Warwick Re Limited

Consolidated Financial Statements

For the years ended December 31, 2023 and 2022

And Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and the Shareholder of
Warwick Re Limited

Opinion

We have audited the consolidated financial statements of Warwick Re Limited (the "Company"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows, for the years then ended, and the related notes to the consolidated financial statements (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 (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 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 a period of one year after the date that the financial statements are 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 from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

INDEPENDENT AUDITOR'S REPORT (Cont'd)

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.

Deloitte Ltd.
May 31, 2024

Warwick Re Limited
Consolidated Balance Sheets
December 31, 2023 and 2022

(In thousands, except share and per share data)

	2023 $	2022 $
Assets		
Investments:		
Fixed maturities, available-for-sale, at fair value	450,909	-
Fixed maturities, trading	59,206	103,787
Derivatives assets	3,345	-
Total investments	513,460	103,787
Cash and cash equivalents	73,665	41,071
Accrued income	5,012	-
Receivables for investments	5,875	2,400
Accounts receivable	102,173	-
Deferred acquisition costs	692	-
Prepaids	120	62
Amounts owed by group undertakings	35	-
Other assets	1	3
Total assets	**701,033**	**147,323**
Liabilities		
Liability for future policy benefits	498,272	-
Payables for investments	2,245	4,329
Deferred profit liability	17,623	-
Derivatives liabilities	1,425	-
Accounts payable and accrued liabilities	4,211	247
Amounts owed to group undertakings	999	471
Total liabilities	**524,775**	**5,047**
Shareholder's Equity		
Common stock; par value $1 per share; 250,000 shares authorized and issued	250	250
Additional paid-in capital	179,288	148,318
Retained earnings (accumulated loss)	(164)	(6,292)
Accumulated other comprehensive income (loss)	(3,116)	-
Total shareholder's equity	176,258	142,276
Total liabilities and shareholder's equity	**701,033**	**147,323**

The accompanying notes are an integral part of these financial statements

Warwick Re Limited
Consolidated Statements of Operations
For the Years Ended December 31, 2023 and 2022

(In thousands)

	2023 $	2022 $
Revenues:		
Premium income	488,636	-
Net investment income	10,145	3,427
Net realized investment gains (losses)	2,446	628
Net unrealized investment gains (losses)	2,457	(435)
Other income	1	1
Total Revenues	**503,685**	**3,621**
Expenses		
Insurance policy benefits	488,636	-
Operating expenses	7,986	4,348
Net foreign exchange losses (gains)	935	(15)
Total benefits and expenses	**497,557**	**4,333**
Net income (loss)	**6,128**	**(713)**
Statement of Comprehensive Income		
Unrealized gain on available-for-sale securities	7,890	-
Change in policy benefit reserves attributable to the	-	-
discount rate	(11,006)	-
Total other comprehensive loss	**(3,116)**	**-**

The accompanying notes are an integral part of these financial statements

Warwick Re Limited
Consolidated Statement of Shareholder's Equity
For the Years Ended December 31, 2023, and 2022

(In thousands)

	Common stock $	Additional paid-in capital $	Retained earnings (loss) $	Accumulated other comprehensive income (loss) $	Total $
Balance at January 1, 2022	250	5,748	(5,580)	-	418
Net income (loss)	-	-	(713)	-	(713)
Capital contributions	-	142,570	-	-	142,570
Balance at December 31, 2022	250	148,318	(6,292)	-	142,276
Net income (loss)	-	-	6,128	-	6,128
Capital contributions	-	30,970	-	-	30,970
Other comprehensive income (loss)	-	-	-	(3,116)	(3,116)
Balance at December 31, 2023	**250**	**179,288**	**(164)**	**(3,116)**	**176,258**

The accompanying notes are an integral part of these financial statements

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Warwick Re Limited
Consolidated Statement of Cash Flows
For the Years Ended December 31, 2023, and 2022

(In thousands)

