

NORDICA LIFE (BERMUDA) LTD.

Condensed General Purpose Financial Statements
(With Independent Auditor's Report Thereon)

December 31, 2023, and December 31, 2022

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Nordica Life (Bermuda) Ltd.

Our Opinion

In our opinion, the condensed financial statements of Nordica Life (Bermuda) Ltd. (the Company) are prepared, in all material respects, in accordance with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to condensed financial statements (the 'Legislation').

What We Have Audited

The Company's condensed financial statements comprise:

- the condensed balance sheet as at December 31, 2023;
- the condensed statement of income for the year then ended;
- the condensed statement of capital and surplus as at December 31, 2023; and
- the notes to the condensed financial statements, which include material accounting policy information.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements of the Chartered Professional Accountants of Bermuda Rules of Professional Conduct (CPA Bermuda Rules) that are relevant to our audit of the condensed financial statements in Bermuda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the CPA Bermuda Rules.

Emphasis of Matter – Basis of Accounting

Without modifying our opinion, we note that the condensed financial statements have been prepared in accordance with the financial reporting provisions of the Legislation (see note 3 to the condensed financial statements). The accounting policies used and the disclosures made are not intended to, and do not, comply with all of the requirements of International Financial Reporting Framework Standards (IFRSs).

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters Description

The Company has a provision for future policy benefits of \$1,227,199, as at December 31, 2023. The provision for future policy benefits represents management's best estimate of the Company's liability for death claims on underlying policies in force at the balance sheet date. The Company utilizes the services of an independent actuary to develop an estimate using an actuarial model. The key assumption used in the actuarial model is various stress test scenarios and a worst-case scenario. The key input used in the actuarial model is account value of wealth management assets related to separated accounts totalling \$361,657,689 as at December 31, 2023. Based on this, the key audit matters include the evaluation of actuarial methodology (model), assumptions (scenarios) and key input (account value).

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to actuarial methodology, assumptions and key input included the following, among others:

Evaluated the design and implementation of the control over the use of an independent actuary, the control over accuracy and completeness of the key input and the management's review control.

With the assistance of our actuarial specialists, we evaluated the competency of the independent actuary and also evaluated the reasonability of the actuarial model and key assumptions.

Using our actuarial specialists, we evaluated the Company's methodology against recognized actuarial practices, tested the mathematical accuracy of the actuarial model and assessed the stress tests for reasonableness against prior experience and industry knowledge.

To test the key input, i.e., account value of wealth management assets related to separated accounts, the following procedures were performed on a sample basis:

- We verified the coverage for the future policy benefits by reviewing the underlying policies.
- We verified the existence of quoted investments through confirmations and statements.
- We verified the valuation of quoted investments through independent sources.
- We verified rights and obligations and account value of private investments through share agreements/ title deeds/initial policy documentation.

Key Audit Matters Outcome

Based on the work performed and evidence obtained, we concluded that the provisions of future policy benefits is appropriately estimated.

Responsibilities of Management and Those Charged with Governance for the Condensed Financial Statements

Management is responsible for the determination of the applicable financial reporting framework and for assessing whether the selected financial reporting framework is acceptable under the circumstances specific to the Company. Management is also responsible for the preparation of the condensed financial statements in accordance with the financial reporting provisions of the Legislation and for such internal control as management determines is necessary to enable the preparation of condensed financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the condensed financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these condensed financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the condensed financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the condensed financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Ltd.

