

BERMUDA LIFE WORLDWIDE LIMITED

Condensed Financial Statements
(With Independent Auditor's Report Thereon)

December 31, 2023 and December 31, 2022



Deloitte & Touche LLP
Torre Chardón
350 Chardón Avenue, Ste. 700
San Juan, PR 00918
USA

Tel: +1 787 282 5300
www.deloittenet.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Bermuda Life Worldwide Limited:

Opinions

We have audited the condensed financial statements of Bermuda Life Worldwide Limited (the "Company"), which comprise the condensed balance sheets as of December 31, 2023 and 2022, and the related condensed statements of income, and capital and surplus for the year ended December 31, 2023 and 2022, and the related notes to the condensed financial statements (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 year ended December 31, 2023 and 2022, 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 Accounting Generally Accepted in the United States of America

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America 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 year ended December 31, 2023 and 2022.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1 to the condensed financial statements, since the Company is a member of a controlled group of affiliated companies, its results may not be indicative of those of a stand-alone entity. Our opinion is not modified with respect to this matter.

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

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.

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 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 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. 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.

Debatte & Touche LLP

June 28, 2024

Stamp No. E559665
affixed to original



LICENCE NO. 230
EXPIRES: DECEMBER 1, 2025
WE STATE THAT NONE OF OUR
PARTNERS IS A STOCKHOLDER
DIRECTOR OR EMPLOYEE OF THE
CORPORATION.

CONDENSED BALANCE SHEET

Bermuda Life Worldwide Limited
 As at **December 31, 2023**
 expressed in ['000s] **Bermuda Dollars**

| LINE No. | | 2023 | 2022 |
|----------|--|----------|----------|
| 1. | CASH AND CASH EQUIVALENTS | \$ 7,280 | \$ 5,392 |
| 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 | 2,439 | 2,164 |
| (d) | Total equities | 2,439 | 2,164 |
| (e) | Other quoted investments | | |
| (f) | Total quoted investments | 2,439 | 2,164 |
| 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 | 6,432 | 6,029 |
| (f) | Total unquoted investments | 6,432 | 6,029 |
| 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 | 250 | 465 |
| (h) | Total investments in and advances to affiliates | 250 | 465 |
| 5. | INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE: | | |
| (a) | First liens | - | - |
| (b) | Other than first liens | - | - |
| (c) | Total investments in mortgage loans on real estate | - | - |
| 6. | POLICY LOANS | - | - |
| 7. | REAL ESTATE: | | |
| (a) | Occupied by the company (less encumbrances) | - | - |
| (b) | Other properties (less encumbrances) | - | - |
| (c) | Total real estate | - | - |
| 8. | COLLATERAL LOANS | - | - |
| 9. | INVESTMENT INCOME DUE AND ACCRUED | - | - |
| 10. | ACCOUNTS AND PREMIUMS RECEIVABLE: | | |
| (a) | In course of collection | - | - |
| (b) | Deferred - not yet due | - | - |
| (c) | Receivables from retrocessional contracts | - | - |
| (d) | Total accounts and premiums receivable | - | - |
| 11. | REINSURANCE BALANCES RECEIVABLE: | | |
| (a) | Foreign affiliates | - | - |
| (b) | Domestic affiliates | - | - |
| (c) | Pools & associations | - | - |
| (d) | All other insurers | 83 | 77 |
| (e) | Total reinsurance balance receivable | 83 | 77 |
| 12. | FUNDS HELD BY CEDING REINSURERS | - | - |