	2023 $	2022 $
Operating activities		
Net income (loss)	6,128	(713)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Net realized investment gains	(2,446)	(628)
Net unrealized investment (gains)/losses	(2,457)	435
Premiums received in investments in lieu of cash	(380,144)	-
Change in operating assets and liabilities		
Receivables for Investments	(3,475)	(2,400)
Payables for investments	(2,084)	4,329
Derivatives assets and liabilities	(1,920)	-
Deferred acquisition costs	(692)	-
Accrued income	(5,012)	-
Accounts payable and other accrued liabilities	3,964	226
Prepaids	(57)	(45)
Accounts receivable	(102,172)	-
Liability for future policy benefits	487,267	-
Accumulated depreciation	2	3
Amounts due owed by / to group undertakings	494	497
Deferred profit liability	17,623	-
Net cash flows provided by operating activities	15,019	1,705
Investing activities		
Purchases of fixed maturities, available-for-sale	(68,511)	-
Purchases of fixed maturities, trading	(768,953)	(395,296)
Sales of fixed maturities, available-for-sale	9,773	-
Sales of fixed maturities securities, trading	814,336	291,702
Net cash flows used in investing activities	(13,395)	(103,594)
Financing activities		
Capital contributions	30,970	142,570
Net cash flows provided by financing activities	30,970	142,570
Net increase (decrease) in cash and cash equivalents	32,594	40,681
Cash and cash equivalents, as of beginning of the year	41,071	390
Cash and cash equivalents, at the end of the year	**73,665**	**41,071**

The accompanying notes are an integral part of these financial statements

1. Nature of Business

Warwick Re Limited (the "Company") was incorporated under the laws of Bermuda on May 16, 2014. It is a wholly-owned subsidiary of Warwick Bermuda LLC., ("WBLLC" or the "Parent"), a limited liability company incorporated in Bermuda. The ultimate parent of the Company is Warwick Company (UK) Limited, a company incorporated under the laws of the United Kingdom.

The Company is registered as a Class E insurer under the Insurance Act 1978 of Bermuda, amendments thereto and related regulations (the "Insurance Act").

The Company specializes in asset-intensive reinsurance. In December 2023, the Company entered into a 100% quota share reinsurance agreement with a UK Bulk Annuity insurer ("Reinsurance Agreement"). The UK insurer continues to service the policies reinsured.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"). The preparation of financial statements in accordance with US GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities, as well as disclosure of contingent assets and liabilities as at the balance sheet date. Estimates also affect the reported amounts of income and expenses for the reporting period. Actual results could differ from those estimates. The areas within the Company's financial statements that involve a significant amount of estimation and judgment include liabilities for future policy benefits.

The following is a summary of the significant accounting policies adopted by the Company:

a. Policy Benefit Reserves

The Company establishes liabilities for insurance policies assumed by the Company. Generally, amounts are payable over an extended period of time and related liabilities are calculated as the present value of future expected benefits to be paid reduced by the present value of future expected premiums. Such liabilities are established based on methods and underlying assumptions in accordance with US GAAP and applicable actuarial standards. Principal assumptions used in the establishment of liabilities for future policy benefits ("FPBs") are mortality, investment returns, inflation, and other contingent events as appropriate to the respective product type.

a. Policy Benefit Reserves (cont.)

These assumptions are established at the time the policy is reinsured and then reviewed on a regular basis, taking account of actual experience and future expected trends. The key assumptions are mortality, discount rates and future inflation indices (certain benefits increase In line with published consumer price indices).

The Reinsurance Agreement was written during 2023 and the assumptions for mortality continued to be appropriate. Discount rates were revised in line with changes in market conditions.

b. Recognition of Insurance Revenue and Related Benefits

Premiums are recognized as revenues when due from policyholders for limited pay contracts. Gross premiums in excess of the liability for future policy benefits are deferred and recorded as a deferred profit liability ("DPL"). The DPL is amortized over the lifetime of the contract and accrues interest on the unamortized balance.

c. Deferred Acquisition Costs

Costs that are related directly to the successful acquisition or renewal of reinsurance agreements are capitalized as deferred acquisition costs ("DAC"). Such costs include legal and professional costs incurred as reinsurance transactions are originated.

All other acquisition-related costs are expensed as incurred.

d. Fair Value of Financial Instruments

The Company's estimate of an exchange price is the price in an orderly transaction between market participants to sell the asset or transfer the liability ("exit price") in the principal market, or the most advantageous market in the absence of a principal market, for that asset or liability, as opposed to the price that would be paid to acquire the asset or receive a liability ("entry price"). The Company categorizes financial instruments carried at fair value into a three-level fair value hierarchy, based on the priority of inputs to the respective valuation technique. The three-level hierarchy for fair value measurement is defined as follows:

Level 1 - Values are unadjusted quoted prices for identical assets and liabilities in active markets accessible at the measurement date.

