Boston Re Ltd.
Financial Statements
December 31, 2023 and 2022
(With Independent Auditor's Report Thereon)

Boston Re Ltd.
Index to Financial Statements

May 23, 2024

Report of Independent Auditors

To the Board of Directors and Shareholder of Boston Re Ltd.

Opinion

We have audited the accompanying financial statements of Boston Re Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, changes in shareholder's equity and cash flows for the years then ended, including 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 as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

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 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 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 from 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 the financial statements are available to be issued.

Auditors' 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 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 financial statements.

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

- Exercise professional judgement and maintain professional scepticism 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 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.

PricewaterhouseCoopers Ltd.

Chartered Professional Accountants

Boston Re Ltd.
Balance Sheets
As at December 31, 2023 and 2022
(in thousands of U.S. Dollars, except share and per share data)

	2023	2022
ASSETS		
Cash and cash equivalents	138,618	75,074
Financial assets measured using the fair value option	237,674	263,263
Short-term lending to affiliate	-	83,263
Other assets	424,061	300,680
Total assets	800,353	722,280
LIABILITIES & SHAREHOLDER'S EQUITY		
Financial liabilities measured using the fair value option	415,022	263,064
Short-term borrowing from affiliate	56,570	121,088
Other liabilities	236,888	251,744
Total liabilities	708,480	635,896
Shareholder's Equity:		
Voting common stock ($1.00 par value; 2,000,000 shares authorized, issued and outstanding)	2,000	2,000
Accumulated retained earnings	89,873	84,384
Total shareholder's equity	91,873	86,384
Total liabilities and shareholder's equity	800,353	722,280

Michael Kenny, Director

Jonathan Young, Director

See accompanying notes to financial statements.

Boston Re Ltd.
Statements of Operations
For the years ended December 31, 2023 and 2022
(in thousands of U.S. Dollars)

	2023	2022
Revenues:		
Fair value changes associated with financial assets and liabilities measured using the fair value option - net	3,472	3,190
Commission income	206	1,304
Net Interest income	2,230	710
Other revenue	1,181	1,197
Total revenues	7,089	6,401
Expenses:		
Commission expenses	206	1,307
Operating expenses	1,394	1,282
Total expenses	1,600	2,589
Net income	**5,489**	**3,812**

See accompanying notes to financial statements.

Boston Re Ltd.
Statements of Changes in Shareholder's Equity
For the years ended December 31, 2023 and 2022
(in thousands of U.S. Dollars)

	Voting Common Stock	Retained Earnings	Total Shareholder's Equity
Balances as of December 31, 2021	2,000	80,572	82,572
Net income	-	3,812	3,812
Balances as of December 31, 2022	2,000	84,384	86,384
Balances as of December 31, 2022	2,000	84,384	86,384
Net income	-	5,489	5,489
Balances as of December 31, 2023	2,000	89,873	91,873

See accompanying notes to financial statements.

Boston Re Ltd.
Statements of Cash Flows
For the years ended December 31, 2023 and 2022
(in thousands of U.S. Dollars)

	2023	2022
Cash flows from operating activities:		
Net income	5,489	3,812
Adjustments to reconcile net income to net cash provided by operating activities:		
Change in operating assets and liabilities:		
Financial assets and liabilities measured using the fair value option, net	177,547	176
Other assets	(123,381)	(87,592)
Other liabilities	(14,856)	17,785
Net cash provided by/ (used by) operating activities	44,799	(65,819)
Cash flows from investing activities:		
Short-term lending to affiliate	83,263	(83,263)
Net cash provided by / (used by) investing activities	83,263	(83,263)
Cash flows from financing activities:		
Short-term borrowing from affiliate	(64,518)	7,934
Net cash (used by) / provided by financing activities	(64,518)	7,934
Net increase / (decrease) in cash and cash equivalents	63,544	(141,148)
Cash and cash equivalents as of the beginning of year	75,074	216,222
Cash and cash equivalents as of the end of year	138,618	75,074

See accompanying notes to financial statements.

