.

Axcelus Financial Life Ltd.
General Note to the Condensed General Purpose Financial Statements (continued)

Unit-linked life insurance policyholders are charged fees for policy administration and other contract services. Such fees are recognized as revenue in the condensed general purpose statement of income within Line 15: Long-Term Business Income, Other Insurance Income. These fees generally include the following:

- (i). Asset based fees, representing charges to policyholders' accounts for the administration of the assets under administration ("AUA"). Services related to the administration of unit-linked contracts are recognized as revenue as the services are provided.
- (ii). Cost of insurance charges, which represent risk charges to policy holder accounts on a monthly basis and recognized as revenue over the associated risk period.
- (iii). Structuring fees, which the Company may receive from investment managers upon the creation and/or launching of a new investment program, and
- (iv). Other contract fees, representing front-end load charges to policyholder accounts primarily resulting from initial premiums deposited into policyholder accounts for new policies, and fees earned from investment managers

(c) Reinsurance

Reinsurance contracts are contracts entered into by the Company in order to receive compensation for claims/benefits incurred on contracts written by the Company. For contracts transferring sufficient insurance risk, the actuarial reserves related to unit-linked insurance contracts are reduced by anticipated reinsurance recoverable amounts.

Reinsurance premiums are recognized on the condensed general purpose statement of income within Line 13 - Long-Term Business Income – Premiums Ceded, when payment is due.

Amounts payable in respect of future reinsurance premiums are reported on the condensed general purpose balance sheet within Line 28 - Other Liabilities – Insurance and Reinsurance Balances Payable.

Reinsurance recoveries, in respect of claims on unit-linked insurance contract are accounted for in the same period as the related claim. Amounts recoverable from reinsurers in respect of claims are reported on the condensed general purpose balance sheet within Line 11 - Reinsurance Balances Receivable.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(e) Investments

The policyholder investments held by the Company are initially and subsequently recognized at fair value. Policyholder investments are presented on the condensed general purpose balance sheet within Line 13(b) - Sundry Assets, Segregated Accounts Companies - Long-Term Business - Variable Annuities and Line 13(c) - Segregated Accounts Companies - Long-Term Business - Other, with a corresponding liability in Line 36(b) - Sundry Liabilities - Segregated Accounts Companies.

Axcelus Financial Life Ltd.
General Note to the Condensed General Purpose Financial Statements (continued)

(f) Investment Return

Gains and losses and investment income due to unit-linked contracts are credited to the individual policy holder account; as unit-linked contracts bear the investment risk. Such balances are not presented in the condensed general purpose statement of income on a gross basis for the years ended December 31, 2023 and 2022.

Investment income on cash and cash equivalents and investments of the Company may include dividends and interest. Investment income related to cash and cash equivalents and investments of the Company is reported on the condensed general purpose statement of income within Line 31 - Combined Investment Income – Net. Realized and unrealized investment gains losses pertaining to cash and cash equivalents and investments of the Company are reported on the condensed general purpose statement of income within Line 36 - Combined Realized Gains (Losses). For the years ended December 31, 2023 and 2022, the Company recognized \$71,199 and \$0 of investment income. There were no realized and unrealized gains (losses) pertaining to cash and cash equivalents and investments of the Company for the years ended December 31, 2023 and 2022.

(g) Advances to Affiliates and Amounts Due to Affiliates

Advances to affiliates primarily represent amounts due from Axcelus Financial Life Insurance Company (Bermuda) Ltd. (“AFLICBM”) and Axcelus Financial Global Insurance Ltd. (“AFGL”), both of which are sister companies and affiliates of the Company, related to employee compensation and benefits costs allocated by the Company to AFLICBM and AFGL. The Company recognizes these costs allocated to AFLICBM and AFGL on the condensed general purpose statement of income as a reduction to Line 30(b) - Combined Operating Expense - Personnel Cost, in the period in which the services are performed.

Amounts due to affiliates primarily represent amounts due by the Company to Axcelus Financial Life Insurance Company (“AFLIC”), an affiliate. AFLIC allocates certain employee compensation and benefits costs and other general and administrative expenses to the Company. These costs allocated by AFLIC to the Company are recognized in the condensed general purpose statement of income within Line 30(a) - Combined Operating Expense- General and Administration and Line 30(b) - Combined Operating Expense - Personnel Cost, as appropriate, in the period in which the services are performed by AFLIC.

