# **Resolution Life**

Annual Report 2024

# **Protecting financial futures**

We founded Resolution Life with a clear mission: to support the long-term growth of the primary life insurance industry and deliver on our commitments to our policyholders, for the benefit of society. Resolution Life, along with prior Resolution companies, has deployed more than \$19bn of equity capital, served the needs of more than 13 million policyholders and managed more than \$385bn of assets.



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# **Resolution Life at a glance**

We act as a global custodian to the life insurance and annuity industry by providing capital for growth through reinsurance and acquiring and managing portfolios of life insurance companies. This removes stranded costs and mitigates long-term risks so that the industry can continue to respond to the needs of policyholders.

Our innovative approach ensures promises can be kept, the primary market can grow, and everyone involved can have a secure financial future. Our team is resolute in our commitment to work together to protect these futures.



c.\$85bn assets under management c.\$8bn capital deployed c.4m c.1,700

employees

policies

Our main customers are primary life insurers in mature markets, including North America, Europe, Australasia and Asia. We serve them through two distinct business segments:

- The **Institutional business**, comprising our teams in Bermuda, Singapore, the UK and the US, includes flow reinsurance, PRT reinsurance, and supporting the acquisition and management of portfolios of policies from primary insurers. We invest the assets and pay the claims and, in certain instances, administer the policies.
- The **Retail business** in Australasia serves one million customers across Australia and New Zealand, providing them with competitive premiums, quality investment management, great customer service and efficient claims management.

# Highlights of our year



### Delivering on our promises

- We completed the integration of AIA Australia's Superannuation & Investment business, and continued to integrate the administration of Farmer's New World Life policies in the US
- We paid more than 23,000 claims to beneficiaries
- We paid a dividend of \$150m to our shareholders in October 2024



### Expanding our business

- We entered into agreements for our first flow reinsurance transaction, in Japan, and our third funded reinsurance transaction in the UK
- We entered into an agreement with Suncorp Group to acquire its New Zealand life insurance company, Asteron Life New Zealand
- We completed our inaugural \$500m Tier 2 listed debt issuance, further strengthening our capital position



### Building lasting value

- We announced our acquisition by Nippon Life, Japan's largest life insurer by revenue
- We moved to a new operating model to capitalise on our size and scale
- We published our first public Principles for Responsible Investment report and prepared our first report aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures

# Our acquisition by Nippon Life

On 11 December 2024, we announced that Nippon Life, Japan's largest life insurer by revenue, had agreed to acquire 100% of our shares. The acquisition valued Resolution Life at \$10.6bn.

The transaction completes a partnership that began in 2019 when Nippon Life first invested in Resolution Life. Since then, they have been our largest investor, providing \$1.6bn in equity and supporting our evolution into an established global insurer. Founded in 1889, and with more than 70,000 employees, Nippon Life are active in many international markets and are aligned with our mission. This is a story about mutual growth. Having a single, well-capitalised parent will strengthen our position in the market, create more opportunities to build capabilities to continue our growth and, most importantly, to serve the needs of our policyholders and the broader life insurance industry. Our business plan, strategy and leadership team remain unchanged, with Clive Cowdery continuing to lead Resolution Life.

For Nippon Life, this transaction helps to achieve their stated medium-term plan to further expand their international business and deliver long-term growth and stable dividends.

Following the acquisition, our Institutional business in Bermuda, Singapore, the UK and the US will become a subsidiary of Nippon Life, creating a new division as part of their international growth platform. Our Australasian business will be combined with Nippon Life's Australian business, MLC Life Insurance, to form Acenda, a new primary life insurer open to new business, which will be run as a joint venture between Nippon Life and Resolution Life. Blackstone will continue its relationship with Resolution Life as our investment manager for directly originated assets across the private credit, real estate and asset-based finance markets. We will also continue as Blackstone's strategic partner in the life and annuity consolidation sector globally.

The transaction is subject to regulatory approvals and anticipated to be completed in the second half of 2025. At that time, we will go from around 60 investors to having a sole owner with a robust financial profile and a long and storied history in the insurance industry.

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# From our Chairman

C Thanks to the efforts of our people and our investor partners, we grew the Company, delivered value for our policyholders and other stakeholders, and found a long-term home as part of a highly regarded insurance company, Nippon Life. ??

#### **Clive Cowdery**

Founder, Chairman and CEO of Resolution Life



From our Chairman continued

In a challenging macroeconomic and geopolitical environment, our business demonstrated its strength in 2024 and set a strong foundation for the future. Thanks to the efforts of our people and our investor partners, we grew the Company, delivered value for our policyholders and other stakeholders, and found a long-term home as part of a highly regarded insurance company, Nippon Life.

#### A pioneer with a purpose

Resolution Life and prior Resolution companies have been in this business for 22 years. We were the first company to focus on being a specialist manager of in-force policies, removing stranded costs and releasing capital for primary life insurance companies. This enabled those companies to sell more policies and enabled us to pursue our mission: supporting the long-term growth of the industry and protecting the future of life insurance for the benefit of society.