1. Organization and Background

Boston Re Ltd. (the "Company") was incorporated under the laws of Bermuda on April 18, 2000 and is licensed as a Class 3 insurer under the Insurance Act 1978 of Bermuda and related regulations and amendments thereto. The Company is a wholly owned subsidiary of Credit Suisse AG, which is incorporated under the laws of Switzerland. The ultimate parent of the Company is UBS Group AG, which is also incorporated under the laws of Switzerland. Effective January 24, 2005, the Company was registered as a Long-Term Insurer and, on October 12, 2011, in accordance with the Insurance Amendment (No. 3) Act 2010, was re-registered as a Class C Insurer. In 2021, the Company applied for reclassification from a Class C insurer to a Class E insurer which resulted in the Company being reclassified as a Class E insurer effective 25th November 2021. Effective June 12, 2015 the Company registered as a Segregated Accounts Company pursuant to Section 6 of the Segregated Accounts Companies Act 2000. As at December 31, 2023, the Company has a separate account but has not conducted any business in the segregated account. All existing contracts remain in the general account.

The following explains the insurance programs active in the Company for the years ended December 31, 2023 and 2022.

(a) Long-term insurance business (Class E license)

There are two active long-term insurance business programs for the years ended December 31, 2023 and 2022.

VA Program: During 2015, the Company entered into reinsurance agreements with a third-party life insurance company covering guaranteed minimum death benefits ("GMDB") embedded within variable annuity products and also longevity risk on surplus relief financing in the form of ceding commissions provided with the same policies. Under the surplus relief aspect of the program, the Company pays commissions to cover the life insurer's policy acquisition costs. The cash flows received from the life insurance company are a function of policyholder behavior and therefore a function of the value and composition of the underlying policyholders portfolios over time. The Company also entered into derivative contracts with an affiliated company associated with the same policies. For the surplus relief financing part of the program, the affiliate provides financing to the Company which is in turn provided to the third-party insurance company. The underlying policies have five- and ten-year tenors. Similar contracts covering a second tranche of similar products and risks were entered into in 2016. The Company has elected to use the fair value option to account for assets and liabilities resulting from the contracts executed in connection with the program. Fair value changes in both the assets and the liabilities are reflected in the statement of operations. The Company has purchased reinsurance coverage from unaffiliated reinsurers to transfer 100% of this exposure. As at December 31, 2023, the total notional amount of the life insurance premiums invested in the products was \$0.5 billion (2022: \$0.8 billion).

FA Program: During 2020, the Company entered into reinsurance agreements with a third-party life insurance company covering an in-force block of fixed annuities with embedded guaranteed minimum death benefits. The Company has entered into derivative contracts with an affiliated company to fully hedge the market risks assumed in this reinsurance program. The Company has also purchased reinsurance coverage from an unaffiliated reinsurer to transfer 100% of the risk assumed on the GMDB coverage. Similar to the VA Program, the Company considers that it has not assumed significant insurance risk and accordingly the assets and liabilities reflect the net position with each counterparty under the agreements. The underlying policies have five-year tenors and will expire in 2024. The Company has elected to use the fair value option to account for assets and liabilities resulting from the contracts executed in connection with the program. Fair value changes in both the assets and the liabilities are reflected in the statement of operations. The notional value of the portfolio is approximately \$0.7 billion (2022: \$1.4 billion).

1. Organization and Background (continued)

(b) General insurance business (Class 3 license)

The Company has not written any general insurance business in the years ended December 31, 2023 or December 31, 2022 and there have been no claims or loss reserves, or emerging loss reserves from business written in previous years.

2. Significant Accounting Policies

Basis of financial information. The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). To prepare the financial statements in accordance with U.S. GAAP, management is required to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the balance sheet date and the reported amounts of revenues and expenses during the reporting period. While management evaluates its estimates and assumptions on an ongoing basis, actual results could differ materially from management's estimates. Market conditions may increase the risk and complexity of the judgments applied in these estimates.