Level 2 - Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date based on the best information available in the circumstances.

d. Fair Value of Financial Instruments (cont'd)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lower level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the investment.

When a determination is made to classify an asset or liability within Level 3 of the fair value hierarchy, the determination is based upon the significance of the unobservable inputs to the overall fair value measurement. Because certain securities trade in less liquid or illiquid markets with limited or no pricing information, the determination of fair value for these securities is inherently more difficult. However, Level 3 fair value investments may include, in addition to the unobservable or Level 3 inputs, observable components, which are components that are actively quoted or can be validated to market-based sources.

e. Derivative Instruments

Derivative instruments with positive values are recorded as derivative assets and derivative instruments with negative fair values are reported as derivative liabilities within the Balance Sheet. The Company does not offset the estimated fair value amounts recognized for derivatives executed with the same counterparty under the same master netting agreement.

Accruals on derivative instruments are generally recorded in accrued investment income or within other liabilities.

Derivative instruments are purchased to manage foreign currency exposure and other market risks associated with certain assets and liabilities. Changes in the estimated fair value of derivative instruments are reported in net unrealized gains (losses) and the fluctuations in estimated fair value of derivative instruments can result in significant volatility in net income.

f. Cash and Cash Equivalents

Cash equivalents includes money market funds, fixed interest deposits and all highly liquid debt instruments purchased with an original maturity of three months or less.

g. Investments

The Company's investment portfolio comprises fixed maturity securities and other investments and are classified as either trading or available for sale.

Where assets are classified as trading, they are held and traded by the Company for the purpose of short-term profit making and are recorded at fair value through net income/(loss). Investment income is recognized as it accrues or is legally due, net of investment management and custody fees. Investment income of fixed maturity securities held for trading includes coupon interest, as well as the amortization of any premium and the accretion of any discount. Changes in the fair value of the Company's fixed maturity securities held for sale are included in net unrealized gains (losses) within the statement of operations.

g. Investments (cont'd)

Assets used to support insurance liabilities are classified as available-for-sale fixed maturity securities, which may be sold prior to their contractual maturity, are classified as available-for-sale and are carried at fair value with changes in fair value recognized in other comprehensive income.

The Company records investments on a trade date basis, with any unsettled trades at year end recorded in receivable and/or payables for investments on the balance sheet.

The Company assesses at each reporting date whether there are any assets with a fair value that have declined below amortized cost to determine how the decline in fair value should be recognized. The Company conducts a qualitative analysis to determine whether a decline in fair value below amortized cost is credit-related. Relevant facts and circumstances include but are not limited to: (i) the extent to which the fair value is less than amortized cost; (ii) any changes in agency credit ratings; (iii) adverse conditions related to the security's industry or geographical area; (iv) failure to make scheduled payments; and (v) other known changes in the financial condition of the issuer.

If the Company determines, based on fact and circumstances related to the specific security, that a potential credit loss exists, an allowance for expected credit losses is established equal to the amount by which the present value of expected cash flows is less than amortized cost, limited to the amount by which fair value is less than amortized cost. The allowance for expected credit closes is remeasured each period and the credit losses are recorded through net unrealized investment gain / (losses) in the statement of operations.

i. Net Investment Income

Net investment income includes primarily interest income, including amortization of premium and accretion of discount, and prepayment fees and is net of related investment expenses. Net investment income includes both the fixed maturities, available-for-sale and fixed maturities, trading.

ii. Net Investment Gains (Losses)

Net investment gains (losses) include primarily (i) realized gains (losses) from sales and disposals of investments, which are determined by specific identification, (ii) intent-to-sell impairment losses on fixed maturity securities available-for- sale ("AFS") and to a lesser extent, (iii) recognized gains (losses). Recognized gains (losses) are primarily comprised of the change in the allowance for credit losses ("ACL") which includes both (i) provisions for credit loss on fixed maturity securities AFS and (ii) subsequent changes in the ACL.

iii. Accrued Investment Income

Accrued investment income is presented separately on the balance sheet and excluded from the carrying value of the related investments, primarily fixed maturity securities.

