



AXCELUS FINANCIAL LIFE INSURANCE COMPANY  
(BERMUDA) LTD.

Condensed General Purpose Financial Statements  
For the Year Ended December 31, 2023

**Axcelus Financial Life Insurance Company (Bermuda) Ltd.**  
**Condensed General Purpose Financial Statements**  
**December 31, 2023**

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Building a better  
working world

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## Report of Independent Auditors

The Board of Directors  
Axcelus Financial Life Insurance Company (Bermuda) Ltd.  
(formerly Lombard International Life Assurance Company  
(Bermuda) Ltd.)

### Opinions

We have audited the accompanying condensed financial statements of Axcelus Financial Life Insurance Company (Bermuda) Ltd. (formerly known as Lombard International Life Assurance Company (Bermuda) 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 Insurance Company (Bermuda) Ltd. (formerly known as Lombard International Life Assurance Company (Bermuda) 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**

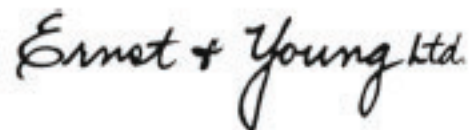
Our objectives are to obtain reasonable assurance about whether the condensed financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute 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.

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

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 Insurance Company (Bermuda) Ltd. formerly Lombard International Life Assurance Company (Bermuda) Ltd.

As at

December 31, 2023

United States Dollars

LINE No.		2023	2022
1.	CASH AND CASH EQUIVALENTS	767,195	690,358
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	-	74,292
(h)	Total investments in and advances to affiliates	-	74,292
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	4,580,399	2,647,452
7.	REAL ESTATE:		
(a)	Occupied by the company (less encumbrances)	-	-
(b)	Other properties (less encumbrances)	-	-
(c)	Total real estate	-	-
8.	COLLATERAL LOANS	-	-

## CONDENSED GENERAL PURPOSE BALANCE SHEET

Axcelus Financial Life Insurance Company (Bermuda) Ltd. formerly Lombard International Life Assurance Company (Bermuda) Ltd.

As at

December 31, 2023

United States Dollars

LINE No.		2023	2022
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	-	-
(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	31,118,988	27,797,552
(c)	Segregated accounts companies - long-term business - other	57,986,565	56,791,377
(d)	Segregated accounts companies - general business	-	-
(e)	Deposit assets	-	-
(f)	Deferred acquisition costs	-	-
(g)	Net receivables for investments sold	-	-
(h)	Prepaid expenses	30,915	22,204
(i)	Other Sundry Assets - Miscellaneous receivable	-	39
(j)	Other - Amounts due to general account from segregated accounts	150,553	-
(k)	Total sundry assets	89,287,021	84,611,172
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	94,634,615	88,023,273
	<b>TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS</b>		
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	-	-

## CONDENSED GENERAL PURPOSE BALANCE SHEET

Axcelus Financial Life Insurance Company (Bermuda) Ltd. formerly Lombard International Life Assurance Company (Bermuda) Ltd.  
 As at December 31, 2023  
 United States Dollars

LINE No.		2023	2022
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	-	-
	<b>LONG-TERM BUSINESS INSURANCE RESERVES</b>		
20.	RESERVE FOR REPORTED CLAIMS	-	-
21.	RESERVE FOR UNREPORTED CLAIMS	483	436
22.	POLICY RESERVES - LIFE	268	240
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	74,684	67,764
(b)	Less: Reinsurance recoverable balance on long-term business		
	(i) Foreign Affiliates	-	-
	(ii) Domestic Affiliates	-	-
	(iii) Pools and Associations	-	-
	(iv) All Other Insurers	73,933	67,088
(c)	Total Reinsurance Recoverable Balance	73,933	67,088
(d)	<b>Total Net Long-Term Business Insurance Reserves</b>	751	676
	<b>OTHER LIABILITIES</b>		
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	105,102	45,321
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE	13,883	13,058
30.	LOANS AND NOTES PAYABLE	-	-
31.	(a) INCOME TAXES PAYABLE	(5,000)	(5,000)
	(b) DEFERRED INCOME TAXES	-	-
32.	AMOUNTS DUE TO AFFILIATES	75,340	10,834



## CONDENSED GENERAL PURPOSE BALANCE SHEET

Axcelus Financial Life Insurance Company (Bermuda) Ltd. formerly Lombard International Life Assurance Company (Bermuda) Ltd.