Cash and cash equivalents. Cash and cash equivalents include all demand deposits held in banks, including demand deposits held at affiliate branches, and certain highly liquid investments with original maturities of 90 days or less. The carrying value of cash and cash equivalents approximates fair value.

Fair value measurement and option. The fair value measurement guidance establishes a single authoritative definition of fair value and sets out a framework for measuring fair value. The fair value option creates an alternative measurement treatment for certain financial assets and financial liabilities. The fair value option can be elected at initial acquisition of the eligible item or at the date when the Company enters into an agreement which gives rise to an eligible item (e.g., a firm commitment). If not elected at initial recognition, the fair value option can be applied to an item upon certain triggering events that give rise to a new basis of accounting for that item. The application of the fair value option to a financial asset or a financial liability does not change its classification on the face of the balance sheet and the election is irrevocable. Changes in fair value resulting from the election are recorded in income associated with financial assets and liabilities measured using the fair value option-net. The Company has elected the fair value option for assets and liabilities resulting from the execution of certain contracts. See Note 3 for more information.

Commission income and commission expense. Commission income and expense derive from the VA program and are recorded on the accruals basis. Commission income receivable and commission expense payable are from and to entities related through common control.

Interest income. Interest income includes interest income from the Company's demand deposits held at banks and income on collateral deposits placed with entities related through common control. Interest income is recorded on the accruals basis.

2. Significant Accounting Policies (continued)

Translation of foreign currencies. Foreign currency assets and liabilities considered monetary items are translated at exchange rates in effect at the balance sheet date. Foreign currency revenues and expenses are translated at the transaction date exchange rates. Exchange gains and losses are included in the determination of net income.

Loans to and from affiliates. Loans to and from affiliates are accounted for on an amortized cost basis and interest is accrued daily.

ACCOUNTING STANDARDS ADOPTED IN CURRENT PERIOD

ASC Topic 326 – Financial instruments – Credit losses

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-13, "Measurement of Credit Losses on Financial Instruments", an update to ASC Topic 326 – Financial Instruments – Credit Losses. ASU 2016-13 modifies the recognition of credit losses by replacing the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable supportable information to inform credit loss estimates. ASU 2016-13 is applicable to financial assets such as loans, debt securities, trade receivables, off-balance sheet credit exposures, reinsurance receivables, and other financial assets that have the contractual right to receive cash. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. The adoption of ASU 2016-13 on January 1, 2023 did not have a material impact on the Company's financial position, results of operations or cash flows, as the Company did not have financial assets that were materially impacted by the update. As a result, there was no cumulative effect adjustment to opening retained earnings as of January 1, 2023.

ACCOUNTING STANDARDS TO BE ADOPTED IN FUTURE PERIODS

ASC Topic 820 – Fair Value Measurement

In June 2022, the FASB issued ASU 2022-03, "Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions" (ASU 2022-03), an update to ASC Topic 820 – Fair Value Measurement. The amendments in ASU 2022-03 clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments clarify that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction.

The amendments require new disclosures related to equity securities subject to contractual sale restrictions, including the fair value of such equity securities, the nature and remaining duration of the corresponding restrictions and any circumstances that could cause a lapse in the restrictions.

For public business entities, the amendments are effective for annual reporting periods beginning after December 15, 2023 and for the interim periods within those annual reporting periods. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2024 and for the interim periods within those annual reporting periods. Early adoption is permitted, including in an interim period. The Company is currently evaluating the impact of the adoption of ASU 2022-03 on the Company's financial position, results of operations and cash flows.

3. Fair Value Measurement

Fair Value of Financial Instruments

FASB ASC 825, *Disclosures About Fair Value of Financial Instruments* requires all entities to disclose the fair value of their financial instruments, both assets and liabilities, for which it is practicable to estimate a fair value.

