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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Advantage International Life Insurance Limited:

Opinions

We have audited the condensed financial statements of Advantage International Life Insurance Limited (the "Company"), which comprise the condensed balance sheets as of December 31, 2023 and 2022, and the related condensed statements of income, and capital and surplus for the year ended December 31, 2023 and 2022, and the related notes to the condensed financial statements (collectively referred to as the "condensed financial statements").

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying condensed financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations for the year ended December 31, 2023 and 2022, in accordance with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to condensed general purpose financial Statements (the "Legislation") described in Note 3.

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

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States Of America section of our report, the accompanying condensed financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2023 and 2022, or the results of its operations for the year ended December 31, 2023 and 2022.

Basis for Opinions

We conducted our 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 Condensed Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

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

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

As described in Note 3 to the condensed financial statements, the condensed financial statements are prepared by the Company on the basis of the financial reporting provisions of the Legislation, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Bermuda Monetary Authority. The effects on the condensed financial statements of the variances between the regulatory basis of accounting described in Note 3 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Condensed Financial Statements

Management is responsible for the preparation and fair presentation of the condensed financial statements in accordance with the financial reporting provisions of the Legislation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the condensed financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the condensed financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Condensed Financial Statements

Our objectives are to obtain reasonable assurance about whether the condensed financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the condensed financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the condensed financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the condensed financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the condensed financial statements.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Debatte & Touche LLP

June 28, 2024

Stamp No. E559664
Affixed to original.



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

CONDENSED BALANCE SHEET

Advantage International Life Insurance Limited

As at **December 31, 2023**

expressed in ['000s]

Bermuda Dollars

LINE No.

	2023	2022
1. CASH AND CASH EQUIVALENTS	\$ 1,842	\$ 1,632
2. QUOTED INVESTMENTS:		
(a) Bonds and Debentures		
i. Held to maturity		
ii. Other		
(b) Total Bonds and Debentures	-	-
(c) Equities		
i. Common stocks		
ii. Preferred stocks		
iii. Mutual funds		
(d) Total equities	-	-
(e) Other quoted investments		
(f) Total quoted investments	-	-
3. UNQUOTED INVESTMENTS:		
(a) Bonds and Debentures		
i. Held to maturity		
ii. Other		
(b) Total Bonds and Debentures	-	-
(c) Equities		
i. Common stocks		
ii. Preferred stocks		
iii. Mutual funds		
(d) Total equities	-	-
(e) Other unquoted investments		
(f) Total unquoted investments	-	-
4. INVESTMENTS IN AND ADVANCES TO AFFILIATES		
(a) Unregulated entities that conduct ancillary services		
(b) Unregulated non-financial operating entities		
(c) Unregulated financial operating entities		
(d) Regulated non-insurance financial operating entities		
(e) Regulated insurance financial operating entities		
(f) Total investments in affiliates	-	-
(g) Advances to affiliates	-	156
(h) Total investments in and advances to affiliates	-	156
5. INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE:		
(a) First liens		
(b) Other than first liens		
(c) Total investments in mortgage loans on real estate	-	-
6. POLICY LOANS		
7. REAL ESTATE:		
(a) Occupied by the company (less encumbrances)		
(b) Other properties (less encumbrances)		
(c) Total real estate	-	-
8. COLLATERAL LOANS		
9. INVESTMENT INCOME DUE AND ACCRUED		
10. ACCOUNTS AND PREMIUMS RECEIVABLE:		
(a) In course of collection	538	585
(b) Deferred - not yet due		
(c) Receivables from retrocessional contracts		
(d) Total accounts and premiums receivable	538	585
11. REINSURANCE BALANCES RECEIVABLE:		
(a) Foreign affiliates		
(b) Domestic affiliates		
(c) Pools & associations		
(d) All other insurers		
(e) Total reinsurance balance receivable	-	-
12. FUNDS HELD BY CEDING REINSURERS		

CONDENSED BALANCE SHEET

Advantage International Life Insurance Limited

As at

December 31, 2023

expressed in ['000s]

Bermuda Dollars

LINE No.