CONDENSED BALANCE SHEET

Bermuda Life Worldwide Limited
 As at **December 31, 2023**
 expressed in ['000s] **Bermuda 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 | - | - |
| (g) | Net receivables for investments sold | - | - |
| (h) | Other receivables | 8 | - |
| (i) | Other Sundry Assets (Specify) | - | - |
| (j) | Other Sundry Assets (Specify) | - | - |
| (k) | Total sundry assets | 8 | - |
| 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 | \$ 16,492 | \$ 14,127 |
| | TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS | | |
| 16. | UNEARNED PREMIUM RESERVE | | |
| (a) | Gross unearned premium reserves | - | - |
| (b) | Less: Ceded unearned premium reserve | | |
| | i. Foreign affiliates | - | - |
| | ii. Domestic affiliates | - | - |
| | iii. Pools & associations | - | - |
| | iv. All other insurers | - | - |
| (c) | Total ceded unearned premium reserve | - | - |
| (d) | Net unearned premium reserve | - | - |
| 17. | LOSS AND LOSS EXPENSE PROVISIONS: | | |
| (a) | Gross loss and loss expense provisions | - | - |
| (b) | Less : Reinsurance recoverable balance | | |
| | i. Foreign affiliates | - | - |
| | ii. Domestic affiliates | - | - |
| | iii. Pools & associations | - | - |
| | iv. All other reinsurers | - | - |
| (c) | Total reinsurance recoverable balance | - | - |
| (d) | Net loss and loss expense provisions | - | - |
| 18. | OTHER GENERAL BUSINESS INSURANCE RESERVES | - | - |
| 19. | TOTAL GENERAL BUSINESS INSURANCE RESERVES | - | - |
| | LONG-TERM BUSINESS INSURANCE RESERVES | | |
| 20. | RESERVE FOR REPORTED CLAIMS | - | - |
| 21. | RESERVE FOR UNREPORTED CLAIMS | - | - |
| 22. | POLICY RESERVES - LIFE | 6,264 | 6,135 |
| 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 | 6,384 | 6,274 |
| (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 | 120 | 139 |
| (c) | Total Reinsurance Recoverable Balance | 120 | 139 |
| (d) | Total Net Long-Term Business Insurance Reserves | 6,264 | 6,135 |
| | OTHER LIABILITIES | | |

CONDENSED BALANCE SHEET

Bermuda Life Worldwide Limited
As at **December 31, 2023**
expressed in ['000s] **Bermuda Dollars**

| LINE No. | | 2023 | 2022 |
|----------|---|-------|-------|
| 28. | INSURANCE AND REINSURANCE BALANCES PAYABLE | 3,597 | 3,675 |
| 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 | 69 | 269 |
| 33. | ACCOUNTS PAYABLE AND ACCRUED LIABILITIES | 146 | 148 |
| 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) | Other sundry liabilities (specify) | - | - |
| (f) | Other sundry liabilities (specify) | - | - |
| (g) | Other sundry liabilities (specify) | - | - |
| (h) | Total sundry liabilities | - | - |
| 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 | - | - |

CONDENSED BALANCE SHEET

Bermuda Life Worldwide Limited

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

| LINE No. | | 2023 | 2022 |
|-----------------|--|-------------|-------------|
| 38. | TOTAL OTHER LIABILITIES | 3,812 | 4,092 |
| 39. | TOTAL INSURANCE RESERVES AND OTHER LIABILITIES | 10,076 | 10,227 |
| | CAPITAL AND SURPLUS | | |
| 40. | TOTAL CAPITAL AND SURPLUS | 6,416 | 3,900 |
| 41. | TOTAL | \$ 16,492 | \$ 14,127 |

TRUE**TRUE**

-

-

CONDENSED STATEMENT OF INCOME

Bermuda Life Worldwide Limited

As at December 31, 2023

expressed in ['000s] Bermuda 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 | - | - |
| 14. | NET PREMIUMS AND OTHER CONSIDERATIONS: | | |
| | (a) Life | (228) | (229) |
| | (b) Annuities | - | - |
| | (c) Accident and health | - | - |
| | (d) Total net premiums and other considerations | (228) | (229) |
| 15. | OTHER INSURANCE INCOME | 244 | 253 |
| 16. | TOTAL LONG-TERM BUSINESS INCOME | 16 | 24 |
| | LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES | | |
| 17. | CLAIMS - LIFE | - | 74 |
| 18. | POLICYHOLDERS' DIVIDENDS | - | - |
| 19. | SURRENDERS | 8 | 82 |
| 20. | MATURITIES | - | - |
| 21. | ANNUITIES | - | (16) |
| 22. | ACCIDENT AND HEALTH BENEFITS | - | - |
| 23. | COMMISSIONS | - | - |
| 24. | OTHER | 305 | 300 |
| 25. | TOTAL LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES | 313 | 440 |
| 26. | INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES): | | |
| | (a) Life | 65 | 64 |
| | (b) Annuities | - | - |
| | (c) Accident and health | - | - |
| | (d) Total increase (decrease) in policy reserves | 65 | 64 |

