Boston Insurance SAC Ltd.
Financial Statements
December 31, 2017 and 2016
(With Independent Auditor's Report Thereon)

Boston Insurance SAC Ltd.
Index to Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder and Board of Directors of Boston Insurance SAC Ltd.

We have audited the accompanying financial statements of Boston Insurance SAC Ltd., which comprise the balance sheets as of December 31, 2017 and 2016, and the related statements of operations, changes in shareholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Boston Insurance SAC Ltd. as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
April 26, 2018

Boston Insurance SAC Ltd.
Balance Sheets
As at December 31, 2017 and 2016
(in thousands of U.S. Dollars, except share and per share data)

	2017	2016
ASSETS		
Cash and cash equivalents	33,300	33,138
Total assets	33,300	33,138

	2017	2016
LIABILITIES & SHAREHOLDER'S EQUITY		
Due to related company	11,900	11,700
Other liabilities	446	105
Total liabilities	12,346	11,805
Shareholder's Equity:		
Voting common stock ($1.00 par value; 250,000 shares authorized, issued and outstanding)	250	250
Additional paid-in capital	750	750
Accumulated retained earnings	19,954	20,333
Total shareholder's equity	20,954	21,333
Total liabilities and shareholder's equity	33,300	33,138

See accompanying notes to financial statements.

Boston Insurance SAC Ltd.
Statements of Operations
For the years ended December 31, 2017 and 2016
(in thousands of U.S. Dollars)

	2017	2016
Revenues:		
Interest income	504	293
Total revenues	504	293
Expenses:		
Operating expenses	683	258
Intercompany expenses	200	11,700
Total expenses	883	11,958
Net loss	(379)	(11,665)

See accompanying notes to financial statements.

Boston Insurance SAC Ltd.
Statements of Changes in Shareholder's Equity
For the years ended December 31, 2017 and 2016
(in thousands of U.S. Dollars)

	Voting Common Stock	Additional Paid-in Capital	Accumulated Retained Earnings	Total Shareholder's Equity
Balances as of December 31, 2015	250	750	31,998	32,998
Net loss	-	-	(11,665)	(11,665)
Balances as of December 31, 2016	250	750	20,333	21,333
Balances as of December 31, 2016	250	750	20,333	21,333
Net loss	-	-	(379)	(379)
Balances as of December 31, 2017	250	750	19,954	20,954

See accompanying notes to financial statements.

Boston Insurance SAC Ltd.
Statements of Cash Flows
For the years ended December 31, 2017 and 2016
(in thousands of U.S. Dollars)

	2017	**2016**
Cash flows from operating activities:		
Net loss	(379)	(11,665)
Change in operating assets and operating liabilities:		
Due to related company	200	11,700
Other liabilities	341	69
Net cash provided by (used in) operating activities	162	104
Net increase (decrease) in cash and cash equivalents	162	104
Cash and cash equivalents as of the beginning of year	33,138	33,034
Cash and cash equivalents as of the end of year	33,300	33,138

See accompanying notes to financial statements.

1. Organization and Background

Boston Insurance SAC Ltd. ("the Company") was incorporated under the laws of Bermuda on July 22, 2005 and registered as a Segregated Accounts Company pursuant to Section 6 of the Segregated Accounts Companies Act 2000 on September 21, 2007. On September 21, 2007 the Company was registered as a Long-Term Insurer pursuant to Section 4 of the Insurance Act 1978 and, on December 29, 2011, in accordance with the Insurance amendment (No. 3) Act 2010, was re- registered as a Class C Insurer. The Company is a wholly owned subsidiary of Credit Suisse (USA), Inc. which is in turn owned by Credit Suisse Group AG which is registered under the laws of Switzerland.

The following explains general nature of the business in the Company:

Pursuant to its registration under the Segregated Accounts Act 2000, the Company offers segregated accounts facilities to its affiliates whereby the assets and the liabilities of programs underwritten by the cells are segregated from the Company's assets and liabilities.

The Company has performed an analysis under guidance provided by ASC 810 to determine appropriate accounting treatment of assets and liabilities within segregated cells, for the purposes of these financial statements.

During 2008, the Company established a separate account entitled Cell C1. Cell C1 provides insurance to a company related through common control for Excess Mortality Risks. Each policy of insurance is based on a group of lives, and 100 percent of the risk is reinsured with an unrelated Bermuda insurance company. A one-time premium is received on inception of the policies, and the policy periods range from two to eleven years.