h. Foreign Exchange

The Company's reporting currency is the U.S. dollar. Foreign currency assets and liabilities that are considered monetary items are translated at exchange rates in effect at the balance sheet date. Foreign currency revenues and expenses are translated either at transaction date exchange rates or using an appropriately weighted average exchange rate for the reporting period. These exchange gains and losses are recognized in net foreign exchange gains (losses) in the statement of operations.

i. Other Comprehensive Income (Loss)

Comprehensive income (loss) includes both net income (loss) and other items of comprehensive income (loss) (“OCI”) comprised of unrealized gains (losses) on fixed maturity securities classified as AFS, as well as changes in liabilities for future policy benefits arising as a result of changes in the discount rate.

j. Adopted Accounting Pronouncements

Long-Duration Contracts

In August 2018, the Financial Accounting Standards Board (“FASB”) issued ASU 2018-12, Financial Services – Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts (“LDTI”). The objective of this guidance is to improve, simplify and enhance the financial reporting of long-duration contracts by providing financial statement users with useful information in a timely and transparent manner. The primary changes include: (i) more timely recognition of assumption changes in the liability for future policy benefits and use of a current rate for discounting of future cash flows; (ii) standardization and improvement in the accounting for certain market-based options or guarantees associated with deposit (or account balance) contracts (referred to as market risk benefits); (iii) simplification of the amortization of deferred acquisition costs; and (iv) enhanced disclosures.

The Company has adopted LDTI and applied the guidance to its long-duration contract as the Company recognized this contract during 2023. As a result, LDTI modified retrospective and retrospective transition guidance and related disclosures are not applicable.

Income Taxes – Simplifying the Accounting for Income Taxes

On December 18, 2019, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2019-12, Income Taxes (Topic 740), simplifying the Accounting for Income Taxes by eliminating certain exceptions to the tax accounting guidance related to the approach for intra-period tax allocation, the methodology for calculating income taxes in an interim period, and the recognition of deferred tax liabilities related to foreign investment ownership changes. It also simplifies aspects of the accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill and allocating income taxes to separate financial statements of entities not subject to income tax. The Company adopted this update January 1, 2022. The adoption of this update did not have a material effect on the financial statements.

k. Basis of Consolidation

These financial statements include the accounts of the Company and its consolidated subsidiaries, which are legal entities where the Company has a controlling financial interest as the primary beneficiary of the variable interest entity (“VIE”).

k. Basis of Consolidation (cont'd)

For a legal entity in which the Company holds a variable interest, the Company first considers whether it meets the definition of a VIE and should therefore apply the guidance under the VIE model. An entity is a VIE if any one of the following conditions exist: (i) the total equity investment at risk is not sufficient for the legal entity to finance its activities without additional subordinated financial support; (ii) the holders of the equity investment at risk as a group lack either the power to direct the most significant activities of the entity, the obligation to absorb the expected losses, or the right to receive the expected residual returns; or (iii) the entity is structured with non-substantive voting rights, where the voting rights of the investors are disproportionate to their obligation to absorb the expected losses of the legal entity, their rights to receive the expected residual returns of the legal entity, or both and substantially all of the entity's activities either involve or are conducted on behalf of the investor with disproportionately few voting rights.

The Company consolidates the VIE for which it is the primary beneficiary, which is the case when the Company has both (i) the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and (ii) the obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

Entities that are determined not the be VIEs are voting interest entities ("VOEs"), which are evaluated under the voting interest model, under which a controlling financial interest is established through a majority voting interest or through other means.

The consolidation assessment, including the determination as to whether an entity qualifies as a VIE or VOE, depends on the specific facts and circumstances for each entity and requires judgement.

3. Investments

Fixed maturities, available-for-sale

As of December 31, 2023, the Company's fixed maturities, available for sale were approximately $450 million (2022- $ Nil). The amortized cost, gross unrealized gains and losses, and estimated fair value are shown below:

	December 31, 2023			
	Amortized cost $'000	Unrealized gains $'000	Unrealized losses $'000	Fair value $'000
Fixed maturity securities, available for sale:				
Corporate debt securities	112,568	1,650	-	114,218
Government debt securities	322,428	6,161	-	328,589
Mortgage-backed securities	1,600	16	-	1,617
Asset-backed securities	6,422	63	-	6,485
Total	**443,019**	**7,890**	**-**	**450,909**

The following tables present the Company's hierarchy for its fixed maturities, available-for-sale measured at fair value:

	Fair value measurement using:			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
December 31, 2023				
Fixed maturity securities, fair value:				
Corporate debt securities	-	114,218	-	114,218
Government debt securities	328,589	-	-	328,589
Mortgage-backed securities	-	1,617	-	1,617
Asset-backed securities	-	6,485	-	6,485
Total assets	**328,589**	**122,320**	**-**	**450,909**
Derivative asset	**-**	**3,345**	**-**	**3,345**

The amortized cost and estimated fair value by contractual maturities are shown below:

	December 31, 2023	
	Amortized cost $'000	Fair value $'000
Due less than one year	5,498	5,511
Due after one year through to five years	31,381	31,713
Due after five years through to ten years	44,150	44,945
Due after ten years	353,968	360,638
ABS and CMBS	8,022	8,102
Total	**443,019**	**450,909**

The following table illustrates the fair value and gross unrealized losses of fixed maturities, available for sale, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position:

	December 31, 2023			
	Less than 12 months		Total	
	Fair value $'000	Gross unrealized loss $'000	Fair value $'000	Gross unrealized loss $'000
Corporate debt securities	827	1	827	1
Government debt securities	78,803	451	78,803	451
Total	**79,630**	**452**	**79,630**	**452**

At December 31, 2023, there were 5 fixed securities, available for sale, that were in an unrealized loss position. Of this total, none were in an unrealized loss position over 12 months ago as all fixed securities available for sale were purchased in the year to December 31, 2023.

The following table sets forth certain information regarding the investment ratings of the Company's fixed maturities, available for sale portfolio. Investment ratings are obtained from Moody's, Fitch, Standard & Poor's or other nationally recognized statistical rating organizations approved by the NAIC for each investment security:

3. Investments (cont'd)

	December 31, 2023				
	Corporate debt securities $'000	Government debt securities $'000	Mortgage backed securities $'000	Asset backed securities $'000	Total $'000
AAA	501	-	-	-	501
AA	8,993	319,478	-	-	328,471
A	55,241	9,111	-	3,386	67,738
BBB	49,483	-	1,617	3,099	54,199
	114,218	**328,589**	**1,617**	**6,485**	**450,909**

Fixed maturities - trading

As of December 31, 2023, the Company's fixed maturities, trading were approximately $59.1 million (2022 - $104.2 million). The amortized cost, gross unrealized gains and losses, and estimate fair value are shown below:

	December 31, 2023			
	Amortized cost $'000	Unrealized gains $'000	Unrealized losses $'000	Fair value $'000
Corporate	5,000	-	-	5,000
Mortgage-backed securities	28,965	-	-	28,965
Asset-backed securities	25,175	66	-	25,241
Total	**59,140**	**66**	**-**	**59,206**

	December 31, 2022			
	Amortized cost $'000	Unrealized gains $'000	Unrealized losses $'000	Fair value $'000
Collateralized mortgage-backed obligations	17,994	85	-	18,079
Collateralized loan obligations	15,826	-	(517)	15,309
Other asset-backed securities	70,402	-	(3)	70,399
Total	**104,222**	**85**	**(520)**	**103,787**

The following tables present the Company's hierarchy for its fixed maturities, trading measured at fair value:

	Fair value measurement using:			
	Total $'000	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**
December 31, 2023				
Fixed maturity securities, fair value:				
Corporate	5,000	-	-	5,000
Mortgage-backed securities	28,965	-	-	28,965
Asset-backed securities	25,241	12,515	12,726	-
Total assets	**59,206**	**12,515**	**12,726**	**33,965**

	Fair value measurement using:			
	Total $'000	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**
December 31, 2022				
Fixed maturity securities, fair value:				
Collateralized loan	15,309	-	15,309	-
Mortgage-backed obligations	18,080	-	18,080	-
Asset-backed securities	70,398	-	70,398	-
Total assets	**103,787**	**-**	**103,787**	**-**

The following table sets forth certain information regarding the investment ratings of the Company's fixed maturities, trading portfolio. Investment ratings are obtained from Moody's, Fitch, Standard & Poor's or other nationally recognized statistical rating organizations approved by the NAIC for each investment security:

	December 31, 2023			
	Corporate $'000	**Mortgage-backed securities $'000**	**Asset-backed securities $'000**	**Total $'000**
AAA	-	-	6,583	6,583
A	-	-	13,846	13,846
BBB	-	-	4,812	4,812
NR	5,000	28,965	-	33,965
	5,000	**28,965**	**25,241**	**59,206**

