

**Agam Bermuda ISAC Ltd.**

**Financial Statements and Report of Independent Auditors**  
For the year ended December 31, 2023 and  
period from July 14, 2022 (inception) to December 31, 2022

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## Report of Independent Auditors

The Board of Directors  
Agam Bermuda ISAC Ltd.

### Opinion

We have audited the financial statements of Agam Bermuda ISAC Ltd. (the Company), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations and comprehensive income (loss), changes in shareholder's equity and cash flows for the year ended December 31, 2023, and the period from July 14, 2022 (inception) to December 31, 2022, and the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for the year ended December 31, 2023, and the period from July 14, 2022 (inception) to December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

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

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 financial statements.
- Conclude whether, in our judgment, 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.

*Ernst + Young Ltd.*

Hamilton, Bermuda  
April 26, 2024

**Agam Bermuda ISAC Ltd.**  
**Balance Sheets**  
**As at December 31, 2023 and 2022**

*(Expressed in '000 U.S. Dollars)*

|                                     | Notes | December 31, 2023 | December 31, 2022 |
|-------------------------------------|-------|-------------------|-------------------|
| <b>ASSETS</b>                       |       |                   |                   |
| Cash and cash equivalents           |       | 1,187             | 1,013             |
| Accounts receivable                 | 5     | 761               | 698               |
| <b>Total assets</b>                 |       | <b>1,948</b>      | <b>1,711</b>      |
| <b>LIABILITIES</b>                  |       |                   |                   |
| Accounts payable                    | 5     | 681               | 652               |
| <b>Total liabilities</b>            |       | <b>681</b>        | <b>652</b>        |
| <b>EQUITY</b>                       |       |                   |                   |
| Common stock                        | 4     | 250               | 250               |
| Additional paid-in capital          |       | 750               | 750               |
| Retained earnings                   |       | 267               | 59                |
| <b>Total equity</b>                 |       | <b>1,267</b>      | <b>1,059</b>      |
| <b>Total liabilities and equity</b> |       | <b>1,948</b>      | <b>1,711</b>      |

The accompanying notes are an integral part of these financial statements.

**Agam Bermuda ISAC Ltd.**

**Statements of Operations and Comprehensive Income (Loss)**

**For the year ended December 31, 2023 and period from July 14, 2022 (inception) to December 31, 2022**

*(Expressed in '000 U.S. Dollars)*

|                                     | <b>Notes</b> | <b>Year ended<br/>December 31, 2023</b> | <b>Period from July 14,<br/>2022 (inception) to<br/>December 31, 2022</b> |
|-------------------------------------|--------------|---|---|
| <b>Revenues</b>                     |              |   |   |
| Management fees                     | 5            | 2,998                                   | 698   |
| Net investment income               |              | 46                                      | 7   |
| <b>Total revenues</b>               |              | <b>3,044</b>                            | <b>705</b>  |
| <b>Expenses</b>                     |              |   |   |
| General and administrative expenses | 6            | 2,836                                   | 646   |
| <b>Total expenses</b>               |              | <b>2,836</b>                            | <b>646</b>  |
| <b>Net income</b>                   |              | <b>208</b>                              | <b>59</b>   |

The accompanying notes are an integral part of these financial statements.

**Agam Bermuda ISAC Ltd.**

**Statements of Changes in Shareholder's Equity**

**For the year ended December 31, 2023 and period from July 14, 2022 (inception) to December 31, 2022**

*(Expressed in '000 U.S. Dollars)*

|                                      | <b>Common<br/>stock</b> | <b>Additional paid-<br/>in capital</b> | <b>Retained<br/>earnings (deficit)</b> | <b>Total</b> |
|--------------------------------------|-------------------------|--|--|--------------|
| Balance at July 14, 2022 (inception) | -                       | -                                      | -                                      | -            |
| Common stock                         | 250                     | -                                      | -                                      | 250          |
| Additional paid-in capital           | -                       | 750                                    | -                                      | 750          |
| Net income                           | -                       | -                                      | 59                                     | 59           |
| <b>Balance at December 31, 2022</b>  | <b>250</b>              | <b>750</b>                             | <b>59</b>                              | <b>1,059</b> |
| Net income                           | -                       | -                                      | 208                                    | 208          |
| <b>Balance at December 31, 2023</b>  | <b>250</b>              | <b>750</b>                             | <b>267</b>                             | <b>1,267</b> |

The accompanying notes are an integral part of these financial statements.