During 2010, the Company established separate accounts entitled SWAP Cell D1, Insurance Cell E1, SWAP Cell D2 and Insurance Cell E2. SWAP Cell D1 and SWAP Cell D2 provide derivative hedges to a company related through common control for Pension Longevity Risks. SWAP Cell D1 and SWAP Cell D2 insure their risks 100 percent with Insurance Cell E1 and Insurance Cell E2 respectively. Insurance Cell E1 and Insurance Cell E2 reinsure their risks 100 percent each with unrelated reinsurance companies. Premiums and losses are reported and paid monthly.

During 2010, the Company also established separate accounts entitled SWAP Cell F1 and Insurance Cell G1 which commenced activity in 2010. SWAP Cell F1 provides a derivative hedge for a letter of credit covering Triple-X excess reserve exposures for a large life company. In 2011 the program was expanded and the Company established SWAP Cell F2 and Insurance Cell G2 to accommodate reinsurance of the risks with a second reinsurer. SWAP Cells F1 and F2 insure their risks 100 percent with Insurance Cells G1 and G2 respectively, and Insurance Cells G1 and G2 reinsure their risk 100 percent with two unrelated reinsurance companies. Premiums are paid quarterly. In 2017 the policies were commuted for a fee, and Cells F1, F2, G1 and G2 were dissolved.

Separate accounts entitled SWAP Cell H1 and Insurance Cell I1 were established in 2010 and activated in 2011. SWAP Cell H1 provides a derivative hedge for a letter of credit covering Triple-X excess reserve exposures for a large life company. SWAP Cell H1 insures its risk 100 percent with Insurance Cell I1, and Insurance Cell I1 reinsures its risk 100 percent with an unrelated reinsurance company. Premiums are paid quarterly. In 2015 the policies were commuted for a fee, and Cells H1 and I1 were dissolved.

1. Organization and Background (Continued)

During 2011, the Company established separate accounts entitled Insurance Cell D4 and Insurance Cell D5. Insurance Cell D4 and Insurance Cell D5 provide insurance to a company related through common control for Pension Longevity Risks and reinsure their risks 100 percent each with unrelated reinsurance companies. Premiums and losses are reported and paid monthly.

Separate accounts entitled SWAP Cell J1 and Insurance Cell K1 were established in 2012. SWAP Cell J1 provides a derivative hedge for a surplus note covering XXX excess reserve exposures for a large life company. SWAP Cell J1 insures its risk 100 percent with Insurance Cell K1, and Insurance Cell K1 reinsures its risk 100 percent with an unrelated reinsurance company. Premiums are paid quarterly.

During 2013, the Company established separate accounts entitled SWAP Cell L1, SWAP Cell L2, Insurance Cell M1 and Insurance Cell M2 which commenced activity in 2013. SWAP Cells L1 and L2 provide derivative hedges for a vehicle note financing Triple-X excess reserve exposure for a large life company. SWAP Cells L1 and L2 insure their risks 100 percent with Insurance Cells M1 and M2 respectively, and Insurance Cells M1 and M2 reinsure their risk 100 percent with two unrelated reinsurance companies. Premiums are paid quarterly.

2. Significant Accounting Policies

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

Cash and cash equivalents. Cash and cash equivalents comprise cash on hand and deposits held on call with banks. Cash and cash equivalents are carried at fair value.

Due to related company. These comprise certain expenses allocated to the Company by Credit Suisse Holdings (USA), Inc. See Note 3 for more information.

Interest income. Interest income comprises income from the Company's deposits held at banks and is recorded on the accruals basis.

2. Significant Accounting Policies (Continued)

RECENTLY ADOPTED ACCOUNTING STANDARDS

ASU 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis ("ASU 2015-02")

Effective January 1, 2016, the Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2015-02, Consolidation (Topic 810): Amendments to the Consolidation Analysis, which changes the way reporting enterprises evaluate whether (a) they should consolidate limited partnerships and similar entities, (b) fees paid to a decision maker or service provider are variable interests in a VIE, and (c) variable interests in a VIE held by related parties of the reporting enterprise require the reporting enterprise to consolidate the VIE. It also eliminates the VIE consolidation model based on majority exposure to variability that applied to certain investment companies and similar entities. The ASU also significantly changes how to evaluate voting rights for entities that are not similar to limited partnerships when determining whether the entity is a VIE, which may affect entities for which the decision making rights are conveyed through a contractual arrangement. The adoption of ASU 2015-02 on January 1, 2016 did not have an impact on the Company's financial statements.