(h) Deferred Acquisition Costs

Deferred acquisition costs represent the direct costs attributable to the successful acquisition of new or renewal contracts. Acquisition costs deferred by Company represent portions of the compensation and benefits expenses of specific employees that is attributed to the successful acquisition of new business. Acquisition costs are deferred to the extent the costs are recoverable in the future and are amortized based on the expected gross profits of the underlying business over the expected life of the contracts, which is currently 20 years.

Unamortized acquisition costs are reported in Line 13(f) - Sundry Assets, Deferred Acquisition Costs of the condensed general purpose balance sheet. Acquisition costs being deferred are reported in the condensed general purpose income statement as a reduction of Line 30(b) – Combined Operating Expenses – Personnel Costs. Amortization of deferred acquisition costs is reported in the condensed general purpose income statement in Line 30(c) – Combined Operating Expenses – Other.

Axcelus Financial Life Ltd.
General Note to the Condensed General Purpose Financial Statements (continued)

(i) Amounts due from Segregated Companies

Amounts due from segregated companies represent asset based fees and other contract fees due to the Company from policyholder balances that have been earned by the Company but not yet transferred to the general account. Such balances shown in the condensed general purpose balance sheet within Line 13(i) - Other - Amounts due to general account from segregated accounts, for the year ended December 31, 2023. Such balances are netted against Line 36(b) - Segregated Accounts Companies on the condensed general purpose balance sheet for the year ended December 31, 2022.

(j) Income Tax

The Company is not subject to Bermuda income or capital gains tax under current Bermuda law. The Company is not subject to tax in any other jurisdiction.

On December 27, 2023, the Bermuda government enacted the Bermuda Corporate Income Tax Act 2023 (the "CITA"). Effective in 2025, the CITA imposes a 15% corporate income tax ("CIT") on Bermuda businesses that are part of certain multinational enterprise groups ("MNE groups") with €750 million of revenue. The CITA disregards Tax Assurance Certificates issued under the Bermuda Exempted Undertakings Tax Protection Act of 1966 (the "TPA") for in-scope entities. While the Company is assessing guidance from the Bermuda government, the Company does not expect to be a member of an MNE group that meets the €750 million revenue threshold and that the CIT not apply to the Company.

(k) Federal Excise Tax

The Company collects federal excise tax on insurance contracts and investment contracts where the insured, owner, or annuitant is a citizen of the United States of America. The applicable excise taxes are deducted from policyholder accounts. Federal excise taxes deducted from policyholder accounts and not yet remitted to the Internal Revenue Service are reflected as a liability reported within Line 29 – Commissions, Expenses, Fees and Taxes Payable.

(l) Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities generally include incurred and unpaid expenses related to independent audit, actuarial and other services received from outside service providers. The Company recognizes these expenses on the condensed general purpose statement of income within Line 30(a) - Combined Operating Expense – General and Administration in relation to the period in which the services are performed.

Axcelus Financial Life Ltd.
General Note to the Condensed General Purpose Financial Statements (continued)

(m) Commissions

The Company incurs commission expense related to amounts paid to its distribution partners. The commissions are recognized when due to distribution partners, and may be for fixed amounts, vary with the amount of assets being managed, or vary with the amount of investment contract premiums or contributions received by the policyholder. Commission expenses incurred are reported in the condensed general purpose statement of income within Line 23 – Long-Term Business Deductions and Expenses – Commissions. Commissions incurred but not paid to distribution partners are recognized on the condensed general purpose balance sheet within Line 29 – Commissions, expenses, fees and taxes payable.

5. Basis of Recognition of Premium, Investment, and Commission Income

The basis of recognition of investment income and commission income are described in Item 4 – Accounting Policies. The Company does not recognize premium income from its unit-linked investment contracts and unit-linked insurance contracts.

6. Currency Translation Method

Not applicable.

7. Foreign Exchange Control Restrictions

Not applicable.

8. Nature and Amount of Material Contingencies or Commitments

There are no material contingencies or commitments to be recognized in the condensed general purpose financial statements.