The Company holds financial instruments for which no prices are available, and/or which have little or no observable inputs. For these instruments, the determination of fair value requires subjective assessment and judgment depending on liquidity, pricing assumptions, the current economic and competitive environment and the risks affecting the specific instrument. In such circumstances, valuation is determined based on management's own judgments about the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. These instruments include balances for financial assets and financial liabilities measured using the fair value option reported in the balance sheets. For the years ended December 31, 2023 and December 31, 2022, financial assets and financial liabilities measured using the fair value option consist of balances derived from the Company's VA and FA programs described in Note 1.

The fair value of financial assets and liabilities is impacted by factors such as benchmark interest rates, prices of financial instruments issued by third parties, commodity prices and index prices or rates, as well as unobservable inputs described below in the qualitative disclosures of fair values. Counterparty credit risk assessments are also considered when measuring the fair value of assets and the impact of changes in the Company's own credit risk profile is considered when measuring the fair value of its liabilities. The adjustments also take into account contractual factors designed to reduce the Company's credit exposure to a counterparty, such as collateral held and master netting agreements.

Fair Value Hierarchy

The levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access. This level of the fair value hierarchy provides the most reliable evidence of fair value and is used to measure fair value whenever available.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. These inputs include: (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is publicly available; (c) inputs other than quoted prices that are observable for the asset or liability or (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs that are unobservable for the asset or liability. These inputs reflect the Company's own judgments about the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk). These inputs are developed based on the best information available in the circumstances, which include the Company's own data. The Company's own data used to develop unobservable inputs are adjusted if information indicates that market participants would use different assumptions.

3. Fair Value Measurement (continued)

Quantitative Disclosures of Fair Values

The following is a tabular presentation of fair value of assets and liabilities for instruments measured at fair value on a recurring basis.

Assets and liabilities measured at fair value on a recurring basis:

	(In thousands of U.S. Dollars)			
	Level 1	Level 2	Level 3	Total at fair value
December 31, 2023				
Assets				
Financial assets measured using the fair value option	-	-	237,674	237,674
Total assets at fair value	-	-	237,674	237,674
December 31, 2023				
Liabilities				
Financial liabilities measured using the fair value option	-	-	415,022	415,022
Total liabilities at fair value	-	-	415,022	415,022
December 31, 2022				
Assets				
Financial assets measured using the fair value option	-	-	263,263	263,263
Total assets at fair value	-	-	263,263	263,263
December 31, 2022				
Liabilities				
Financial liabilities measured using the fair value option	-	-	263,064	263,064
Total liabilities at fair value	-	-	263,064	263,064

3. Fair Value Measurement (continued)

The following table presents a reconciliation of the beginning and ending balances for financial assets and liabilities measured at fair value on a recurring basis using level 3 inputs during the years ended December 31, 2023 and December 31, 2022.

(In thousands of U.S. Dollars)

	Balance as of January 1, 2023	Purchase, Issuances and Settlements	Gains recorded in net income	Balance at December 31, 2023
Assets				
Financial assets measured using the fair value option..............	263,263	(29,061)	3,472	237,674
Total assets..	263,263	(29,061)	3,472	237,674
Liabilities				
Financial liabilities measured using the fair value option..........	263,064	151,958	-	415,022
Total liabilities..	263,064	151,958	-	415,022

	Balance as of January 1, 2022	Purchase, Issuances and Settlements	Gains recorded in net income	Balance at December 31, 2022
Assets				
Financial assets measured using the fair value option..............	356,790	(96,717)	3,190	263,263
Total assets..	356,790	(96,717)	3,190	263,263
Liabilities				
Financial liabilities measured using the fair value option..........	356,415	(93,351)	-	263,064
Total liabilities..	356,415	(93,351)	-	263,064

3. Fair Value Measurement (continued)

Qualitative Disclosures of Valuation Techniques

The significant balances which have been determined using level 3 inputs are attributable to the VA and FA programs.

Fair values are determined on the basis of internally developed proprietary models which use various observable and unobservable inputs in order to determine fair value. The most significant unobservable inputs include the estimates of mortality, policyholder surrender, and index volatility.