**Agam Bermuda ISAC Ltd.****Statements of Cash Flows****For the year ended December 31, 2023 and period from July 14, 2022 (inception) to December 31, 2022***(Expressed in '000 U.S. Dollars)*

|   | Year ended<br>December 31, 2023 | Period from<br>July 14, 2022 (inception) to<br>December 31, 2022 |
|---|---------------------------------|--|
| <b>Cash flows from operating activities</b>         |                                 |  |
| Net income  | 208                             | 59   |
| <b>Change in operating assets and liabilities:-</b> |                                 |  |
| Accounts receivable                                 | (63)                            | (698)  |
| Accounts payable                                    | 29                              | 652  |
| <b>Net cash provided by operating activities</b>    | <b>174</b>                      | <b>13</b>  |
| <b>Cash flows from financing activities</b>         |                                 |  |
| Common stock  | -                               | 250  |
| Additional paid-in capital                          | -                               | 750  |
| <b>Net cash provided by financing activities</b>    | <b>-</b>                        | <b>1,000</b>   |
| Net increase in cash and cash equivalents           | <b>174</b>                      | <b>1,013</b>   |
| Cash and cash equivalents, beginning of year        | 1,013                           | -  |
| <b>Cash and cash equivalents, end of year</b>       | <b>1,187</b>                    | <b>1,013</b>   |

The accompanying notes are an integral part of these financial statements.

## Agam Bermuda ISAC Ltd.

### Notes to the Financial Statements

For the year ended December 31, 2023 and period from July 14, 2022 (inception) to December 31, 2022

(Expressed in '000 U.S. Dollars)

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#### 1. Organization, Nature of Operations and Summary of Significant Accounting Policies

##### **Organization**

Agam Bermuda ISAC Ltd. ("We", "ISAC" or the "Company") is registered as a Class E insurer licensed under the Insurance Act 1978 and its related regulations, as amended (the "Act"). The Company was incorporated on July 14, 2022. ISAC was established as an Incorporated Segregated Accounts Company under the Incorporated Segregated Accounts Companies Act 2019 ("ISAC Act") in Bermuda on September 9, 2022. The Company is wholly owned by Agam Bermuda Ltd.

##### **Basis of Presentation**

We have prepared the financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP"), which requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual experience could materially differ from these estimates and assumptions.

##### **Significant Accounting Policies and Pronouncements**

###### Revenue Recognition

The Company's revenue consists of fees from Incorporated Segregated Accounts, which the ISAC provides management services. The revenue guidance requires that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. When determining the transaction price under the revenue guidance, an entity may recognize variable consideration only to the extent that it is probable to not be significantly reversed. The revenue guidance also requires disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The Company recognizes revenue as and when the service is rendered and the fee determined is due.

###### Cash and cash equivalents

The Company considers highly liquid securities and other investments with an original or remaining maturity of three months or less at the date of purchase to be cash equivalents. At December 31, 2023, substantially all cash balances were at major financial institutions earning interest, which is included as net investment income. The Company does not anticipate nonperformance by these institutions.

#### 2. Taxation

##### **Bermuda**

Under the current Bermuda law, the Company is not required to pay any taxes in Bermuda on either income or capital gains. The Company received an undertaking from the Bermuda Minister of Finance that, in the event of any such taxes being imposed, the Company will be exempted from taxation until the year 2035.

The Bermuda Corporate Income Tax Act (Bermuda CIT Act) was enacted on December 27, 2023, and is effective January 1, 2025, for Bermuda entities that are part of multinational groups with annual revenue exceeding Euro 750 million. The Company has determined that it does not currently fall within the scope of the Bermuda CIT Act.

**Agam Bermuda ISAC Ltd.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023 and period from July 14, 2022 (inception) to December 31, 2022**

*(Expressed in '000 U.S. Dollars)*

**3. Statutory requirements**

The Company is licensed by the Bermuda Monetary Authority (“BMA”) as a long-term insurer and is subject to the Bermuda Insurance Act 1978, as amended (“the Act”) and regulations promulgated thereunder. The Company is registered as a Class E insurer, which is defined by regulation. The BMA implemented the Economic Balance Sheet (“EBS”) framework into the Bermuda Solvency Capital Requirement (“BSCR”), which was granted equivalence to the European Union’s Directive (2009/138/EC).