9. Defaults by the Insurer

Not applicable

10. Arrears of Dividends on Preferred Cumulative Shares

Not applicable.

11. Loans to Directors and Officers

Not applicable.

12. Retirement Benefits

Not applicable.

Axcelus Financial Life Ltd.
General Note to the Condensed General Purpose Financial Statements (continued)

13. Fair Value of Investments

Investments of the Company and policyholder investments measured at fair value in the accompanying financial statements are classified into a fair value hierarchy by level based on the following:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following tables present the investments of the Company and policyholder investments by level for the fair value hierarchy:

December 31, 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Company investments:				
Cash and cash equivalents	\$ 1,534,090	\$ -	\$ -	\$ 1,534,090
Policyholders' investments:				
Fixed income securities	-	4,944,198	-	4,944,198
Equities	68,278,841	27,106,081	-	95,384,922
Investment in collective investment schemes	-	739,943	3,455,943,944	3,456,683,887
Cash and cash equivalents	<u>922,985</u>	<u>-</u>	<u>-</u>	<u>922,985</u>
	<u>69,201,826</u>	<u>32,790,222</u>	<u>3,455,943,944</u>	<u>3,557,935,992</u>
Total Company and Policyholders' Investments	\$ <u>70,735,916</u>	\$ <u>32,790,222</u>	\$ <u>3,455,943,944</u>	\$ <u>3,599,470,082</u>

December 31, 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Company investments:				
Cash and cash equivalents	\$ 1,360,526	\$ -	\$ -	\$ 1,360,526
Policyholders' investments:				
Fixed income securities	-	23,262,694	-	23,262,694
Equities	64,711,366	27,734,360	-	92,445,726
Investment in collective investment schemes	-	575,713	2,932,660,785	2,933,236,498
Cash and cash equivalents	<u>1,117,757</u>	<u>-</u>	<u>-</u>	<u>1,117,757</u>
	<u>65,829,123</u>	<u>51,572,767</u>	<u>2,932,660,785</u>	<u>3,050,062,675</u>
Total Company and Policyholders' Investments	\$ <u>67,189,649</u>	\$ <u>51,572,767</u>	\$ <u>2,932,660,785</u>	\$ <u>3,051,423,201</u>

Axcelus Financial Life Ltd.
General Note to the Condensed General Purpose Financial Statements (continued)

14. Contractual Maturity Profile of Insurer’s Fixed Maturity and Short-Term Investments

Not applicable.

15. Related Party Transactions

The Company’s related party transactions primarily pertain to employee compensation and benefit costs either allocated to or allocated from its affiliates. The following table represents the impact of these related party transactions on the condensed general purpose statement of income:

	Year Ended December 31, 2023	Year Ended December 31, 2022	Reporting Line within the Condensed General Purpose Income Statement
Employee compensation and benefits costs:			
Allocated from affiliates to the Company	\$ 2,869,662	\$ 2,812,816	Line 30(b) – Personnel Cost
Allocated by the Company to other affiliates	<u>(109,679)</u>	<u>(75,625)</u>	Line 30(b) – Personnel Cost
	<u>\$ 2,759,983</u>	<u>\$ 2,737,191</u>	

As of December 31, 2023 and 2022, the Company reported \$75,159 and \$16,003, respectively of amounts due from its affiliates on the condensed general purpose balance sheet within Line 4(g) - Advances to Affiliates.

As of December 31, 2023 and 2022, the Company reported \$698,134 and \$1,314,489, respectively of amounts due to its affiliates on the condensed general purpose balance sheet within Line 32 - Amounts due to Affiliates.

16. Subsequent Events

There were no material transactions or events that occurred between December 31, 2023 and the date that these condensed general purpose financial statements were approved that materially affect these financial statements.

17. Other Information

Not applicable.

Axcelus Financial Life Ltd.
Notes to the Condensed General Purpose Balance Sheet

1. Cash and Cash Equivalents

There are no encumbrances on cash or cash equivalents at December 31, 2023 and 2022.

2. Quoted Investments

The Company has no quoted investments recorded on the condensed general purpose balance sheet at December 31, 2023 and 2022.