	December 31, 2022			
	Collateralized loan obligations $'000	**Collateralized mortgage-backed obligations $'000**	**Other asset backed securities $'000**	**Total $'000**
AAA	240	5,587	5,615	11,442
AA	-	8,097	-	8,097
A	-	2,029	1,800	3,829
BBB	15,069	-	-	15,069
NR	-	2,367	62,983	65,350
	15,309	**18,080**	**70,398**	**103,787**

The net investment gains /(losses) for both fixed maturities, available for sale and trading is summarized below:

	2023 $'000	**2022 $'000**
Net investment gains (losses)		
Realized gains (losses) on fixed income investments	2,446	628
Unrealized gains (losses) on fixed income investments	2,457	(435)
Net investment gains(losses)	**4,903**	**193**

Net investment Income

Net investment income by asset class consists of the following:

	2023 $'000	**2022 $'000**
Interest income - investments	8,908	3,290
Accretion/amortization	1,964	331
Realized trading gains (losses)	2,446	628
Unrealized trading gains (losses)	2,457	(435)
Less: investment management fees	(726)	(193)
Total Investment Income	**15,049**	**3,621**

4. Deferred Acquisition Costs

Deferred acquisition costs are amortized on a straight-line basis over the lifetime of the business written. The reinsurance underwritten during the year was taken on close to the end of the year, so there was no amortization during 2023.

	Reinsurance Accepted $'000
Balance at December 31, 2022	-
Reinsurance accepted during the year	692
Amortization expense	-
Balance at December 31, 2023	**692**

5. Liability for Future Policy Benefits

Liability for future policy benefits are measured as follows:

Product Type:	Measurement Assumptions:
Reinsurance of pension risk transfer business	The liability is set equal to the present value of expected benefits, with no margin for prudence. The discount rate is equal to the expected return for upper medium grade corporate bonds with low credit risk. Where the initial premium received is greater than this liability, the excess is deferred over the lifetime of the business.

The following table presents the balances and changes in the liability for future policy benefits reserves and a reconciliation of the net policy benefit reserves to the liability for future policy benefits reserves shown on the balance sheet for the year ended December 31, 2023:

5. Liability for Future Policy Benefits (cont'd)

	Reinsurance Accepted $'000
Liability for future policy benefits as at December 31, 2022	
Reinsured business using original discount rate at issue	488,636
Effect of changes in cash flow assumptions	-
Effect of actual variances from expected variances	-
Adjusted balance at December 31, 2023	**488,636**
Issuances	-
Interest accrual	-
Benefit payments	-
Effect of changes in exchange rates	(1,370)
Ending balance at original discount rate	**487,266**
Effect of changes in discount rate assumptions	11,006
Balance at December 31, 2023	**498,272**
Deferred profit liability	17,623
Balance, per statement of financial position	**515,895**

The reinsurance contract was executed close to the reporting date, so no changes in assumptions other than the discount rate have been recognized during the period.

Gross premium income recorded in the Income Statement is $488.6 million.

The following table shows the amount of undiscounted future benefit payments and expected gross premiums for future policy benefits for non-participating business as of December 31, 2023:

	Reinsurance Accepted $'000
Expected future benefit payments and expenses, undiscounted	1,038,491
Expected future gross premiums, undiscounted	-
Expected future benefit payments and expenses, discounted	498,272
Expected future gross premiums, discounted	-

5. Liability for Future Policy Benefits (cont'd)

The following table shows actual versus expected mortality for 2023:

	Reinsurance Accepted $'000
Actual experience	-
Expected experience	-

As the business was written close to the end of the year, no claims were due to be paid, meaning both actual and expected experience were zero.

The following table presents the calculation of weighted-average discount rates and liability duration for future policy benefits for non-participating business as at December 31, 2023:

	Reinsurance Accepted $'000
Current discount rate, expressed as a weighted average	5.02%
Weighted-average liability duration	12.13

6. Shareholder's Equity

Share Capital

The authorized share capital of the Company is 250,000 voting common shares of par value $1 per share, all of which are issued, fully paid and outstanding, for each of the years ended December 31, 2023 and 2022.

Additional Paid-In Capital

As at December 31, 2023 and 2022, the Company had additional paid-in capital of $179.3 million and $148.3 million respectively.