April 16, 2024

Nordica Life (Bermuda) Ltd.
as at December 31, 2023
expressed in United States Dollars

CONDENSED BALANCE SHEET

	ASSETS		
Line No		2023	2022
1.	CASH AND CASH EQUIVALENTS	3,229,449	3,322,307
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	-	-

(h)	Total investments in and advances to affiliates	-	-
5.	INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE:	-	-
(a)	First liens	-	-
(b)	Other than first liens	-	-
(c)	Total investment 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	324,806	271,159
(b)	Deferred – not yet due	-	-
(c)	Receivables from retrocessional contracts	-	-
(d)	Total accounts and premiums receivable	324,806	271,159
11.	REINSURANCE BALANCES RECEIVABLE		
(a)	Foreign affiliates	-	-
(b)	Domestic affiliates	-	-
(c)	Pools & associations	-	-
(d)	All other insurers	-	-
(e)	Total reinsurance balance receivable	-	-
12.	FUNDS HELD BY CEDING REINSURERS	-	-
13.	SUNDRY ASSETS:		
(a)	Derivative instruments	-	-
(b)	Segregated accounts – Long-Term business – variable annuities	-	-
(c)	Segregated accounts - Long-Term business - other	361,657,689	298,912,784
(d)	Segregated accounts - General business	-	-
(e)	Deposit assets	-	-
(f)	Deferred acquisition costs	-	-
(g)	Net receivables for investments sold	-	-
(h)	Other sundry assets - Funds received on policies not yet accepted	15,000	15,000
(i)	Other sundry assets 2 (specify)	-	-
(j)	Other sundry assets 3 (specify)	-	-
(k)	Total sundry assets	361,672,689	298,927,784
14.	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	-	-
15.	TOTAL	<u>365,226,944</u>	<u>302,521,250</u>
	TOTAL INSURANCE RESERVES, OTHER LIABILITIES AND 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 reinsurers	-	-
(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 expenses 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	1,227,199	1,208,744
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 & associations	-	-
	(iv) All other insurers	-	-
(c)	Total reinsurance recoverable balance	-	-
(d)	Total net long-term business insurance reserves	-	-
	OTHER LIABILITIES		
28.	INSURANCE AND REINSURANCE BALANCES PAYABLE	-	-
29.	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE	201,532	175,662
30.	LOANS AND NOTES PAYABLE	-	-
31.	(a) INCOME TAXES PAYABLE	-	-
	(b) DEFERRED INCOME TAXES	-	-
32.	AMOUNTS DUE TO AFFILIATES	-	-
33.	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	279,034	234,733
34.	FUNDS HELD UNDER REINSURANCE CONTRACTS	-	-
35.	DIVIDENDS PAYABLE	-	-
36.	SUNDRY LIABILITIES:	-	-
(a)	Derivative instruments	-	-
(b)	Segregated accounts companies	361,657,689	298,912,784
(c)	Deposit liabilities	-	-
(d)	Net payable for investments purchased	-	-
(e)	Other sundry liabilities 1 -Funds received on policies not yet accepted	15,000	15,000
(f)	Other sundry liabilities 2 (specify)	-	-
(g)	Other sundry liabilities 3 (specify)	-	-
(h)	Total sundry liabilities	<u>361,672,689</u>	<u>298,927,784</u>
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	-	-
39.	TOTAL INSURANCE RESERVES AND OTHER LIABILITIES	<u>363,380,454</u>	<u>300,546,923</u>

		-	-
	CAPITAL AND SURPLUS	1,846,490	1,974,327
40.	TOTAL CAPITAL AND SURPLUS	<u>1,846,490</u>	<u>1,974,327</u>
41.	TOTAL	<u>365,226,944</u>	<u>302,521,250</u>

See accompanying notes to the financial statements.

Approved by the Board of Directors:


 _____ Director


 _____ Director

Nordica Life (Bermuda) Ltd.
for the year ended December 31, 2023
expressed in United States Dollars

CONDENSED STATEMENT OF INCOME

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 LOSS 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	35,141	32,864
(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	35,141	32,864
(b)	Annuities	-	-
(c)	Accident and Health	-	-
(d)	Total net premiums and other considerations	-	-
15.	OTHER INSURANCE INCOME	896,405	1,021,110
16.	TOTAL LONG-TERM BUSINESS INCOME	931,546	1,053,974
	LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES		
17.	CLAIMS - LIFE	-	-

Nordica Life (Bermuda) Ltd.
for the year ended December 31, 2023
expressed in United States Dollars