	2023	2022
13. SUNDRY ASSETS:		
(a) Derivative instruments		
(b) Segregated accounts companies - long-term business - variable annuities	4,949	4,321
(c) Segregated accounts companies - long-term business - other	86,480	80,843
(d) Segregated accounts companies - general business		
(e) Deposit assets		
(f) Deferred acquisition costs		
(g) Net receivables for investments sold		
(h) Income Tax Receivable	26	26
(i) Prepaid expenses	1	1
(j) Other receivables	8	
(k) Total sundry assets	<u>91,464</u>	<u>85,191</u>
14. LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS		
(a) Letters of credit		
(b) Guarantees		
(c) Other instruments		
(e) Total letters of credit, guarantees and other instruments	-	-
15. TOTAL	<u>\$ 93,844</u>	<u>\$ 87,564</u>
TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND STATUTORY CAPITAL AND SURPLUS		
16. UNEARNED PREMIUM RESERVE		
(a) Gross unearned premium reserves		
(b) Less: Ceded unearned premium reserve		
i. Foreign affiliates		
ii. Domestic affiliates		
iii. Pools & associations		
iv. All other insurers		
(c) Total ceded unearned premium reserve	-	-
(d) Net unearned premium reserve	-	-
17. LOSS AND LOSS EXPENSE PROVISIONS:		
(a) Gross loss and loss expense provisions		
(b) Less : Reinsurance recoverable balance		
i. Foreign affiliates		
ii. Domestic affiliates		
iii. Pools & associations		
iv. All other reinsurers		
(c) Total reinsurance recoverable balance	-	-
(d) Net loss and loss expense provisions	-	-
18. OTHER GENERAL BUSINESS INSURANCE RESERVES		
19. TOTAL GENERAL BUSINESS INSURANCE RESERVES	-	-
LONG-TERM BUSINESS INSURANCE RESERVES		
20. RESERVE FOR REPORTED CLAIMS		
21. RESERVE FOR UNREPORTED CLAIMS		
22. POLICY RESERVES - LIFE	(29)	(34)
23. POLICY RESERVES - ACCIDENT AND HEALTH		
24. POLICYHOLDERS' FUNDS ON DEPOSIT		
25. LIABILITY FOR FUTURE POLICYHOLDERS' DIVIDENDS		
26. OTHER LONG-TERM BUSINESS INSURANCE RESERVES		
27. TOTAL LONG-TERM BUSINESS INSURANCE RESERVES		
(a) Total Gross Long-Term Business Insurance Reserves	-	-
(b) Less: Reinsurance recoverable balance on long-term business		
(i) Foreign Affiliates		
(ii) Domestic Affiliates		
(iii) Pools and Associations		
(iv) All Other Insurers		
(c) Total Reinsurance Recoverable Balance	29	34
(d) Total Net Long-Term Business Insurance Reserves	<u>(29)</u>	<u>(34)</u>
OTHER LIABILITIES		

CONDENSED BALANCE SHEET

Advantage International Life Insurance Limited

As at **December 31, 2023**

expressed in ['000s]

Bermuda Dollars

LINE No.

	2023	2022
28. INSURANCE AND REINSURANCE BALANCES PAYABLE	312	286
29. COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE	51	50
30. LOANS AND NOTES PAYABLE		
31. (a) INCOME TAXES PAYABLE		
(b) DEFERRED INCOME TAXES		
32. AMOUNTS DUE TO AFFILIATES	72	251
33. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	158	176
34. FUNDS HELD UNDER REINSURANCE CONTRACTS:		
35. DIVIDENDS PAYABLE		
36. SUNDRY LIABILITIES:		
(a) Derivative instruments		
(b) Segregated accounts companies	91,429	85,164
(c) Deposit liabilities		
(d) Net payable for investments purchased		
(e) Other sundry liabilities (specify)		
(f) Other sundry liabilities (specify)		
(g) Other sundry liabilities (specify)		
(h) Total sundry liabilities	91,429	85,164
37. LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS:		
(a) Letters of credit		
(b) Guarantees		
(c) Other instruments		
(d) Total letters of credit, guarantees and other instruments	-	-
38. TOTAL OTHER LIABILITIES	92,022	85,927
39. TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	91,993	85,893
CAPITAL AND SURPLUS		
40. TOTAL CAPITAL AND SURPLUS	1,851	1,671
41. TOTAL	\$ 93,844	\$ 87,564