CONDENSED STATEMENT OF INCOME

Bermuda Life Worldwide Limited
As at December 31, 2023
expressed in ['000s] Bermuda Dollars

| LINE No. | | 2023 | 2022 |
|----------|--|----------------|------------------|
| 27. | TOTAL LONG-TERM BUSINESS EXPENSES | 378 | 504 |
| 28. | NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS | <u>(362)</u> | <u>(480)</u> |
| 29. | COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS | <u>(362)</u> | <u>(480)</u> |
| | UNDERNOTED ITEMS | | |
| 30. | COMBINED OPERATING EXPENSE | | |
| | (a) General and administration | 671 | 585 |
| | (b) Personnel cost | - | - |
| | (c) Other | - | - |
| | (d) Total combined operating expenses | <u>671</u> | <u>585</u> |
| 31. | COMBINED INVESTMENT INCOME - NET | <u>403</u> | <u>322</u> |
| 32. | COMBINED OTHER INCOME (DEDUCTIONS) | <u>-</u> | <u>-</u> |
| 33. | COMBINED INCOME BEFORE TAXES | <u>(630)</u> | <u>(743)</u> |
| 34. | COMBINED INCOME TAXES (IF APPLICABLE): | | |
| | (a) Current | - | - |
| | (b) Deferred | - | - |
| | (c) Total | <u>-</u> | <u>-</u> |
| 35. | COMBINED INCOME BEFORE REALIZED GAINS (LOSSES) | (630) | (743) |
| 36. | COMBINED REALIZED GAINS (LOSSES) | <u>-</u> | <u>(1,753)</u> |
| 37. | COMBINED INTEREST CHARGES | <u>-</u> | <u>-</u> |
| 38. | NET INCOME | <u>\$ -630</u> | <u>\$ -2,496</u> |

CONDENSED STATEMENT OF CAPITAL AND SURPLUS

Bermuda Life Worldwide Limited
 As at **December 31, 2023**
 expressed in ['000s] **Bermuda Dollars**

| LINE No. | | 2023 | 2022 |
|----------|--|----------|----------|
| 1. | CAPITAL: | | |
| (a) | Capital Stock | | |
| | (i) Common Shares | \$ 250 | \$ 250 |
| | authorized _____ shares of par | | |
| | value _____ each issued and | | |
| | fully paid _____ shares | | |
| | (ii) | | |
| | (A) Preferred shares: | | |
| | authorized _____ shares of par | | |
| | value _____ each issued and | | |
| | fully paid _____ shares | | |
| | aggregate liquidation value for – | | |
| | 2023 _____ | | |
| | 2022 _____ | | |
| | (B) Preferred shares issued by a subsidiary: | | |
| | authorized _____ shares of par | | |
| | value _____ each issued and | | |
| | fully paid _____ shares | | |
| | aggregate liquidation value for – | | |
| | 2023 _____ | | |
| | 2022 _____ | | |
| | (iii) Treasury Shares | | |
| | repurchased _____ shares of par | | |
| | value _____ each issued | | |
| (b) | Contributed surplus | 5,285 | 2,785 |
| (c) | Any other fixed capital | | |
| | (i) Hybrid capital instruments | | |
| | (ii) Guarantees and others | | |
| | (iii) Total any other fixed capital | - | - |
| (d) | Total Capital | 5,535 | 3,035 |
| 2. | SURPLUS: | | |
| (a) | Surplus - Beginning of Year | 865 | 3,635 |
| (b) | Add: Income for the year | (630) | (2,496) |
| (c) | Less: Dividends paid and payable | - | - |
| (d) | Add (Deduct) change in unrealized appreciation (depreciation) of investments | 646 | (274) |
| (e) | Add (Deduct) change in any other surplus | - | - |
| (f) | Surplus - End of Year | 881 | 865 |
| 3. | MINORITY INTEREST | | |
| 4. | TOTAL CAPITAL AND SURPLUS | \$ 6,416 | \$ 3,900 |

BERMUDA LIFE WORLDWIDE LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS AS AT
AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND
DECEMBER 31, 2022

(Amounts in Tables are Expressed in Thousands of Bermuda Dollars)

PART I - GENERAL NOTE TO THE CONDENSED FINANCIAL STATEMENTS

1. Bermuda Life Worldwide Limited (the “Insurer” or “Company”) is a wholly owned subsidiary of Advantage International Life Bermuda Limited (“AILBL”), a Bermuda company, which is a wholly owned subsidiary of Advantage Insurance Inc. (the “Ultimate Parent”).

The Company is a member of a controlled group of affiliated companies, its results may not be indicative of those of a stand-alone entity.

On July 1, 2021 the Ultimate Parent acquired its 100% shareholding from Argus Group Holdings Limited.