18.	POLICYHOLDERS' DIVIDENDS	-	-
19.	SURRENDERS	-	-
20.	MATURITIES	-	-
21.	ANNUITIES	-	-
22.	ACCIDENT AND HEALTH BENEFITS	-	-
23.	COMMISSIONS	105,371	178,597
24.	OTHER	-	-
25.	TOTAL LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES	-	-
26.	INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES):		
(a)	Life	-	-
(b)	Annuities	-	-
(c)	Accident and Health	-	-
(d)	Total increase (decrease) in policy reserves	-	-
27.	TOTAL LONG-TERM BUSINESS EXPENSES	105,371	178,597
28.	NET UNDERWRITING PROFIT (LOSS) – LONG-TERM BUSINESS	<u>826,175</u>	<u>875,377</u>
29.	COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS	-	-
	UNDERNOTED ITEMS		
30.	COMBINED OPERATING EXPENSE		
(a)	General and administration	545,488	573,189
(b)	Personnel cost	-	-
(c)	Other	-	-
(d)	Total combined operating expenses	-	-
31.	COMBINED INVESTMENT INCOME - NET	-	-
32.	COMBINED OTHER INCOME (DEDUCTIONS)	81,476	(184,057)
33.	COMBINED INCOME BEFORE TAXES	-	-
34.	COMBINED INCOME TAXES (IF APPLICABLE):		
(a)	Current	-	-
(b)	Deferred	-	-
(c)	Total	-	-
35.	COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	-	-
36.	COMBINED REALIZED GAINS (LOSSES)	-	-
37.	COMBINED INTEREST CHARGES	-	-
38.	NET INCOME	362,163	118,131

See accompanying notes to the financial statements.

Nordica Life (Bermuda) Ltd.
for the year ended December 31, 2023
expressed in United States Dollars

CONDENSED STATEMENT OF CAPITAL AND SURPLUS

Line No		2023	2022
1.	CAPITAL:		
(a)	Capital stock		
	(i) Common shares: Authorized shares of 650,000 par value each \$1 issued and fully paid shares	650,000	650,000
	(ii) (A) Preferred shares: Authorized shares of par value each issued and fully paid shares	-	-
	(B) Preferred shares issued by a subsidiary: Authorized shares of par value each issued and fully paid shares	-	-
	(iii) Treasury shares: Repurchased shares of par value each issued	-	-
(b)	Contributed surplus	-	-
(c)	Any other fixed capital		
	(i) Hybrid capital instruments	-	-
	(ii) Guarantees and others	-	-
	(iii) Total any other fixed capital	-	-
(d)	Total Capital	<u>650,000</u>	<u>650,000</u>
2.	SURPLUS:		
(a)	Surplus — Beginning of Year	1,324,327	1,206,196
(b)	Add: Income for the year	362,163	118,131
(c)	Less: Dividends paid and payable	(490,000)	-
(d)	Add (Deduct) change in unrealized appreciation (depreciation) of investments	-	-
(e)	Add (Deduct) change in any other surplus	-	-
(f)	Surplus — End of Year	1,196,490	1,324,327
3.	MINORITY INTEREST	-	-
4.	TOTAL CAPITAL AND SURPLUS	1,846,490	1,974,327

See accompanying notes to the financial statements.

Nordica Life (Bermuda) Ltd.
for the year ended December 31, 2023
expressed in United States Dollars

NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS

General Notes to the Financial Statements

1. Organization

Nordica Life (Bermuda) Ltd. (the “Company”) was incorporated under the laws of Bermuda on October 14, 1996. The Company holds a long-term license under the 1978 Insurance Act of Bermuda to write life insurance and is governed by the Nordica Life (Bermuda) Ltd. Act, 1997. This Private Act of Parliament enables a wealth management client to request the establishment of a separate wealth management fund/ policy account (termed “separated account” under the Act). The effect of creating these separate accounts is to ensure that the assets linked to each wealth management client’s funds/policies are available only to the wealth management policyholder or beneficiary on this specific policy, and not to other creditors of the Company, general or otherwise.