TRUE

TRUE

CONDENSED STATEMENT OF INCOME

Advantage International Life Insurance Limited

As at **December 31, 2023**

expressed in ['000s] **Bermuda Dollars**

LINE No.	2023	2022
GENERAL BUSINESS UNDERWRITING INCOME		
1. GROSS PREMIUMS WRITTEN		
(a) Direct gross premiums written	\$ -	\$ -
(b) Assumed gross premiums written		
(c) Total gross premiums written	-	-
2. REINSURANCE PREMIUMS CEDED		
3. NET PREMIUMS WRITTEN	-	-
4. INCREASE (DECREASE) IN UNEARNED PREMIUMS		
5. NET PREMIUMS EARNED	-	-
6. OTHER INSURANCE INCOME		
7. TOTAL GENERAL BUSINESS UNDERWRITING INCOME	-	-
GENERAL BUSINESS UNDERWRITING EXPENSES		
8. NET LOSSES INCURRED AND NET LOSS EXPENSES INCURRED		
9. COMMISSIONS AND BROKERAGE		
10. TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	-	-
11. NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS	-	-
LONG-TERM BUSINESS INCOME		
12. GROSS PREMIUMS AND OTHER CONSIDERATIONS:		
(a) Direct gross premiums and other considerations		
(b) Assumed gross premiums and other considerations		
(c) Total gross premiums and other considerations	-	-
13. PREMIUMS CEDED		
14. NET PREMIUMS AND OTHER CONSIDERATIONS:		
(a) Life	(1,213)	(1,192)
(b) Annuities		
(c) Accident and health		
(d) Total net premiums and other considerations	(1,213)	(1,192)
15. OTHER INSURANCE INCOME	2,089	2,079
16. TOTAL LONG-TERM BUSINESS INCOME	876	887
LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES		
17. CLAIMS - LIFE		25
18. POLICYHOLDERS' DIVIDENDS		
19. SURRENDERS		
20. MATURITIES		
21. ANNUITIES		
22. ACCIDENT AND HEALTH BENEFITS		
23. COMMISSIONS	207	213
24. OTHER		
25. TOTAL LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES	207	238
26. INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES):		
(a) Life	5	(34)
(b) Annuities		
(c) Accident and health		
(d) Total increase (decrease) in policy reserves	5	(34)
27. TOTAL LONG-TERM BUSINESS EXPENSES	212	204
28. NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS	664	683

CONDENSED STATEMENT OF INCOME

Advantage International Life Insurance Limited

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

LINE No.		2023	2022
29.	COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS	<u>664</u>	<u>683</u>
	UNDERNOTED ITEMS		
30.	COMBINED OPERATING EXPENSE		
	(a) General and administration	<u>579</u>	<u>522</u>
	(b) Personnel cost		
	(c) Other		
	(d) Total combined operating expenses	<u>579</u>	<u>522</u>
31.	COMBINED INVESTMENT INCOME - NET	<u>95</u>	<u>24</u>
32.	COMBINED OTHER INCOME (DEDUCTIONS)		
33.	COMBINED INCOME BEFORE TAXES	<u>180</u>	<u>185</u>
34.	COMBINED INCOME TAXES (IF APPLICABLE):		
	(a) Current		
	(b) Deferred		
	(c) Total	<u>-</u>	<u>-</u>
35.	COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	<u>180</u>	<u>185</u>
36.	COMBINED REALIZED GAINS (LOSSES)		
37.	COMBINED INTEREST CHARGES		
38.	NET INCOME	<u>\$ 180</u>	<u>\$ 185</u>