Accumulated Other Comprehensive Income

OCI refers to unrealized items that are not yet recognized in the statement of operations. For the current reporting period AOCI represents the accumulation of OCI components and is reported separately on the balance sheet.

6. Shareholder's Equity (cont'd)

The table below is a reconciliation of AOCI by component for the period ended December 31.

	2023 $'000	**2022 $'000**
Net income/(loss)	6,128	(713)
Other comprehensive loss:		
Unrealized investment gain (loss) on available for sale securities	7,890	-
Change in liability for future policy benefit reserves attributable to the discount rate	(11,006)	
Other comprehensive loss	**(3,116)**	**-**
Comprehensive income/(loss)	**3,012**	**(713)**

7. Taxation

The Company is incorporated under the laws of Bermuda and is therefore subject to Bermuda law with respect to taxation. Under the current Bermuda law, the Company is not required to pay taxes in Bermuda on either income or capital gains. The Company has received an undertaking from the Bermuda government that, in the event of income or capital gains taxes being imposed, the Company will be exempted from such taxes until the year 2035.

Bermuda Corporate Income Tax

The Company is currently reviewing the legislation for Bermuda Corporate Income Tax. The financials, as presented, do not reflect a deferred or current income tax provision impact. A full assessment will be completed before the end of first taxable year (i.e. 2025), where a tax filing can be expected in 2026.

8. Statutory Requirements

The Company is registered as a Class E insurer under the Insurance Act 1978 of Bermuda and related regulations, as amended (the "Insurance Act"). The Insurance Act imposes certain solvency and liquidity standards and auditing and reporting requirements and grants the Bermuda Monetary Authority ("BMA") powers to supervise, investigate, require information and the production of documents and intervene in the affairs of insurance companies.

The Company is licensed as a Class E insurer under the Act and is required to maintain a minimum statutory solvency margin equal to the minimum solvency margin ("MSM") and a percentage of the Enhanced Capital Requirement ("ECR"). The MSM is equal to the greater of (i) $8 million (ii) 2% of the first $500 million of assets plus 1.5% of assets above $500 million or (iii) 25% of the ECR. The ECR is calculated based on a standard risk-based capital model developed by the BMA. At December 31, 2023, the Company's statutory capital and surplus was $176.1million which exceeded the minimum solvency margin.

8. Statutory Requirements (cont'd)

The Bermuda Solvency Capital Requirement ("BSCR") employs a standard mathematical model that can relate more accurately to the risks taken on by (re)insurers to the capital that is dedicated to their business. (Re)insurers may adopt the BSCR mode, or an in-house model approved by the BMA. The Company has adopted the BSCR model. At December 31, 2023, the Company's ECR and target capital level of 120% of ECR have both been met.

The Company would be prohibited from declaring or paying any dividends if it were in breach of its minimum solvency margin or liquidity ratio or if the declaration or payment of such dividends would cause it to fail to meet such margin or ratio. In addition, the Company is prohibited, without the prior approval of the BMA, from reducing by 15% or more its total statutory capital, or from reducing by 25% of more its total statutory capital and surplus, as set out in its previous year's statutory financial statements. The primary difference between the financial statements prepared for insurance regulatory authorities and statements prepared in accordance with US GAAP is that the financial statements prepared for insurance regulatory authorities apply prudential filters to the US GAAP financial statements in order to derive the Statutory Financial Statements. Prudential filters refer to adjustments to eliminate non-admitted assets including goodwill and other similar intangible assets, not considered admissible for solvency purposes; and to include certain off balance sheet assets and liabilities such as guarantees and other instruments that do not relate to insurance contracts.

9. Related Party Transactions

The Company has management agreements with entities within the group and these are invoiced on a quarterly basis. As at December 31, 2023, the balance payable to related parties was $999,770 (2022 - $470,842). The Company has invested in a corporate note of a related party, the ultimate beneficial owner. As at December 31, 2023, this amounted to $5.0 million.

10. Subsequent Events

The Company has evaluated the effects of events subsequent through to May 31, 2024, which is the date that the financial statements were available to be issued. As part of this evaluation, it should be noted that the Company entered into a transaction with a US direct insurer to reinsure multi-year guaranteed annuities. The transaction included in-force business as well as flow business for future premiums written. In addition, the Company no longer has an investment in a related party as the $5.0 million corporate note was redeemed in March 2024.