3. Unquoted Investments

The Company has no unquoted investments recorded on the condensed general purpose balance sheet at December 31, 2023 and 2022.

4. Investment in and Advances to Affiliates

The Company has no investments in affiliates.

Amounts due to or from affiliates pertaining to the related party transactions described in Item 15 in the General Note to the Condensed General Purpose Financial Statements are generally due within 30 days following the end of the period in which the related services are provided.

5. Investment in Mortgage Loans on Real Estate

The Company has no investments in mortgage loans on real estate at December 31, 2023 and 2022.

6. Policy loans

Not applicable.

7. Real Estate

Not applicable.

8. Collateral Loans

Not applicable.

9. Investment Income Due and Accrued

Not applicable.

10. Accounts and Premiums Receivable

Not applicable.

Axcelus Financial Life Ltd.
Notes to the Condensed General Purpose Balance Sheet (continued)

11. Reinsurance Balances Receivable

Not applicable.

12. Funds Held by Ceding Reinsurers

Not applicable.

13. Sundry Assets

The Company does not hold any derivatives or embedded derivatives.

Sundry assets consist of the following:

	*	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Segregated account companies - long-term business – variable annuities	4(e)	\$ 3,199,334,369	\$ 2,605,892,697
Segregated account companies - long-term business – other (variable life)	4(e)	358,601,623	444,169,978
Deferred acquisition costs	4(h)	3,647,964	3,392,142
Right-of-use asset – property lease		193,280	15,091
Prepaid expenses		79,619	38,374
Amounts due to general accounts from segregated accounts	4(i)	1,688,982	-
Miscellaneous receivable		-	69,756
Total		<u>\$ 3,563,545,837</u>	<u>\$ 3,053,578,038</u>

* Refer to the indicated Note in the General Note to the Condensed General Purpose Financial Statements for additional information regarding the nature of these balances.

The following table represents the activity of deferred acquisition costs:

	<u>Year Ended</u>	<u>Year Ended</u>	<u>Reporting Line within the</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Condensed General Purpose</u>
			<u>Income Statement</u>
Beginning balance, January 1	\$ 3,392,142	\$ 1,628,724	
Impact of IFRS to U.S. GAAP conversion	-	285,248	**
Costs deferred during the year	-	1,532,229	Line 30(b) – Personnel Cost
Amortization of deferred acquisition costs	<u>255,822</u>	<u>(54,059)</u>	Line 30(c) – Other
Ending balance, December 31	<u>\$ 3,647,964</u>	<u>\$ 3,392,142</u>	

* Amount recognized in Line 2(e) of the Condensed General Purpose Statement of Capital and Surplus

14. Letters of Credit, Guarantees, and Other Instruments

Not applicable.

Axcelus Financial Life Ltd.
Notes to the Condensed General Purpose Balance Sheet (continued)

16. Unearned Premium Reserve

Not applicable

17. Loss and Loss Expense Provisions

Not applicable

20. Reserve for Reported Claims

Not applicable.

21. Reserve for Unreported Claims

Refer to the Item 4(a) of the General Note to the Condensed General Purpose Financial Statements for information related to reserves for unreported claims.

22. Policy Reserves – Life

Refer to the Item 4(a) of the General Note to the Condensed General Purpose Financial Statements for information related to reserves for unreported claims.

23. Policy Reserves – Accident and Health

Not applicable.

24. Policyholders' Funds on Deposit

The Company has not recorded any Policyholders' Funds on Deposit at December 31, 2023 and 2022.

25. Liability for Future Policyholder's Dividends

Not applicable.

26. Other Long-Term Business Insurance Reserves

Not applicable.

27. Total Long-Term Business Insurance Reserves

There are no restricted assets held for security against liabilities or contingent liabilities, or unsecured policyholder obligations at December 31, 2023 and 2022.

Axcelus Financial Life Ltd.
Notes to the Condensed General Purpose Balance Sheet (continued)

28. Insurance and Reinsurance Balances Payable

There are no insurance or reinsurance balances payable to affiliates at December 31, 2023 and 2022. Reinsurance premiums payable of \$19 and \$10 at December 31, 2023 and 2022, respectively, were payable to one unaffiliated reinsurer.