CONDENSED STATEMENT OF CAPITAL AND SURPLUS

Advantage International Life Insurance Limited

As at **December 31, 2023**

expressed in ['000s] **Bermuda Dollars**

LINE No.		2023	2022
1.	CAPITAL:		
(a)	Capital Stock		
	(i) Common Shares		
	authorized	250,000	
	value	250,000	
	fully paid	250,000	
		shares of par	each issued and
			shares
	(ii)		
	(A) Preferred shares:		
	authorized	1,000,000	
	value	1,000,000	
	fully paid	1,000,000	
		shares of par	each issued and
			shares
	aggregate liquidation value for –		
	2023		
	2022		
	(B) Preferred shares issued by a subsidiary:		
	authorized		
	value		
	fully paid		
		shares of par	each issued and
			shares
	aggregate liquidation value for –		
	2023		
	2022		
	(iii) Treasury Shares		
	repurchased		
	value		
		shares of par	each issued
(b)	Contributed surplus	4,729	4,729
(c)	Any other fixed capital		
	(i) Hybrid capital instruments		
	(ii) Guarantees and others		
	(iii) Total any other fixed capital	-	-
(d)	Total Capital	5,979	5,979
2.	SURPLUS:		
(a)	Surplus - Beginning of Year	(4,308)	(4,493)
(b)	Add: Income for the year	180	185
(c)	Less: Dividends paid and payable		
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments		
(e)	Add (Deduct) change in any other surplus		
(f)	Surplus - End of Year	(4,128)	(4,308)
3.	MINORITY INTEREST		
4.	TOTAL CAPITAL AND SURPLUS	\$ 1,851	\$ 1,671

ADVANTAGE INTERNATIONAL LIFE INSURANCE LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS AS AT
AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND
DECEMBER 31, 2022

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

PART 1 - GENERAL NOTE TO THE CONDENSED FINANCIAL STATEMENTS

1. Advantage International Life Insurance Limited (the “Insurer” or “Company”) is a Bermuda registered company, owned 74 percent by Advantage International Life Bermuda Limited (“AILBL”), which is a wholly owned subsidiary of Advantage Insurance Inc. (the “Parent”). The remaining 26 percent of the Company is held by Advantage Group Holdings (Delaware) LLC. The Parent, through its wholly owned subsidiary AILBL, holds more than a simple majority of the shares, issued and outstanding, of the Insurer and therefore maintains control over the Insurer. The Insurer is a registered Segregated Accounts Company under the Argus International Life Insurance Limited Consolidation and Amendment Act 2008.

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

On July 1, 2021 the Parent acquired its 74% shareholding from Argus Group Holdings Limited, and 26% shareholding was acquired by Advantage Group Holdings (Delaware) LLC.

2. The Insurer does not write new insurance business, and its activities consist of administering a book of variable annuities and universal life insurance products (the “Policies”) which it previously offered to trusts, private companies or other eligible entities located in Bermuda or in other jurisdictions where the Insurer deems that the laws do not prohibit the ownership or sale of the Policies. The majority of the Policies were issued to residents of the U.S. if permitted in the state of residence. The Policies are held in segregated asset accounts and offer investment options with a death benefit.

The Insurer purchases reinsurance protection such that the reinsured net amount at risk for each insured is 100% excess of up to \$100,000 retention. The reinsured net amount at risk is defined as the selected face amount of each policy less the account value less the retained amount.

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

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

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

ADVANTAGE INTERNATIONAL LIFE INSURANCE LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS AS AT
AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND
DECEMBER 31, 2022

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

4. Significant Accounting Policies

A. Basis of Preparation

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

B. Cash and time deposits

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

C. Financial Assets

The Insurer has the following financial assets: (i) loans and receivables. Management determines the classification of financial assets at initial recognition.

(i) Loans and receivables

Loans and receivables are financial assets with fixed or determinable repayment that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost less any impairment. Interest income from loans and receivables is recognised in Other Insurance income on the Condensed Statement of Income using the effective interest method.