Mortality estimates are obtained by multiplying a base mortality curve for the general insured population provided by a professional actuarial organization together with an individual-specific multiplier. Individual-specific multipliers are determined based on age and gender data from third-party data providers. The base mortality assumptions are derived from the Japanese 2007 FSA mortality tables. Increases in mortality rates have the effect of decreasing the Company's fair value assets and liabilities.

Policyholder surrender estimates are obtained by taking experience adjusted average market surrender rates and adjusting for assumptions regarding the risk appetite of the Company and market factors. Changes in estimates of surrender values can have the effect of increasing or decreasing the fair values of assets and liabilities depending on prevailing market conditions.

Index volatility estimates come from index construction rules (target volatility). The construction rules are mainly derived from back testing the index rates. Increases in index volatility have the effect of decreasing the Company's fair value assets and liabilities.

For all other financial instruments, the carrying value approximates fair value due to the relatively short period of time between their origination and expected realization, as well as the minimal credit risk inherent in these instruments.

Cash Pool

The Company maintains a cash pool, (recorded within financial liabilities at fair value), to delay the settlement of trades between the insurer and the Company, and a separate cash pool, (recorded within financial assets at fair value) with the related entity providing the hedging for the trades. These cash pools are updated quarterly. The fair value of the swap is presented on the balance sheet and originates from the expected final exchange and coupon where the Company is to receive from the related entity the AUD and pay back the JPY. Whereas when the cash is passed via the cash pool, the fair value only consists of the AUD amount, it is then collateralized with JPY.

4. Related party balances and transactions

In the ordinary course of business, the Company enters into operating transactions with entities related through common control. The following tables set forth the Company's related party assets, liabilities, revenues and expenses which result from related party transactions as at and for the years ended December 31, 2023 and 2022:

(in thousands of U.S. Dollars)

	VA & FA Programs	Other	Total
As of December 31, 2023			
ASSETS			
Financial assets measured using the fair value option	224,513	-	224,513
Other assets	68	513	581
Total assets	224,581	513	225,094
LIABILITIES			
Financial liabilities measured using the fair value option	13,029	-	13,029
Loan from affiliate	56,570	-	56,570
Other liabilities	236,514	22	236,536
Total liabilities	306,113	22	306,136

For the year-ended December 31, 2023

	VA & FA Programs	Other	Total
REVENUES			
Fair value changes associated with financial assets and liabilities measured using the fair value option - net	3,472	-	3,472
Commission income	206	-	206
Other revenue	-	1,181	1,181
Total revenues	3,678	1,181	4,859
EXPENSES			
Commission expenses	206	-	206
Operating expenses	901	12	913
Total expenses	1,107	12	1,119

4. Related party balances and transactions (continued)

As of December 31, 2022

	(in thousands of U.S. Dollars) VA & FA Programs	Other	Total
ASSETS			
Financial assets measured using the fair value option	235,837	-	235,837
Loan to affiliate	-	83,263	83,263
Other assets	183	424	607
Total assets	236,020	83,687	319,707
LIABILITIES			
Financial liabilities measured using the fair value option	27,228	-	27,228
Loan from affiliate	121,088	-	121,088
Other liabilities	251,479	29	251,508
Total liabilities	399,795	29	399,824

As of December 31, 2022

	VA & FA Programs	Other	Total
REVENUES			
Fair value changes associated with financial assets and liabilities measured using the fair value option - net	3,190	-	3,190
Commission income	1,304	-	1,304
Other revenue	-	1,197	1,197
Total revenues	4,494	1,197	5,691
EXPENSES			
Commission expenses	1,307	-	1,307
Operating expenses	60	16	76
Total expenses	1,367	16	1,383

4. Related party balances and transactions (continued)

The following contribute to assets, liabilities, expenses and revenues in the above tables:

VA & FA Programs: The tables above show the following balances with affiliate Credit Suisse Singapore: financial assets and liabilities measured using the fair value option, fair values changes associated with reinsurance contracts, commission income, and other assets and liabilities. Other assets include commissions receivable, collateral balances paid by and repayable to the Company and accrued interest receivable on the collateral paid.