As at

December 31, 2023

United States Dollars

LINE No.		2023	2022
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	43,142	75,965
34.	FUNDS HELD UNDER REINSURANCE CONTRACTS:	-	-
35.	DIVIDENDS PAYABLE	-	-
36.	SUNDRY LIABILITIES:		
(a)	Derivative instruments	-	-
(b)	Segregated accounts companies	89,105,553	84,476,152
(c)	Deposit liabilities	-	-
(d)	Net payable for investments purchased	-	-
(e)	Other sundry liabilities - Policy loans collateral	4,580,399	2,647,452
(f)	Other sundry liabilities (specify)	-	-
(g)	Other sundry liabilities (specify)	-	-
(h)	Total sundry liabilities	93,685,952	87,123,604
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	93,918,419	87,263,782
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	93,919,170	87,264,458
	<b>CAPITAL AND SURPLUS</b>		
40.	TOTAL CAPITAL AND SURPLUS	715,445	758,815
41.	TOTAL	94,634,615	88,023,273

## CONDENSED GENERAL PURPOSE STATEMENT OF INCOME

Axcelus Financial Life Insurance Company (Bermuda) Ltd. formerly Lombard International Life A  
As at December 31, 2023  
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	-	-
	(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	-	-
	<b>GENERAL BUSINESS UNDERWRITING EXPENSES</b>		
8.	NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED	-	-
9.	COMMISSIONS AND BROKERAGE	-	-
10.	TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	-	-
11.	<b>NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS</b>	-	-
	<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	(569,945)	(489,414)
14.	NET PREMIUMS AND OTHER CONSIDERATIONS:		
	(a) Life	(569,866)	(489,323)
	(b) Annuities	(79)	(91)
	(c) Accident and health	-	-
	(d) Total net premiums and other considerations	(569,945)	(489,414)
15.	OTHER INSURANCE INCOME	937,760	966,189
16.	TOTAL LONG-TERM BUSINESS INCOME	367,815	476,775
	<b>LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES</b>		
17.	CLAIMS - LIFE	-	-
18.	POLICYHOLDERS' DIVIDENDS	-	-
19.	SURRENDERS	-	-
20.	MATURITIES	-	-
21.	ANNUITIES	-	-

## CONDENSED GENERAL PURPOSE STATEMENT OF INCOME

Axcelus Financial Life Insurance Company (Bermuda) Ltd. formerly Lombard International Life A  
As at December 31, 2023  
United States Dollars

LINE No.		2023	2022
22.	ACCIDENT AND HEALTH BENEFITS	-	-
23.	COMMISSIONS	67,675	69,336
24.	OTHER	-	-
25.	TOTAL LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES	67,675	69,336
26.	INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES):		
	(a) Life	70	61
	(b) Annuities	8	(15)
	(c) Accident and health	-	-
	(d) Total increase (decrease) in policy reserves	78	45
27.	TOTAL LONG-TERM BUSINESS EXPENSES	67,753	69,381
28.	<b>NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS</b>	300,062	407,394
29.	<b>COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS</b>	300,062	407,394
	<b>UNDERNOTED ITEMS</b>		
30.	COMBINED OPERATING EXPENSE		
	(a) General and administration	204,744	191,448
	(b) Personnel cost	168,222	105,206
	(c) Other	-	-
	(d) Total combined operating expenses	372,966	296,654
31.	COMBINED INVESTMENT INCOME - NET	212,481	116,427
32.	COMBINED OTHER INCOME (DEDUCTIONS)	(182,947)	(116,427)
33.	COMBINED INCOME BEFORE TAXES	(43,370)	110,740
34.	COMBINED INCOME TAXES (IF APPLICABLE):		
	(a) Current	-	-
	(b) Deferred	-	-
	(c) Total	-	-
35.	COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	(43,370)	110,740
36.	COMBINED REALIZED GAINS (LOSSES)	-	-
37.	COMBINED INTEREST CHARGES	-	-
38.	<b>NET INCOME</b>	(43,370)	110,740

## CONDENSED GENERAL PURPOSE STATEMENT OF CAPITAL AND SURPLUS

Axcelus Financial Life Insurance Company (Bermuda) Ltd. formerly Lombard International Life Assurance Company (Bermuda) Ltd.  
As at **December 31, 2023**  
United States Dollars