For the purposes of this classification, Loans and receivables are comprised of mortgages and loans, interest and dividends receivable and other receivables in policy loans on the Condensed Balance Sheet.

D. Segregated accounts under segregated accounts companies

Segregated funds are lines of business in which the Insurer issues a contract where the benefit amount is directly linked to the fair value of the investments held in the particular segregated fund. Although the underlying assets are registered in the name of the of the Insurer and the segregated fund policyholder has no direct access to the specific assets, the contractual arrangements are such that the segregated fund policyholder bears the risks and rewards of the fund's investment performance.

Segregated funds are carried at fair value. Fair values are determined using quoted market values or where quoted market values are not available, estimated fair values as provided by pricing services to independent investment managers, administrators or custodians. Segregated fund assets may not be applied against liabilities that arise from any other business of the Insurer. The investment results of the segregated funds are reflected as segregated account liabilities on line 36 (b) of the Condensed Balance Sheet. The Insurer derives only fee income which is included in line

ADVANTAGE INTERNATIONAL LIFE INSURANCE LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS AS AT
AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND
DECEMBER 31, 2022

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

15 of the Condensed Statement of Income. Deposits to segregated funds are reported as increases in segregated fund liabilities and are not reported on the Condensed Statement of Income.

E. Reinsurance

Reinsurance premiums ceded, expense reimbursements, benefits and reserves related to reinsured business are recorded on an accrual basis. Reinsurance premiums are charged into income on a pro-rata basis over the periods covered by the contract of reinsurance to which they relate.

Existing policies are reinsured for the net amount at risk less the Insurer's retention based on treaties entered into with a number of reinsurers. Generally, the maximum automatic treaty limit per insured is \$35,000,000. The Insurer may periodically, on a facultative basis, place larger amounts. The net amount at risk is defined to be the death benefit minus the policy cash value. The amount of reinsurance coverage for each month is the net amount at risk at the end of such month minus the initial amount retained by the Insurer being \$50,000 to \$100,000 per insured for all reinsured policies issued after January 1, 2002 (\$15,000 for policies issued before 2002).

For policies issued in 2001 and prior years, the Insurer reinsured the variable life insurance policies for the lesser of five times the initial net amount at risk or \$20,000,000. The Insurer periodically, on a facultative basis, placed larger amounts.

Reinsurance contracts do not relieve the Insurer from its obligations to policyholders. Failure of reinsurers to honour their obligations could result in losses to the Insurer. The Insurer's reinsurers have a minimum financial strength AM Best Rating of 'A' at the balance sheet date.

F. Premium, Investment and other Commission income

The Insurer does not receive premiums.

Interest income earned is recorded as it accrues, using the effective interest method. Realized gains and losses on the sale of investments are reflected in income in the year they are realized.

Commission and management fee income is included in income as earned.

G. Reinsurance premiums ceded

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

H. Advances to affiliates

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

I. Foreign Exchange Translation

5. All amounts are expressed in Bermuda dollars which is on par with United States dollars.
6. See Part I Note 4(F).
7. See Part I Note 4(I).

ADVANTAGE INTERNATIONAL LIFE INSURANCE LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS AS AT
AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND
DECEMBER 31, 2022

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

7-14. All items outlined in the Act for Schedule X, Part I sections 7 – 14 are not applicable for the Insurer.

15. Significant related party transactions are as follows:

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

16. Not applicable

17. Not applicable

PART II- NOTES TO CONDENSED STATEMENT OF CAPITAL AND SURPLUS

1. (a) Capital Stock

	December 31, 2023	December 31, 2022
Common Shares authorized:		
Issued and fully paid: 250,000 (2022 - 250,000) shares with a par value of \$1.00 per share	\$ <u>250</u>	\$ <u>250</u>
Preference Shares authorized:		
Issued and Outstanding: 1,000,000 (2022 - 1,000,000) shares with a par value of \$1.00 per share	\$ <u>1,000</u>	\$ <u>1,000</u>

The Preferred Shares shall be entitled to a dividend to be paid, once in each fiscal year and on a date at the discretion of the Board of Directors. These Preference Shares have no voting rights or pre-emptive rights to purchase all or any part of any new securities. The Preference Shares are redeemable as a price of \$1 per share, plus all accrued but unpaid cumulative dividends.