ASU 2015-09 – "Disclosures about Short-Duration Contracts" ("ASU No. 2015-09")

In May 2015, the FASB issued ASU 2015-09, which makes targeted improvements to disclosure requirements for insurance companies that issue short-duration contracts. The ASU requires enhanced disclosures, on an annual basis, related to the reserve for losses and loss expenses. The adoption of this guidance has not had a material impact on the financial statements and disclosures.

STANDARDS TO BE ADOPTED IN FUTURE PERIODS

ASU 2016-02, "Leases" ("ASU 2016-02")

In February 2016, the FASB issued ASU No. 2016-02, which introduces a lessee model that brings substantially all leases onto the balance sheet. Under the new standard, a lessee will recognize on its balance sheet a lease liability and a right-of-use asset for all leases, including operating leases, with a term greater than 12 months. The new standard will also distinguish leases as either finance leases or operating leases. This distinction will affect how leases are measured and presented in the income statement and statement of cash flows. ASU No. 2016-02 is effective for annual and interim periods in fiscal years beginning after December 15, 2019. The Company is not currently party to any lease contracts and therefore does not expect a material impact on the financial statements and disclosures.

ASU 2016-15, "Classification of Certain Cash Receipts and Cash Payments (a consensus of the Emerging Issues Task Force)" ("ASU 2016-15")

In August 2016, the FASB issued ASU 2016-15, an update to ASC Topic 230 – Statement of Cash Flows. The amendments in ASU 2016-15 provide guidance regarding reclassification of certain cash receipts and payments where diversity in practice was observed. ASU 2016-15 is required to be applied retrospectively to all periods presented beginning in the year of adoption. ASU 2016-15 is effective for annual reporting periods beginning after December 15, 2017, and for the interim periods within those annual reporting periods.

2. Significant Accounting Policies (Continued)

Early adoption is permitted, including adoption in an interim period. The adoption of ASU 2016-15 on January 1, 2018 did not have an impact on the Company's statement of financial condition, statement of comprehensive income, or statement of cash flows and, as such, prior periods were not restated.

ASU 2014-09 – "Revenue from Contracts with Customers" ("ASU No. 2014-09")

ASU No. 2014-09 supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, as well as most industry-specific guidance, and significantly enhances comparability of revenue recognition practices across entities and industries by providing a principles-based, comprehensive framework for addressing revenue recognition issues. ASU No. 2014-09 also specifies the accounting for some costs to obtain or fulfill a contract with a customer and provides enhanced disclosure requirements. The FASB has deferred ASU No. 2014-09 for one year, and with that deferral, the standard will be effective for annual reporting periods beginning after December 15, 2018. We are still assessing the potential impact that ASU No. 2014-09 will have on our financial statements and disclosures.

3. Related party balances and transactions

In the ordinary course of business, the Company enters into operating transactions with affiliated companies. The following table sets forth the Company's related party assets, liabilities, revenues and expenses which result from related party transactions as at and for the years ended December 31, 2017 and 2016:

	(in thousands of USD) As of December 31,	
	2017	**2016**
LIABILITIES		
Due to related company	11,900	11,700
Total liabilities	11,900	11,700

	(in thousands of USD) For the year-ended December 31,	
	2017	**2016**
EXPENSES		
Intercompany expenses	200	11,700
Total expenses	200	11,700

Liabilities: Due to related company. These comprise a payable to Credit Suisse Holdings (USA), Inc. (CSHU) of $11.9million (2016: $11.7million). The payable is in respect of taxation allocated to the Company by CSHU.

3. Related party balances and transactions (Continued)

Expenses: Intercompany expenses. These comprise $0.2million (2016: $11.7million) in respect of U.S. taxation paid by CSHU in relation to the Company's incomes and losses. During the year-ended December 2016, the Company's management received additional information regarding the settlements, made by its affiliate, and subsequently agreed to reimburse its affiliate for all settlements made to date and in future periods. Accordingly, these taxation expenses were recognized in the statement of operations for the year ended December 31, 2016. The expense for 2017 represents taxation expenses to be settled by the affiliate in relation to the year ended December 31, 2017. Please see Note 7: Taxation, for additional details.