2. The Insurer formerly wrote life insurance and annuities for high-net-worth individuals domiciled outside Bermuda, and reinsured a book of life business which was fully retroceded to another reinsurer. The current business of the Insurer is to administer the life insurance policies, annuities and reinsurance it previously wrote.

3. These condensed general purpose financial statements are as at and for the years ended December 31, 2023, and December 31, 2022 and are prepared in accordance with rule 17A (2A) of the Insurance Act 1978 and (14) of the Insurance Accounts Rules 2016 (together, the “Legislation”). The recognition and measurement principles applied are in line accounting principles generally accepted in the United States of America (“U.S. GAAP”) as set out in the FASB Accounting Standards Codification (“ASC”) published by the Financial Accounting Standards Board (“the FASB”). The Legislation differs from U.S. GAAP in a number of material ways, primarily:

- The format of the statements is prescribed by schedule IX,
- The format of these notes is prescribed by Schedule X of the Legislation,
- The Company is not required to prepare a Statement of Cash Flows or equivalent and
- Certain disclosures required by U.S. GAAP are not included.

U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed financial statements and the recorded amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

4. Significant Accounting Policies:

A. Basis of Preparation

The preparation of the condensed financial statements in conformity with U.S. GAAP requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

The most significant estimates are those used in determining valuation of policyholder liabilities, and valuation of investments. Additional details around these principle estimates and assumptions are discussed in the significant accounting policies that follow and related note disclosures.

B. Cash and time deposits

BERMUDA LIFE WORLDWIDE LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS AS AT
AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND
DECEMBER 31, 2022

(Amounts in Tables are Expressed in Thousands of Bermuda Dollars)

Cash and short-term investments include cash balances, cash equivalents and time deposits with maturities of three months or less at the date of purchase. Interest on these balances is recorded on the accrual basis and included in investment income.

C. Financial Assets

The Insurer has the following financial assets: (i) financial assets at Fair Value Through Profit or Loss (“FVTPL”), (ii) available-for-sale financial assets. Management determines the classification of financial assets at initial recognition.

(i) Financial assets at FVTPL

A financial asset is classified at FVTPL if it is determined to be held-for-trading or is designated as such upon initial recognition. Financial assets are designated at FVTPL if the Insurer manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Insurer’s documented risk management and investment strategies.

Attributable transaction costs upon initial recognition are recognised in Investment income on the Condensed Statement of Income as incurred. FVTPL financial assets are measured at fair value, and changes therein are recognised in Investment income on the Condensed Statement of Income. Dividends earned on equities are recorded in Investment income on the Condensed Statement of Income.

(ii) Available-for-sale financial assets

Equity securities of the Insurer are classified as available-for-sale financial assets. These equities are subsequently carried at fair value except unquoted equities, which are carried at cost. Changes in fair value other than impairment losses are presented on the Condensed Statement of Capital and Surplus.

When an investment is derecognised, the cumulative gain or loss is recognised in the Condensed Statement of Income. Dividends earned on equities are recorded in Investment income on the Condensed Statement of Income.

D. Fair value measurement

A number of the Insurer’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Insurer categorizes its fair value measurements according to the ASC 820 rules that classifies financial assets into a three-level hierarchy, based on the level of liquidity of the asset. The hierarchy prioritizes the inputs by the Insurer’s valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

D. Fair value measurement (continued)

BERMUDA LIFE WORLDWIDE LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS AS AT
AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND
DECEMBER 31, 2022

(Amounts in Tables are Expressed in Thousands of Bermuda Dollars)

Level 1 – Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 – Fair value is based on inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices such as interest rates and credit risks.

Level 3 – Fair value is based on valuation techniques that require one or more significant inputs that are not based on observable market inputs. These unobservable inputs reflect the Insurer's assumptions about market participants in pricing the assets and liabilities.

When available, quoted market prices are used to determine fair value for bonds, equities and derivatives. If quoted market prices are not available, fair value is typically based upon alternative valuation techniques such as matrix pricing, net asset valuation and discounted cash flow modelling. Broker quotes are used only when external public vendor prices are not available.

The Insurer has an established control framework with respect to the measurement of fair values. This includes an investment validation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values. The Insurer's investment validation process includes a review of price movements relative to the market. Any significant discrepancies are investigated and discussed with investment managers and a valuation specialist. The process also includes regular reviews of significant observable inputs and valuation adjustments. Significant valuation issues are reported to the Board.