LINE No.		2023	2022
1.	<b>CAPITAL:</b>		
(a)	Capital Stock		
	(i) Common Shares		
	authorized	250,000	250,000
	value	\$ 1,000	
	fully paid	250,000	
		shares of par	each issued and
		each issued and	shares
	(ii)		
	(A) Preferred shares:		
	authorized	-	-
	value	\$ -	
	fully paid	-	
		shares of par	each issued and
		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
		each issued and	shares
	aggregate liquidation value for –		
	2023	-	
	2022	-	
	(iii) Treasury Shares		
	repurchased	-	-
	value	\$ -	
		shares of par	each issued
		each issued	
(b)	Contributed surplus	5,660,083	5,660,083
(c)	Any other fixed capital		
	(i) Hybrid capital instruments	-	-
	(ii) Guarantees and others	-	-
	(iii) Total any other fixed capital	-	-
(d)	Total Capital	5,910,083	5,910,083
2.	<b>SURPLUS:</b>		
(a)	Surplus - Beginning of Year	(5,151,268)	(5,262,008)
(b)	Add: Income for the year	(43,370)	110,740
(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	(5,194,638)	(5,151,268)
3.	<b>MINORITY INTEREST</b>	-	-
4.	<b>TOTAL CAPITAL AND SURPLUS</b>	715,445	758,815

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

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

On December 27, 2023, Lombard International Life Assurance Company (Bermuda) Ltd. changed its name to Axcelus Financial Life Insurance Company (Bermuda) Ltd.

On December 27, 2023, Lombard International US Holdings, Inc. changed its name to Axcelus Financial US Holdings, Inc.

**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). The Company has registered under the Segregated Accounts Companies Act 2000. A separate segregated account of the Company is linked to each life insurance and annuity product issued to each policyholder who requires US compliant private placement life insurance and 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). This conversion was effective January 1, 2023.

As a result of this conversion, there was no impact to the amounts of any assets, liabilities, revenues, or expenses previously reported in the condensed general purpose financial statements as of and for the year ended December 31, 2022.

Axcelus Financial Life Insurance Company (Bermuda) 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 insurance contracts or investment contracts.

##### **Investment Contracts**

The Company defines individual and group variable annuity products which do not transfer significant insurance risk as investment contracts. The majority of the business written by the Company is unit-linked investment business and is classified as investment contracts.

##### *Unit-linked investment contract premiums*

Investment contract premiums and policyholder contributions received in respect of the investment contracts 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): Segregated Accounts Companies - Long-Term Business - Variable Annuities, with a corresponding liability in Line 36(b) - 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.

Axcelus Financial Life Insurance Company (Bermuda) Ltd.  
General Note to the Condensed General Purpose Financial Statements (Continued)

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

**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 presented net of reinsurance recoveries 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, net of expected reinsurance recoveries.

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.

Axcelus Financial Life Insurance Company (Bermuda) Ltd.  
General Note to the Condensed General Purpose Financial Statements (Continued)

*Policyholder loans*

Loans to policyholders are carried at the unpaid principal balance plus any accrued interest. Policyholder loans are fully secured by the policyholder account values on which the loans are made. Policyholder loans are reflected in the condensed general purpose balance sheet within Line 6 - Policy Loans. An offsetting liability is reflected in Line 36(e) – Other Sundry Liabilities – Policy loans collateral, representing the policyholders’ account value taken as collateral for the loans to policyholders.

Investment income earned by the Company on outstanding policyholder loans is reflected on the condensed general purpose income statement within Line 31 - Combined Investment Income – Net. Investment income earned by the Company on outstanding policyholder loans is credited back to the benefit of the policyholders, which is reflected on the condensed general purpose income statement in Line 32 – Combined Other Income/Deductions.

**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.

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). Other contract fees, representing front-end load charges to policyholder accounts primarily resulting from premiums deposited into policyholder accounts.

**(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.



Axcelus Financial Life Insurance Company (Bermuda) Ltd.  
General Note to the Condensed General Purpose Financial Statements (Continued)

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 contracts, 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 in 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) - 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) - Segregated Accounts Companies.

**(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 statements 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 are reported on the condensed general purpose income statement 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 \$29,534 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 and amounts due to affiliates primarily represent amounts receivable and payable between the Company and either Axcelus Financial Life Ltd. (“AFLI”), a sister company and affiliate of the Company, or Axcelus Financial Life Insurance Company (“AFLIC”), an affiliate.

The Company is allocated certain employee compensation and benefits costs from AFLI and AFLIC. The Company recognizes these costs 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 Company receives such services.