Effective December 31, 2015, the Company obtained approval “no objection” from the Bermuda Monetary Authority to complete a merger with QLI Limited under the provisions of the Companies Act 1981 and in accordance with the terms of the Merger Agreement (the “Merger Agreement”). The Company was issued with a Certificate of Merger by the Registrar of Companies effective December 31, 2015 naming Nordica Life (Bermuda) Ltd. as the “Surviving Company”.

The Merger Agreement held that the Company and QLI Limited (together, the “Parties”) agreed to merge (the “Merger”) pursuant to the provisions of The Companies Act 1981 and that the Merger Agreement and the combined undertaking, property and liabilities of both companies shall vest in the Company as the Surviving Company of the Merger. The Company shall continue as an exempted company incorporated in Bermuda and registered as a Class C insurer under the Insurance Act 1978. QLI Limited shall thereafter be struck off the register of companies maintained by the Registrar of Companies.

Also effective on the date of Merger per the Merger Agreement:

- The authorized share capital of the Surviving Company was agreed to be US\$650,000 divided into 650,000 shares of par value US\$1.00 each.
- All of the 650,000 shares of the Company, par value US\$1.00 each, were converted into 650,000 common shares, par value US\$1.00 each, in the Surviving Company and all the issued and outstanding shares of QLI Limited were cancelled without the repayment of capital in respect of such shares.

On December 31, 2015, a liability to the shareholders of QLI Limited is recognised amounting it \$708,815 which is QLI Limited’s net equity of \$633,615 and provision for future policy benefits of \$75,200 at the date of the Merger. The Company settled this liability on April 29, 2016.

The registered office of the Company is located at Crawford House, 50 Cedar Avenue, Hamilton, HM 11, Bermuda. The Company is listed on the Bermuda Stock Exchange Mezzanine Market and its majority shareholder is Nordica Administration Services Ltd.

2. Nature of risks underwritten

In addition to wealth management, the Company writes unit-linked life insurance products that provide for a death benefit consisting of a fixed amount or a percentage of the policy value. At December 31, 2023, the Company’s average exposure per policy is \$17,869 (2022 - \$15,249).

In addition to premiums written for its own account the Company receives a fee based on a percentage of invested assets or a flat fee, earned for structuring, facilitating and providing ongoing management of the wealth management programs introduced by external brokers. In addition to brokers fees settled, the Company has, in turn, appointed a related company as Administrator to whom certain agreed fees are paid.

Nordica Life (Bermuda) Ltd.
for the year ended December 31, 2023
expressed in United States Dollars

3. Basis of preparation

The condensed general purpose financial statements have been prepared in conformity with the financial reporting provisions of the Insurance Act 1978, amendments thereto and related regulations (the “Act and Regulations”) and the Insurance Account Rules 2016 with respect to Condensed General Purpose Financial Statements (the “Legislation”). International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (“IASB”), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB but are in accordance with the reporting requirements of the Legislation, which varies in certain respects from IFRS. The more significant variances are as follows:

- A statement of cash flows is not included.
- A statement of comprehensive income is not included.
- The presentation and classification of financial statement line items is in accordance with Schedules IX and XI of the Insurance Account Rules 2016 and differ from the expected presentation and classification under IFRS; and
- The notes included in the condensed general purpose financial statements have been prepared in accordance with Schedule X of the Insurance Account Rules 2016 and exclude certain information required under IFRS.

4. Accounting policies

a. Separated accounts assets and liabilities held in trust

Separated accounts assets held in trust are in respect of wealth management clients. Separated accounts assets are legally insulated from the Company’s general funds and other policy holder funds held in trust by the Company.

A wealth management clients’ account would normally include initial funds (termed “premiums”) paid into an investment program offered by custodian banks, investment gains (losses) attributable to the underlying assets, less a risk assessed premium due to the Company, less certain calculated and agreed net assets based fees for structuring, facilitating and provision of ongoing management of the wealth management programs provided by the Company (a portion of which is paid to the Company’s brokers, administrator and advisors) less withdrawals (termed “surrenders”) paid to either the wealth management client or designee.