E. Life and Annuity Policy Reserves

Liability for future policyholder's benefits are the portion of past premiums or assessments received that are set aside to meet future policy and contract obligations as they become due. The Company establishes reserves to pay future policyholder benefits, claims, and certain expenses for its life policies and annuity contracts.

For the Company's universal life policies, the base policy reserve is equal to the account value. For these products, the account value represents the Company's obligation to repay to the policyholder the amounts held on deposit. There are no significant blocks of business where additional policyholder reserves are explicitly calculated as the Company does not offer any secondary guarantees, indexed universal life or other benefits.

The liability for future policyholder's benefits also include liability for single premium immediate annuity contracts issued by the Company that is determined using the net premium model. This liability is calculated as the present value of estimated future policy benefits to be paid, less the present value of expected future net premiums, if any. Liabilities are established based on "locked-in" assumptions of future experience, including provisions for adverse deviation.

BERMUDA LIFE WORLDWIDE LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS AS AT
AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND
DECEMBER 31, 2022

(Amounts in Tables are Expressed in Thousands of Bermuda Dollars)

E. Life and Annuity Policy Reserves (continued)

The assumptions on which reserves are based are intended to represent an estimation of experience for the period that policyholder benefits are payable. The adequacy of these reserves and the assumptions underlying those reserves are reviewed at least annually. The Company cannot, however, determine with precision the amount or the timing of actual policyholder benefit payments.

F. Premium

Life insurance premiums are recorded as deposits to policyholder account balances once they have been received.

G. Investment and commission income

Interest income earned is recorded as it accrues, using the effective interest method. Dividend income is recognized on the date the right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date. Realized gains and losses on the sale of investments are reflected in income in the year they are realized.

Commission and management income is included in income as earned.

H. Reinsurance premiums ceded

Reinsurance premiums ceded are recorded as they are due. Reinsurance premiums ceded are netted from gross premiums.

I. Advances to affiliates

Amounts due from affiliates are carried at cost and have no formal repayment terms.

J. Foreign Currency Translation

All amounts are expressed in Bermuda dollars which is on par with United States dollars.

5. See Part I Note 4(F).

6. See Part I Note 4(J).

7-12. All items outlined in the Act for Schedule X, Part I sections 7 – 12 are not applicable for the Insurer.

BERMUDA LIFE WORLDWIDE LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS AS AT
AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND
DECEMBER 31, 2022

(Amounts in Tables are Expressed in Thousands of Bermuda Dollars)

13. Assets and liabilities measured at fair value

The following table presents fair value of the Company's assets and liabilities measured at fair value in the Condensed Balance Sheet, categorized by level under the fair value hierarchy.

| December 31, 2023 | Level 1 | Level 2 | Level 3 | Value |
|--|----------------|-----------------|-----------------|-----------------|
| Assets | | | | |
| Investments at Available-for-sale | | | | |
| Investments in Equity Funds | \$ - | \$ 2,439 | \$ - | \$ 2,439 |
| Investments in Private Equity | - | - | 6,432 | 6,432 |
| Total Available-for-sale assets at fair value | \$ - | \$ 2,439 | \$ 6,432 | \$ 8,871 |
| December 31, 2022 | | | | |
| Assets | | | | |
| Investments at Available-for-sale | | | | |
| Investments in Equity Funds | \$ - | \$ 2,164 | \$ - | \$ 2,164 |
| Investments in Private Equity | - | - | 6,029 | 6,029 |
| Total Available-for-sale assets at fair value | \$ - | \$ 2,164 | \$ 6,029 | \$ 8,193 |

14. Not Applicable

15. Significant related party transactions are as follows:

Due to related parties includes payables arising from amounts settled by the Ultimate Parent on behalf of the Company. These advances bear no interest and are net settled through the due from related parties' outstanding balance. Due from related parties includes receivables arising from amounts advanced by the Company to AILBL.

16. Not Applicable

17. Not Applicable

BERMUDA LIFE WORLDWIDE LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS AS AT
AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND
DECEMBER 31, 2022

(Amounts in Tables are Expressed in Thousands of Bermuda Dollars)

PART II – NOTES TO CONDENSED STATEMENT OF CAPITAL AND SURPLUS

1(a) Capital Stock

| | December 31, 2023 | December 31, 2022 |
|---|------------------------------|------------------------------|
| Common Shares authorized: 6,000,000 shares of a par value of \$1.00 each issued and fully paid 250,000 (2022 – 250,000) shares | \$ <u>250</u> | \$ <u>250</u> |

1(b) Contributed Surplus

| | December 31, 2023 | December 31, 2022 |
|---|------------------------------|------------------------------|
| Contributed Surplus – Beginning of Year | \$ 2,785 | \$ 285 |
| Additions | 2,500 | 2,500 |
| Contributed Surplus – End of Year | <u>\$ 5,285</u> | <u>\$ 2,785</u> |

As at December 31, 2023, the Ultimate Parent contributed additional cash of \$2.5 million (December 31 2022 - \$2.5 million).