Axcelus Financial Life Insurance Company (Bermuda) Ltd.  
General Note to the Condensed General Purpose Financial Statements (Continued)

**(h) Amounts due from Segregated Accounts to General Account**

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(j) - 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.

**(i) Income Tax**

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

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.

The Company has made an election under section 953(d) of the Internal Revenue Code to be treated as a U.S. domestic insurance company for U.S. federal income tax purposes and files a standalone tax return.

Current federal income taxes are recorded based on taxable income as defined by the Internal Revenue Service.

Deferred federal income taxes are recorded based on an asset and liability approach, which requires the recognition of deferred income tax assets and liabilities for the expected future tax consequences of temporary differences between the financial statement and tax bases of assets and liabilities. If necessary, a valuation allowance is established to reduce the carrying amount of deferred income tax assets to amounts that are more likely than not to be realized.

As required, the Company assesses the need to recognize a liability related to uncertain tax positions. As of December 31, 2023, the Company has not identified any significant uncertain tax positions. If interest or penalties are determined to be necessary, these amounts would be recognized with the income tax provision.

**(j) 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 Insurance Company (Bermuda) Ltd.  
General Note to the Condensed General Purpose Financial Statements (Continued)

**(k) 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 Insurance Company (Bermuda) 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 general purpose financial statements are classified into a fair value measurement hierarchy by level based on the following criteria:

- 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 of the fair value hierarchy:

**December 31, 2023**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Company investments:</b>				
Cash and cash equivalents	\$ 767,195	\$ -	\$ -	\$ 767,195
Policy loans	-	-	4,580,399	4,580,399
	<u>767,195</u>	<u>-</u>	<u>4,580,399</u>	<u>5,347,594</u>
<b>Policyholders' investments:</b>				
Fixed income securities	-	4,606,305	-	4,606,305
Equities (common stocks and mutual funds)	15,113,285	510,778	-	15,624,063
Investment in collective investment schemes	-	-	68,489,512	68,489,512
Cash	385,673	-	-	385,673
	<u>15,498,958</u>	<u>5,117,083</u>	<u>68,489,512</u>	<u>89,105,553</u>
<b>Total Company and Policyholders' Investments</b>	<b>\$ <u>16,266,153</u></b>	<b>\$ <u>5,117,083</u></b>	<b>\$ <u>73,069,911</u></b>	<b>\$ <u>94,453,147</u></b>

**December 31, 2022**

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Company investments:</b>				
Cash and cash equivalents	\$ 690,357	\$ -	\$ -	\$ 690,357
Policy loans	-	-	2,647,452	2,647,452
	<u>690,357</u>	<u>-</u>	<u>2,647,452</u>	<u>3,337,809</u>
<b>Policyholders' investments:</b>				
Fixed income securities	-	5,413,832	-	5,413,832
Equities (common stocks and mutual funds)	12,306,554	573,238	-	12,879,792
Investment in collective investment schemes	-	-	59,819,570	59,819,570
Cash	6,475,734	-	-	6,475,734
	<u>18,782,288</u>	<u>5,987,070</u>	<u>59,819,570</u>	<u>84,588,928</u>
<b>Total Company and Policyholders' Investments</b>	<b>\$ <u>19,472,645</u></b>	<b>\$ <u>5,987,070</u></b>	<b>\$ <u>62,467,022</u></b>	<b>\$ <u>87,926,737</u></b>

Axcelus Financial Life Insurance Company (Bermuda) 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 relate to employee compensation and benefit costs allocated from its affiliates, AFLL and AFLIC. For the years ended December 31, 2023 and 2022 the Company recorded expense in the amount \$168,222 and \$105,206, respectively, pertaining to such related-party transactions.

As December 31, 2023 and 2022, the Company reported \$75,340 and \$10,834 of amounts due to affiliates on the condensed general purpose balance sheet within Line 32 – Amounts Due to Affiliates.

At December 31, 2023 and 2022, the Company reported \$0 and \$74,292, respectively of amounts due from affiliates on the condensed general purpose balance sheet within Line 4(g) – Advances 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 Insurance Company (Bermuda) 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**

Refer to Item 4(a) in the General Note to the Condensed General Purpose Financial Statements for disclosures regarding policyholder loans.

**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 Insurance Company (Bermuda) Ltd.  
Notes to the Condensed General Purpose Balance Sheet (Continued)

**11. Reinsurance Balances Receivable**

The Company has no reinsurance receivable balances on paid losses or collateralized reinsurance receivable balances at December 31, 2023 and 2022.