(b) There were no changes to Contributed Surplus during the year ended December 31, 2023.

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

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

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

PART III- NOTES TO THE CONDENSED BALANCE SHEET

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

ADVANTAGE INTERNATIONAL LIFE INSURANCE LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS AS AT
AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND
DECEMBER 31, 2022

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

Part I Note 16 above.

	December 31, 2023	December 31, 2022
	\$	\$
Cash and cash equivalents	70	403
Short Term investments	1,772	1,230
	\$ 1,842	\$ 1,632

2-3. All items outlined Schedule X, Part III section 2-3 are not applicable for the Insurer.

4. Investment in and Advances to Affiliates as of December 31, 2023 of \$nil (December 31, 2022 – \$156,000) relate to Group expenses. There are no formal repayment terms.

5-9. All items outlined Schedule X, Part III section 5-9 are not applicable for the Insurer.

10. Accounts Receivable represents fees to be collected from the Insurers clients. These fees are fully recoverable from the clients Segregated Assets.

11-12. All items outlined Schedule X, Part III section 11-12 are not applicable for the Insurer.

13. Segregated Funds are Investments held in the name of the Insurer on behalf of the Insurer's clients. Changes to Segregated Funds are as follows:

	December 31, 2023	December 31, 2022
	\$	\$
Addition to separate account assets		
Premiums	-	-
Return on investments	8,263	(9,617)
	8,263	(9,617)
 Deductions from separate account assets		
Withdrawals and benefits paid	-	17,633
Operating expenses	1,988	2,083
	1,988	19,715
 Deductions to separate account assets for the year	6,265	(29,332)
Separate account assets, beginning of year	85,164	114,496
Separate account assets, end of year	\$ 91,429	\$ 85,164

14-21. All items outlined Schedule X, Part III sections 14-21 are not applicable for the Insurer.

ADVANTAGE INTERNATIONAL LIFE INSURANCE LIMITED
NOTES TO THE CONDENSED FINANCIAL STATEMENTS AS AT
AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND
DECEMBER 31, 2022

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

22. The life policy reserves for the year ended December 31, 2023 net of reinsurance recoverable are \$29,320 (December 31, 2022 - \$34,352).
- 23-26. All items outlined Schedule X, Part III sections 23-26 are not applicable for the Insurer.
27. Refer to Schedule X Part III section 22.
28. Insurance and Reinsurance Balance Payable as of December 31, 2023 of \$311,721 (December 31, 2022 - \$285,978) consists of premiums due to Reinsurer.
29. Commissions Payable as of December 31, 2023 of \$51,373 (December 31, 2022 - \$49,804) consists of fees payable to Advisors.
- 30-31. All items outlined Schedule X, Part III sections 30-31 are not applicable for the Insurer.
32. Advances due to Affiliates as of December 31, 2023 of \$71,592 (December 31, 2022 – \$250,991) relate to allocated company expenses. There are no formal repayment terms.
33. All items outlined Schedule X, Part III section 33 are equivalent to line 33 of the Condensed Balance Sheet.
- 34-35. All items outlined Schedule X, Part III section 34-35 are not applicable for the Insurer.
36. Refer to Schedule X Part III section 13.
37. **Letters of credit, guarantees and other**

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

PART IV- NOTES TO THE CONDENSED STATEMENT OF INCOME

6. All items outlined Schedule X, Part IV section 6 are not applicable for the Insurer.
15. Other Insurance Income consists of fees charged to the policyholders.
32. All items outlined Schedule X, Part IV section 32 are not applicable for the Insurer.
36. All items outlined Schedule X, Part IV section 36 are not applicable for the Insurer.