2(c) There were no dividends declared or paid during the years ended December 31, 2023 and December 31, 2022.

(a) There was no change in authorized share capital of the Insurer during the years ended December 31, 2023 and December 31, 2022.

(b) (c) There were no shares issued, and no options to purchase shares were contracted during the years ended December 31, 2023 and December 31, 2022.

PART III- NOTES TO THE CONDENSED BALANCE SHEET

1. Cash – See Part I Note 4(B). There are no encumbrances on cash and time deposits, save for as discussed in Part I Note 16 above.

| | December 31, 2023 | December 31, 2022 |
|---------------------------|------------------------------|------------------------------|
| Cash and cash equivalents | \$ 7,199 | \$ 5,310 |
| Short Term investments | 80 | 82 |
| | <u>\$ 7,280</u> | <u>\$ 5,392</u> |

2. Investments- Refer to Part I Note 4(C)

3. Investments- Refer to Part I Note 4(C)

BERMUDA LIFE WORLDWIDE LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS AS AT
AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND
DECEMBER 31, 2022

(Amounts in Tables are Expressed in Thousands of Bermuda Dollars)

4. Investment in and Advances to Affiliates as of December 31, 2023 of \$250,299 (December 31, 2022 – \$465,000) relate to AILBL expenses. There are no formal repayment terms.

5-13. All items outlined Schedule X, Part III section 6-13 are not applicable for the Insurer.

14. Letters of credit, guarantees and other

On March 7, 2022, the Company entered into a guarantee up to the amount of US\$110,000 in connection with an Irrevocable Letter of Credit between a related party and a local bank in Bermuda for the purpose of securing the related party's liabilities as a 953(d) entity under the Code of the Internal Revenue Service. As such, the Company's cash in bank balance has been restricted to the amount of guarantee.

15-21. All items outlined Schedule X, Part III section 15-21 are not applicable for the Insurer.

22. Policy reserves – life- Refer to Part I Note 4(E)

23-26. All items outlined Schedule X, Part III section 23-26 are not applicable for the Insurer.

27. Total long-term business insurance reserves- Refer to Part III Note 22

28. Insurance and reinsurance balances payable

| | December 31, 2023 | December 31, 2022 |
|--------------------------------------|------------------------------|------------------------------|
| Fund held on behalf of third parties | \$ 3,543 | \$ 3,625 |
| Reinsurance balance payable | 54 | 50 |
| | \$ 3,597 | \$ 3,675 |

29-30. All items outlined Schedule X, Part III section 29-30 are not applicable for the Insurer.

31. Taxation

In Bermuda there are no taxes on profits, income or dividends, nor is there any capital gains tax and accordingly, no provision for such tax has been recorded by the Insurer.

The Bermuda Government has enacted legislation under which the Minister of Finance is authorised to give an assurance to an exempted company that “in the event of there being enacted in these Islands any legislation imposing tax computed on profits or income or computed on any capital asset, gain or appreciation, then the imposition of any such tax shall not be applicable to such entities or any of their operations”. This assurance may be for a period ending not later than 31 March, 2035; the assurance is applied for as a matter of routine by the Company and has been granted for the full period.

32. Advances due to affiliates as of December 31, 2023 of \$69,062 (December 31, 2022 – \$269,000) relate to allocated company expenses. There are no formal repayment terms.

33. All items outlined Schedule X, Part III section 33 are equivalent to line 33 of the Condensed Balance Sheet.

BERMUDA LIFE WORLDWIDE LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS AS AT
AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND
DECEMBER 31, 2022

(Amounts in Tables are Expressed in Thousands of Bermuda Dollars)

34-37. All items outlined Schedule X, Part III section 34-37 are not applicable for the Insurer.

PART IV- NOTES TO THE CONDENSED STATEMENT OF INCOME

- 6.** General Business Other Insurance Income – not applicable.
- 15.** Long Term Business Other Insurance Income consists of fees charged to the policyholders.
- 32.** Combined Other Income – not applicable.
- 36.** Realized (losses) consists of realised losses from sale of bond funds.