29. Commissions, Expenses, Fees, and Taxes Payable

The following summarizes the activity for the Company's federal excise tax liability:

	<u>Year Ended</u> <u>December 31, 2023</u>	<u>Year Ended</u> <u>December 31, 2022</u>
Federal excise tax liability, beginning of year	\$ -	\$ 5,376
Amounts withheld from policyholder accounts	-	12,999
Amounts remitted to the U.S. Internal Revenue Service	-	(18,375)
Federal excise tax liability, end of year	<u>\$ -</u>	<u>\$ -</u>

30. Loans and Notes Payable

Not applicable.

31. Income Taxes Payable and Deferred Income Taxes

Refer to Item 4(j) in the General Note to the Condensed General Purpose Financial Statement for information regarding income taxes.

32. Amounts Due to Affiliates

Amounts due to or from affiliates pertaining to the related party transactions described in Item 15 in the General Note to the Condensed General Purpose Financial Statement are generally due within 30 days following the end of the period in which the related services are provided.

33. Accounts Payable and Accrued Liabilities

Refer to Item 4(l) in the General Note to the Condensed General Purpose Financial Statement for information regarding accounts payable and accrued liabilities.

34. Funds Held Under Reinsurance Contracts

Not applicable.

35. Dividends Payable

Not applicable.

Axcelus Financial Life Ltd.
Notes to the Condensed General Purpose Balance Sheet (continued)

36. Sundry Liabilities

The Company does not hold any derivatives or embedded derivatives.

Sundry liabilities consist of the following:

	*	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Segregated account companies - variable annuity account values	4(e)	\$ 3,199,334,369	\$ 2,605,892,697
Segregated account companies - variable life account values	4(e)	358,601,623	444,169,978
Amounts due to the general account from the segregated accounts for policy fees to be settled in the short term	1(i)	-	(1,621,554)
Property lease liability		<u>196,857</u>	<u>15,759</u>
Total		<u>\$ 3,558,132,849</u>	<u>\$ 3,048,456,880</u>

* Refer to the indicated Note in the General Note to the Condensed General Purpose Financial Statements for additional information regarding the nature of these balances.

37. Letters of Credit, Guarantees, and Other Instruments

Not applicable.

Axcelus Financial Life Ltd.
Notes to the Condensed General Purpose Statement of Income

6. Other Insurance Income (General Business)

Not applicable.

15. Other Insurance Income (Long-Term Business)

Other insurance income includes fees charged by the Company to the segregated accounts. The nature of the fees charged includes the following:

	<u>Year Ended</u> <u>December 31, 2023</u>		<u>Year Ended</u> <u>December 31, 2022</u>
Asset based fees	\$ 6,258,974	\$	5,833,692
Cost of insurance charges	<u>533</u>		<u>553</u>
Total	<u>\$ 6,259,507</u>	\$	<u>5,834,245</u>

Refer to item 4(b) in the General Note to the Condensed General Purpose Financial Statements for information regarding the nature of the balances recognized by the Company as other insurance income.

32. Combined Other Income (Deductions)

The Company has not reported any amounts within this line item for the years ended December 31, 2023 and 2022.

36. Combined Realized Gains (Losses)

Not applicable.

Axcelus Financial Life Ltd.
Notes to the Condensed General Purpose Statement of Capital and Surplus

1(a) Capital Stock

At December 31, 2023 and 2022, the Company had 250,000 authorized, issued and fully paid common shares of \$1 par value capital stock.

There have been no share repurchases with respect to the capital stock of the Company.

1(b) Contributed Surplus

The following table represents activity of the Company's contributed surplus:

	Year Ended December 31, 2023	Year Ended December 31, 2022
Contributed surplus, beginning of year	\$ 4,757,724	\$ 4,773,061
Return of capital	(35,251)	(15,337)
Capital contribution	700,000	-
Contributed surplus, end of year	<u>\$ 5,422,473</u>	<u>\$ 4,757,724</u>

The returns of capital for the years ended December 31, 2023 and 2022 in the preceding table represents certain general and administrative expenses that the Company paid on behalf of Axcelus Financial Bermuda Holdings Ltd. during the years ended December 31, 2023 and 2022.

2(c) Dividends Paid and Payable

Not applicable.