4. Concentrations of Credit Risks

The Company's assets are primarily overnight deposits held at Credit Suisse AG, Cayman branch. As at December 31, 2017, Credit Suisse AG holds a credit rating of "A1" (2016: "A1").

5. Variable Interest Entities

The Company engages in transactions with entities considered to be VIEs under U.S. GAAP. VIEs lack sufficient equity to finance their activities without additional subordinated financial support or are controlled by parties other than the equity holders. Such entities are required to be assessed for consolidation under specific U.S. GAAP guidance which requires the primary beneficiary to consolidate the VIE. The primary beneficiary is defined as the entity with both the power to direct the activities that most significantly affect the economics of the VIE and a potentially significant variable interest, that is exposed to potential benefits or losses in the VIE. The primary beneficiary analysis is a continuous test and is re-evaluated on an on-going basis.

In the event consolidation of a VIE is required, the exposure to the Company is limited to that portion of the VIE's assets attributable to any beneficial interest held by the Company prior to any risk management activities to hedge the Company's net exposure.

The Company offers segregated accounts facilities to companies related through common control whereby the assets and the liabilities of programs underwritten by the cells are segregated from the Company's assets and liabilities.

The Company has performed an analysis under guidance provided by ASC 810 to determine appropriate accounting treatment of assets and liabilities within segregated cells, for the purposes of these financial statements. The segregated accounts are pass-through structures that are designed to result in no gain or loss to the segregated accounts. The Company does not have any variable interest in the segregated cell structures.

As of December 31, 2017 and December 31, 2016, there were no VIEs that were consolidated by the Company.

The following provides key financial information on a consolidated basis, excluding transactions and balances between cells with respect to the activities undertaken by the segregated cell structures:

- Gross insurance premium written of $163 million (2016: $171 million). All premium written is ceded by the cells to third party reinsurers.

5. Variable Interest Entities (Continued)

- Gross insurance claims of $145 million (2016: $152 million). All claims are ceded by the cells to third party reinsurers.

- The total assets of the VIEs were $18 million (2016: $17 million). This primarily consists of cash collateral received, premium receivable and unearned premiums.

- The total liabilities of the VIEs were $18 million (2016: $17 million). This primarily consists of collateral payable, reinsurance premium payable and ceded unearned premiums.

6. Regulatory Capital Requirements

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

Under the Bermuda Insurance Account Rules 2016, the Company is required to maintain a minimum margin of solvency for conducting its long-term business. The minimum margin of solvency is defined as a prescribed amount by which the value of the long-term assets of an insurer (defined as long-term statutory capital and surplus) must exceed its long-term business liabilities, and is the greater of a minimum defined amount or a percentage of assets.

As at December 31, 2017 the long-term business statutory capital and surplus was $21 million (2016: $21 million). The minimum margin of solvency requirement was met throughout the period.

Under the Bermuda Insurance (Prudential Standards) Rules, all commercially licensed insurers are also required to submit certain risk management and solvency information in an annual Capital and Solvency return ("CSR"). For the years-ended December 31, 2017 and 2016, the Company has "modified" CSR filing status under section 6C) of the Bermuda Insurance Act, resulting in certain aspects of the legislation not being applicable to the Company.

7. Taxation

Under current Bermuda law, the Company has received an undertaking from the Bermuda government exempting the Company from all local income, withholding and capital taxes until March 31, 2035. At the present time, no such taxes are levied in Bermuda.

For U.S. taxation purposes, the Company's status is as a "disregarded entity" based on elections made to the U.S. internal revenue services, meaning that the Company has no separate tax identity for U.S. taxation. Although the Company has no separate U.S. taxation status, within the group, the Company is treated internally as a division of its parent for taxation purposes. During the year-ended December 31, 2017, the Company recognized a liability of $0.2 million (2016: $11.7 million), as communicated by the Company's parent, with respect to certain tax expenses which were allocated to the Company. The allocation was based upon the Company's tax status as a "disregarded entity" as described above.

8. Shareholder's Equity

The Company's authorized, issued, and outstanding share capital is 250,000 common shares with a par value of $1 per share. All shares are held by the Company's parent, Credit Suisse (USA), Inc.

Additional paid-in capital of $0.75 million was invested by the Company's parent Credit Suisse (USA), Inc. upon issuance of the Company's shares.

9. Subsequent Events

The Company has evaluated the potential for subsequent events from December 31, 2017 through the date of issuance of the financial statements on April 26, 2018.