The balances for commission expenses and commissions payable (within other liabilities) are with affiliate Credit Suisse Japan Ltd and Credit Suisse Hong Kong.

The balance for loan to affiliate is to affiliate Credit Suisse AG (Singapore Branch). This loan has been repaid during 2023.

The balance for loan from affiliate is from affiliate Credit Suisse AG (Cayman Branch). The purpose of this loan is to fund collateral payments made on the annuity programs. Other expenses include interest and fees for treasury services in connection with the annuity trades.

Other: Other assets and other revenues consist of income from insurance services provided by the Company to affiliate Credit Suisse International Ltd. and affiliate Boston Insurance SAC Ltd. Other liabilities and other expenses consist of expenses payable to affiliate Credit Suisse Singapore in respect of administration services performed for the Company.

5. Other Assets

Other assets consist of the following:

	December 31,	
	2023	**2022**
	(in thousands of U.S. Dollars)	
OTHER ASSETS		
(i) In respect of insurance services provided to affiliates	529	508
(ii) Insurance receivable - commissions on VA program from affiliate CS Singapore	51	102
(iii) Collateral paid to life insurer in respect of FA program	423,467	300,021
(iv) Other receivables	14	49
Total other assets	424,061	300,680

Balances (i) to (ii) are with affiliates and are described in the Related Party Transaction note. Item (iii) is cash collateral paid to life insurer in connection with the FA program. Item (iv) mainly comprises accrued interest receivable and compensation receivable.

6. Other Liabilities

Other liabilities consist of the following:

OTHER LIABILITIES	December 31, 2023	December 31, 2022
	(in thousands of U.S. Dollars)	
(i) Commission income payable to Credit Suisse Japan Ltd. and Credit Suisse Hong Kong....	51	102
(ii) Administrative Fees payable to Credit Suisse Singapore....	-	1
(iii) Collateral received from affiliate CS Singapore in respect of JVA & JFA programs	236,399	251,331
(iv) Other payables....	438	310
Total other liabilities....	236,888	251,744

Balances (i) to (iii) and a some of (iv) are with affiliates and are described in the Related Party Transactions note. Item (iv) other payables consists of current liabilities and accruals of a general and administrative nature, as well as accrued interest payable on the collateral deposits received (above item (iii)).

7. Concentrations of Credit Risks and Revenues

Concentrations of Credit Risk: Credit risk is the potential for loss resulting from the default by a counterparty of its obligations. Exposure to credit risk is generated by securities and currency settlements and contracting customers and other parties. The Company and its affiliates use various means to manage credit risk. The creditworthiness of all counterparties is analyzed at the outset of a credit relationship with the Company and its affiliates. These counterparties are subsequently reviewed on a periodic basis. The Company and its affiliates set a maximum exposure limit for each counterparty, as well as for groups of counterparties. Furthermore, the Company demands collateral from certain counterparties or for certain types of credit transactions.

Exposure to credit risk with third parties and affiliates is also managed through collaterisation of exposures on the insurance programs.

For the VA program the third-party insurer pledges collateral to the Company with a market value approximating the program fair value as defined in the agreements, and this balance is in turn pledged by the Company in favor of its affiliate.

For the FA program, the Company's affiliate pledges collateral to the Company with a market value approximating the program fair value as defined in the agreements, and this balance is in turn pledged by the Company in favor of the third-party insurer.

The Company has also deposited cash collateral with its affiliate (see note 4). The Company believes all balances are fully collectible.

On both the VA and FA programs, the Company's credit exposure to the affiliate and to the third-party insurer are significantly mitigated by the presence of collateral, as fair value exposures to and from counterparties are significantly offset by collateral balances resulting in minimal net balances per counterparty.