**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	\$ 31,118,988	\$ 27,797,552
Segregated account companies - long-term business – variable life insurance	57,986,565	56,791,377
Prepaid expenses	30,915	22,204
Amounts due from segregated accounts	150,553	-
Miscellaneous receivable	-	39
Total	\$ <u>89,287,021</u>	\$ <u>84,611,172</u>

Refer to Item 4(a) and Item 13 of the General Note to the Condensed General Purpose Financial Statements for additional information regarding the nature of these balances.

**14. Letters of Credit, Guarantees, and Other Instruments**

Not applicable.

**16. Unearned Premium Reserve**

Not applicable

**17. Loss and Loss Expense Provisions**

Not applicable

**20. Reserve for Reported Claims**

Not applicable.

Axcelus Financial Life Insurance Company (Bermuda) Ltd.  
Notes to the Condensed General Purpose Balance Sheet (Continued)

**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 held no 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.

**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 \$105,102 and \$45,321 at December 31, 2023 and 2022, respectively, were payable to various unaffiliated reinsurers.

**29. Commissions, Expenses, Fees, and Taxes Payable**

Not applicable.

**30. Loans and Notes Payable**

Not applicable.



Axcelus Financial Life Insurance Company (Bermuda) Ltd.  
Notes to the Condensed General Purpose Balance Sheet (Continued)

**31. Income Taxes Payable and Deferred Income Taxes**

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

Current income tax balances recognized by the Company during the years ended December 31, 2023 and 2022 are summarized as follows:

	<u>2023</u>	<u>2022</u>
Income tax receivable (payable) – beginning of year	\$ 5,000	\$ 5,000
Income tax (expense) benefit	-	-
Payments	-	-
Income tax receivable (payable) – end of year	<u>\$ 5,000</u>	<u>\$ 5,000</u>

The income tax receivable balance is reported on Line 31(a) – Income Taxes Payable on the condensed general purpose balance sheet.

The Company generated deferred tax assets of \$1,187,710 and \$1,198,987 at December 31, 2023 and 2022, all of which have been offset by a full valuation allowance, resulting in \$0 being reported on Line 31(b) – Deferred Income Taxes, on the condensed general purpose balance sheet.

**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(j) 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**

The Company has not recorded any balances related to funds held under reinsurance contracts at December 31, 2023 and 2022.

**35. Dividends Payable**

Not applicable.

Axcelus Financial Life Insurance Company (Bermuda) 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	\$ 31,118,988	\$ 27,797,552
Segregated account variable life insurance account values	57,986,565	56,791,377
Amounts due to the general account from the segregated accounts for policy fees to be settled in the short term	-	(112,777)
Policy loan collateral	<u>4,580,399</u>	<u>2,647,452</u>
Total	<u>\$ 93,685,952</u>	<u>\$ 87,123,604</u>

Refer to Item 4(a) of the General Note to the Condensed General Purpose Financial Statement for additional information regarding the nature of these balances.

**37. Letters of Credit, Guarantees, and Other Instruments**

The Company does not hold any liabilities meeting these classifications at December 31, 2023 and 2022.

Axcelus Financial Life Insurance Company (Bermuda) Ltd.  
Notes to the Condensed General Purpose Income Statement

**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:

	<b>Year Ended</b> <b>December 31, 2023</b>		<b>Year Ended</b> <b>December 31, 2022</b>
Asset based fees	\$ 334,211	\$	316,906
Cost of insurance charges	603,549		524,874
Other contract charges	-		124,409
Total	<u>\$ 937,760</u>	\$	<u>966,189</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.

**32. Combined Other Income (Deductions)**

Amounts recognized as combined other income (deductions) on the condensed general purpose statement of income by the Company represent the crediting of investment income earned by the Company on policyholder loans back to the policyholders.

Refer to item 4(a) in the General Note to the Condensed General Purpose Financial Statements for information regarding the nature of the balances.

**36. Combined Realized Gains (Losses)**

Not applicable.

Axcelus Financial Life Insurance Company (Bermuda) 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:

		<b>Year Ended December 31, 2022</b>		<b>Year Ended December 31, 2022</b>
Contributed surplus, beginning of year	\$	5,660,083	\$	5,660,083
<b>Contributed surplus, end of year</b>	<b>\$</b>	<b>5,660,083</b>	<b>\$</b>	<b>5,660,083</b>

**2(c) Dividends Paid and Payable**

Not applicable.