The Company has adopted the method of “deposit accounting” relating to its wealth management transactions where the assets and liabilities of these wealth management transactions move in tandem.

b. Premiums and surrenders

Risk-based premiums due to the Company’s account are recorded by the Company on the accrual basis.

Under deposit accounting, wealth management client funds (premiums) are recorded when received and surrenders are recorded when paid. Where such premiums are received in respect of proposals, which were not accepted (by agreement or policy terms) at the balance sheet date, these funds are reflected as “Funds received on policies not yet accepted” with the matching offsetting liability similarly described.

c. Provision for future policy benefits

The provision for future policy benefits represents management’s best estimate of the Company’s liability for death claims on underlying policies in force at the balance sheet date, which are subject to review annually by an independent actuary. These estimates are continually reviewed and are necessarily subject to the impact of future changes in such factors as claims severity and frequency. While management believes that the amount is adequate, the ultimate liability may be in excess of, or less than, the amounts provided and any adjustments will be reflected in the periods in which they become known.

Nordica Life (Bermuda) Ltd.
for the year ended December 31, 2023
expressed in United States Dollars

d. Investment valuation policies

In accordance with IFRS 9, the Company classifies and measures general investments at fair value, with changes in fair value recognized in profit and loss as they arise, unless restrictive criteria are met for classifying and measuring the asset at either Amortized Cost or Fair Value Through Other Comprehensive Income. The Company does not have general investments as at reporting year-end.

With respect to separated accounts assets held in trust, the wealth management client bears all investment risk thus the Company is not exposed to any market, credit, currency, or interest rate risk on these investments. The Company therefore uses all reasonable means to record the underlying wealth management clients assets at fair value with the exception of promissory note interest which may or may not be reflected, unquoted investments which are primarily valued at cost (which may or may not be representative of fair value) and certain other private investments which are also recorded at managements best estimate of fair value. Valuation of quoted investments comprises values as derived from reports from the appointed custodian banks and fund administrators which may or may not be reflective of fair value since specific valuation methods (bid pricing, last reported pricing or mean pricing evaluations) will vary depending on the wealth management product chosen and/or because of custodian bank pricing models adopted. Investments in collective investment schemes are primarily based on reports from the fund administrators, which are subject to price timing differences.

e. Determination of income

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled for providing services including policy administration and life insurance coverage. Each insurance policy is a contract entered into by the Company and its client where the Company identifies the policy with a client; identifies the performance obligations in the policy; determines the annual administration fee and risk premium; and recognizes revenue as the Company satisfies the performance obligations in the policies.

Investment income derived from general cash and cash equivalents is recognised as earned and interest income on the Company's general interest-bearing instruments is recorded on the accrual basis using the effective yield method.

Unrealised gains and losses arising from changes in the fair value of the Company's general investments is recognised in a separate component of equity until sold unless the recoverable amount of the investment is considered permanently impaired whereupon an impairment loss is recognised in the statement of operations.

Realised gains (losses) arising on disposal of the Company's general investments are calculated using the specific identification method and recorded in income as they arise.

All purchases and sales of investments are recorded on the trade date basis.

The Company uses deposit accounting with respect to all investment income arising on investments included in separated accounts assets and non-separated account assets held in trust.

f. Fee income and life insurance premiums

Fee income includes facilitation, separate account set up and on-going fees recognised on the accrual basis as earned and recovered from wealth management clients separated account funds and non-separated accounts funds held in trust on a policy-by-policy basis based upon on the investment valuation policies adopted.

Life insurance premiums are recorded at the inception of the policy period and recovered from wealth management clients separated account funds and non-separated accounts funds held in trust on a policy-by-policy basis.

g. Acquisition and administrative expenses

Acquisition expenses comprise commissions paid to the Company's brokers under various arrangements, which are recognised when incurred, with any prepaid portion deferred in the balance sheet. Administrative expenses charged by a company under common control are recorded as incurred on the accruals basis under agreement.