Concentrations of Revenue: All revenues are earned from a single third-party insurer and through affiliates Credit Suisse International and Credit Suisse Singapore.

8. Regulatory Capital Requirements

The Company is registered as a Class 3 insurer and a Class E insurer under the Insurance Act 1978 (Bermuda), amendments thereto and related regulations (the "Insurance Act") and is required to prepare and file Statutory Financial Statements and a Statutory Financial Return with the Bermuda Monetary Authority ("BMA"). For Bermuda registered insurance companies there are some differences between financial statements prepared in accordance with US GAAP and those prepared on a statutory basis. Certain assets are non-admitted under Bermuda regulations and excluded from the Statutory Balance Sheet.

General insurance business license: The Company has not written any general insurance business in the years ended December 31, 2023 or December 31, 2022 and there have been no claims or loss reserves, or emerging loss reserves from business written in previous years. The general business statutory capital and surplus at December 31, 2023 was $14.5 million (2022: $14.0 million). The Company is required to hold a minimum liquidity ratio. All requirements were met throughout both periods.

Long-term insurance business license: The Company's Class E license is for long term insurance business. The VA and FA Programs are written under the Company's Class E license. The long-term business statutory capital and surplus at December 31, 2023 was $77.3 million (2022: $72.3 million).

Under the Bermuda Insurance (Prudential Standards) Rules, the Company is required to maintain a minimum margin of solvency for conducting its long-term business. The minimum margin of solvency is defined as a prescribed amount by which the value of the long-term assets of an insurer (defined as long-term statutory capital and surplus) must exceed its long-term business liabilities, and is the greater of a minimum defined amount or a percentage of assets. The minimum margin of solvency requirement was met throughout both periods.

Under the Bermuda Insurance Act, the Company is also required to maintain capital and surplus in excess of the "Enhanced Capital Requirement" level, which is determined using a risk-based capital model. The Company met the minimum requirements.

To enable the Bermuda Monetary Authority to assess the quality of the insurer's capital resources, an insurer is required to disclose the composition of its capital in accordance with a three-tiered capital system in which the highest quality capital is defined as Tier 1, with lesser quality capital classified as Tier 2 or 3. All of the Company's capital throughout both periods is Tier 1 capital.

9. Income Taxes

Under current Bermuda law, the Company is not obligated to pay income taxes in Bermuda and has received an undertaking from the Government of Bermuda exempting it from all local income, withholding, and capital gains taxes until March 31, 2035. However, the Corporate Income Tax Act 2023, which was enacted by the Government of Bermuda in December 2023, supersedes the prior undertaking and the Company will be subject to Bermuda corporate income tax from January 1, 2025 at a statutory rate of 15%. Management expects to opt out of the Economic Transition Adjustment (ETA) and instead utilize Net Operating Losses (NOLs) prior to being in scope of the Bermuda CIT Act, as this approach is likely to maximize overall tax savings across the UBS Group. As are result, there are no deferred tax balances to be recognized or disclosed in the financial statements as at December 31, 2023.

10. Shareholder's Equity

The Company's authorized, issued, and outstanding share capital is 2,000,000 common shares with a par value of $1 per share. All shares are held by the Company's parent, Credit Suisse AG.

11. Subsequent Events

The Company has evaluated the potential for subsequent events from December 31, 2023 through the date of issuance of the financial statements on May 23, 2024.

On March 19, 2023, Credit Suisse Group AG and UBS Group AG entered into an agreement and plan of merger ("the merger") which was completed on June 12, 2023. As a result of the merger all subsidiaries of Credit Suisse Group became subsidiaries of UBS Group. In furtherance of UBS Group's efforts to integrate the acquired entities and rationalise its internal legal entity structure, UBS Group proposes to undertake certain intragroup transactions. The relevant proposed transaction is the merger of Credit Suisse AG (CSAG) with and into UBS AG, each of which is a wholly owned bank subsidiary of UBS Group. UBS Group plans to complete the merger on or around May 31, 2024, subject to the receipt of requisite regulatory approvals.