The Company is required to maintain a minimum capital and surplus to meet the Minimum Solvency Margin (MSM) of \$1,000.

The Company, being a Class E insurer, is required to disclose the makeup of its capital in accordance with the “3 tier capital system”. The highest quality capital is classified as “Tier-1” and the lesser quality capital as “Tier-2” and “Tier-3”. The Company has met its eligible capital requirements by “Tier-1” capital as at December 31, 2023 and 2022.

The following table represents the Company’s statutory capital and surplus as at December 31, 2023 and 2022.

|  | <b>2023</b>  | <b>2022</b>  |
|--|--------------|--------------|
| Total shareholder’s equity as per GAAPs                                    | 1,267        | 1,059        |
| Non-admitted assets (not admissible for the statutory capital and surplus) | -            | -            |
| Statutory Capital and Surplus  | <b>1,267</b> | <b>1,059</b> |

**4. Common share capital and contributed surplus**

The Company’s common share capital comprises 250,000 authorized shares at \$1 par value each, which represents 100% of the Company’s total voting shares.

**5. Related party transactions**

Intercompany Service Agreements

The Company enters into a management service agreements with Incorporated Segregated Account (“ISA”) companies to provide services including asset liability management, enterprise risk management, strategic asset allocation and actuarial, capital and risk consulting and most of the management team for the Company. The receivable for these agreements at December 31, 2023 and 2022 amounted to \$761 and \$698 respectively.

Effective December 20, 2022, the Company entered into a services and expense agreement with Agam Capital Management LLC and Agam Bermuda Ltd, where each party agrees to reimburse each party for the performance of services and applicable expenses under the agreement. The payable at for this agreement at December 31, 2023 and 2022 amounted to \$588 and \$596 respectively.

**Agam Bermuda ISAC Ltd.**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023 and period from July 14, 2022 (inception) to December 31, 2022**

*(Expressed in '000 U.S. Dollars)*

The following table summarizes the significant related party transactions as at December 31, 2023 and 2022:

| Related party name                                | Transaction                         | 2023         | 2022         |
|---|-------------------------------------|--------------|--------------|
| ISA Management Agreements                         | Management and consulting fees      | 2,998        | 698          |
| Agam Capital Management LLC and Agam Bermuda Ltd. | Intercompany recharges and expenses | 2,473        | 597          |
| <b>Total</b>                                      |                                     | <b>5,471</b> | <b>1,295</b> |

**6. General and administrative expenses**

General and administrative expenses incurred in the year ended December 31, 2023 and period from July 14, 2022 (inception) to December 31, 2022 are as follows:

|                     | 2023         | 2022       |
|---------------------|--------------|------------|
| Professional fees   | 126          | 46         |
| Legal fees          | 3            | 60         |
| External Audit fees | 52           | 50         |
| Service fees        | 2,473        | 412        |
| Other expenses      | 182          | 78         |
| <b>Total</b>        | <b>2,836</b> | <b>646</b> |

**7. Litigation, claims and assessments**

In the ordinary course of its business, the Company may become subject to claims or proceedings from time to time arising in the normal course of its business. As of December 31, 2023, the Company does not believe it is involved in any legal action that could have a material adverse effect on its financial condition, results of operations, or cash flows.

**8. Subsequent events**

AeCe ISA Ltd. ("AeCe") was established as the second ISA of the Company. AeCe has been licensed as a Class E reinsurer in Bermuda with the business purpose of reinsuring fixed and fixed indexed annuities.

An inforce block of approximately \$4.9 billion of fixed and fixed indexed annuity U.S. statutory reserves plus forward flow over the next three years will be reinsured to AeCe, and then 50% retroceded from AeCe to AeBe ISA Ltd ("AeBe"). The transaction closed on April 19, 2024 with an effective date of April 1, 2024. Agam Bermuda ISAC Ltd. will enter into a comprehensive service agreement with AeCe, in addition to the existing agreement with AeBe.

Management has evaluated events occurring after December 31, 2023, through April 26, 2024, the date the financial statements were available to be issued and identified no further subsequent events to disclose.