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h. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies have been converted into US dollars at rates ruling at the balance sheet date. Income and expenses are translated at rates of exchange approximating the transaction date rates. Foreign exchange gains and losses are recognised in the separated accounts assets and non-separated accounts assets held in trust and statement of operations as appropriate.

i. Cash and cash equivalents

Cash and cash equivalents consist of cash, demand deposits and short-term, highly liquid investments readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Cash equivalents are investments with an original maturity of three months or less from the date of acquisition. The carrying value of these investments approximates their fair value because of their short maturity.

Cash potentially exposes the Company to credit risk. In the management's opinion, the risk of loss due to credit risk is not significant as cash and cash equivalents are placed with high credit quality financial institutions.

j. Fair values

The fair value of cash and cash equivalents, fees receivable, other accounts receivable, funds received on policies not yet accepted, accounts payable and accrued expenses and commissions payable, approximates their carrying value due to their relative short-term nature.

Management considers that it is not practicable to estimate the fair value of all investments in separated accounts and non-separated accounts held in trust.

The estimates of fair values presented herein are subjective in nature and are not necessarily indicative of the amounts that the Company would actually realize in a current market exchange or indicative of the fair value of the wealth management account net assets. Any differences may or may not be material. Certain instruments such as the provision for future policy benefits are excluded from fair value disclosure. Thus, the total fair value amounts cannot be aggregated to determine underlying economic value of the Company.

k. Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within a relatively short period of time of recognition.

l. Provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

m. Related parties

Parties are considered related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related party transactions pertain to expenses paid or are owed to a company related through common control and are entered into on an arm's length basis.

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n. Risks

Legal/regulatory risk is the risk that the legal or regulatory environment in which an insurer operates will change or that the tax rulings relevant to the Company's business model may change and create additional loss costs or expenses not anticipated by the insurer in pricing its products. That is, regulatory initiatives designed to reduce insurer profits or new legal theories may create costs for the insurer beyond those recorded in the financial statements or the Company may not continue in its current form due to amended tax legislation. The Company mitigates this risk through its review of underwriting and loss adjusting practices and regularly reviews tax legislation, which identifies and minimizes the adverse impact of these risks.

Credit risk is the risk that issuers of securities owned by the Company will default, or other parties that owe the Company money, will not pay. The Company minimizes this risk by adhering to a conservative investment strategy, by maintaining sound credit and collection policies, and by providing for any amounts deemed uncollectible.

o. Taxation

As an entity organized under the laws of Bermuda, the Company is not currently subject to taxation in Bermuda, as Bermuda does not impose any form of direct taxation on receipts, dividends, capital gains, gifts or net income. In the event that such direct forms of taxation eventuate, the Company has received a tax exemption certificate, valid through March 2035.

p. Subsequent events

Any post-year-end event that provides additional information about the Company's position at the balance sheet date (adjusting event), is reflected in the financial statements. Any post-year-end that is not adjusting event is disclosed when material to the financial statements.

5. Basis of recognition of premium, investment and commission income

- a. Premium income – refer point 4(a) and 4(f)
- b. Investment income - refer point 4(e)
- c. Commission income - refer point 4(f)

6. Foreign currency

Refer point 4(h)

7. Foreign exchange control restrictions

None (2022: None).

8. Commitments and contingencies

It is noted that the Company merged with QLI Limited in December 2015. QLI Limited was a party to a claim from a former Belgium policyholder of QLI Limited and has received information that the subject policy has been declared null and void under Belgian law with judgment pronounced against QLI Limited for return of premium, less policy surrenders, and interest thereon.

This claim has been settled out of court and without any expense for the Company.

QLI Limited is also among the five respondents of another similar case. The case is still pending and the litigation has not been initiated yet. It is difficult to assess the outcome of the case currently.

9. Defaults made by the insurer

None (2022: None).

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10. Dividends on preferred cumulative shares

None (2022: None).

11. Loans made to any director or officer

None (2022: None).

12. Retirement benefits relating to employees

None (2022: None).

13. Fair value estimations

Refer point 4(j)

14. Maturity profile of investments

Refer point 4(j)

15. Related party transactions

Included within the Company's general and administrative expenses are administration fees of \$290,455 (2022 - \$315,853) paid to a company related through common control, of which \$119,152 (2022 - \$77,790) is included in accounts payable and accrued liabilities as at December 31, 2023. The Company's management considers such general and administrative expenses to be on an arms-length basis.

16. Material post balance sheet events

The Company evaluated events and transactions occurring after December 31, 2023, through April 16, 2024, for potential recognition or disclosure in the notes to financial statements.

Management believes that there are no other post-year-end events that need to be reflected in the financial statements or disclosed in the notes to the financial statements.

17. Any other information

None

NOTES TO THE CONDENSED STATEMENT OF CAPITAL AND SURPLUS

1(a) Capital stock

The Company has authorised and issued share capital of 650,000 ordinary shares of \$1.00 par value each. All the authorised and issued shares are held by Nordica Administration Services Ltd.

1(b) Contributed surplus

N/A – no contributed surplus.

1(c) Other fixed capital

N/A – no other fixed capital.

2(c) Dividends paid and payable

A dividend of \$490,000 was paid to the Parent Nordica Administration Services Ltd, during the year (2022: Nil).

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NOTES TO THE CONDENSED BALANCE SHEET

1-21. NA

22. Policy reserves – Life

Provision for future policy benefits is \$1,227,199. The amounts calculated are deemed appropriate by the Actuary and are computed in accordance with accepted actuarial reserving practice.

The rate of interest, cash flows, rates of mortality and other contingencies used in calculating amounts in line 27 are appropriate to the circumstances of the Company, and the policies in force.

23 NA

24. Policyholders' funds on deposit

Separated accounts assets held in trust are maintained on a policy-by-policy basis. As at December 31, 2023, and 2022, the summary totals of these wealth management assets, broken down by valuation method are as follows:

	2023	2022
	\$	\$
Wealth management separated accounts:		
Investments held at reported market value	265,637,239	251,818,775
Investments held at estimated cost	96,020,450	47,094,009
	<hr/>	<hr/>
	361,657,689	298,912,784
	<hr/> <hr/>	<hr/> <hr/>

Certain separated wealth management accounts utilize margin trading.

From time to time, the assets maintained on the separated accounts may be pledged as collateral to secure loans acquired for that specific account. This is a normal practice in the Company's course of business and does not restrict the general assets of the Company.

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24. Policyholders' funds on deposit (Cont'd)

The annual summary transactions in separated accounts assets and non-separated accounts assets held in trust for the years ended December 31, 2023, and 2022 comprise the following:

	2023	2022
	\$	\$
Additions to wealth management accounts:		
Funds (premiums) contributed	25,056,819	39,827,836
Foreign exchange translation adjustments	11,073,563	-
Investment income and revaluation gain	63,808,682	-
	<hr/> 99,939,064	<hr/> 39,827,836
Deductions from wealth management accounts:		
Funds (surrenders) withdrawn	36,262,613	38,890,125
Company fees recovered and/or due for settlement	896,405	1,021,110
Foreign exchange translation adjustments	-	54,517,673
Life insurance premiums for the Company's account	35,141	32,864
Investment and revaluation loss	-	77,974,382
	<hr/> 37,194,159	<hr/> 172,436,154
(Decrease) increase in wealth management accounts in the year	62,744,905	(132,608,318)
	<hr/>	<hr/>
Separated accounts, beginning of year	298,912,784	431,521,102
	<hr/>	<hr/>
Separated accounts, end of year	361,657,689	298,912,784
	<hr/> 361,657,689	<hr/> 298,912,784

25-35.NA

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36. Sundry Liabilities

Included within the Company's Sundry Liabilities are the Segregated Accounts which are disclosed in Note 24.

37. NA

NOTES TO THE CONDENSED STATEMENT OF INCOME

6-36 NA