#### Our acquisition by Nippon Life

We've done just that by using capital raised from many different institutional investors, to grow Resolution Life into a global company with more than \$85bn of AUM, entrusted with the financial futures of c.4 million policyholders. Today the in-force consolidation sector is large and still fast growing. While we have a leading position in this attractive market, global competition is increasing. That's why this year we believed that the time was right to secure the backing of a strong parent company. Nippon Life, as our largest single investor today, understands how we've built and managed the Company, and is uniquely well suited to buy our business. They are an institution I admire and respect, with their focus on policyholders. Their scale, balance sheet strength, diversification, strong operating history, and strict risk discipline are a great fit for us.

#### The next phase of our growth

This transaction, which we announced in December 2024 and expect to be completed in the second half of 2025, has many benefits for Resolution Life. Being part of Nippon Life will strengthen our position in the market and give us greater access to capital and more opportunities to accelerate our growth. In practical terms, it will not affect our policyholders, who can expect the same high levels of service they've always had from us. But they will have the benefit of an even stronger capitalised parent company. As for me, I plan to be at Resolution Life for many years to come. In September 2024, I was pleased to announce the appointment of Moses Ojeisekhoba as our new President. Moses is an accomplished insurance executive with over 30 years' experience in the sector, and is expected to succeed me as CEO in 2026. I will remain deeply involved in the business as Executive Chairman, and I greatly look forward to working with Moses, the leadership team, and of course Nippon Life, to continue to steer the Company through the next phase of our growth.

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**Clive Cowdery** Founder, Chairman and CEO of Resolution Life

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Our year

# **From our President**

Since starting my role in October 2024, I've been very impressed by the entrepreneurial spirit, work ethic, and the speed at which things move at Resolution Life. Along with the strong focus on problem-solving, innovation and a desire to win, these will be formidable attributes for us as we pursue future growth in an increasingly competitive sector.

Moses Ojeisekhoba President

From our President continued

I'm delighted to have been appointed President of Resolution Life at this milestone moment in the Company's history. Since starting my role in October 2024, I've been impressed by the entrepreneurial spirit, work ethic, and the speed at which things move. There's a constant focus on innovation and finding solutions for our clients, which ultimately lead to greater financial resilience for policyholders.

That sense of purpose is very important to me. I want to be part of a company, and an industry, that contributes to society. Insurance does that, and Resolution Life plays a critical role in securing its future, ensuring that capital is used efficiently while providing financial protection to policyholders. Through buying existing portfolios of policies from established primary life insurance companies in mature markets, we free up capital that enables them to create new products. We are also increasingly part of the new product development process. This makes life insurance more accessible to more people around the world.

#### Serving a growing, global market

Since its pioneering transaction in 2003, Resolution Life and its prior Resolution companies have agreed 42 transactions – completing each deal, earning the reputation of a trusted partner. Resolution Life has completed transactions with counterparties in the Asia, Australasia, Europe, UK and the US.

With global markets becoming more active, we expanded our presence by establishing an office in Singapore earlier this year. From our new office, we supported the signing of Resolution Life's first flow deal, where we reinsure a share of future premiums of a primary life insurer. The transaction, with a Japanese cedant, led to us reinsuring \$2bn in premium income in 11 months. Resolution Life signed two additional transactions in 2024, including another pension risk transfer reinsurance deal and, in New Zealand, we agreed to acquire Asteron Life.

We carry good momentum going into 2025 as we see increasing demand for our capabilities and capacity in practically all markets. We are well positioned.

# Forging deeper relationships with life insurance partners

Alongside the number of transactions, the year was also notable for an increase in competition, not just from private asset managers but also traditional insurance companies. The businesses that will succeed in our sector are those – like ours – that stay constantly hungry, building lasting relationships with customers, based on an understanding of their needs and ability to bring effective solutions. We want Resolution Life to be the first name a potential customer thinks of when they have a challenge to solve.

We are already seeing our relationship building work from 2024 paying off in the form of new opportunities we carry into this year. Our new organisation structure and One Company ethos puts us in a strong position to best the competition in serving the needs of primary insurer customers.

From our President continued

#### Strong foundations for a bright future

Resolution Life has built a solid foundation of capabilities through the years, but the needs of our customers are ever evolving and becoming more complex, so the imperative for continued innovation and a strong problem-solving mindset remains key for us to maintain relevance. The singular answer to this is the quality of talent we have in Resolution Life.

I joined Resolution Life because amongst many things, I knew I would have the opportunity to work alongside some brilliant minds and get the chance to continue to grow. I have not been disappointed and know that my colleagues are up to the task of bringing credible solutions to the needs of our customers, while also fulfilling their goal of growth and development – a true win-win.

The acquisition of Resolution Life by Nippon Life is a positive next step. Once the deal formally completes later this year, it will give us greater access to long-term capital, which will help us continue to deliver on our business and personal growth goals, while remaining true to the values of positive policyholder and societal contribution.

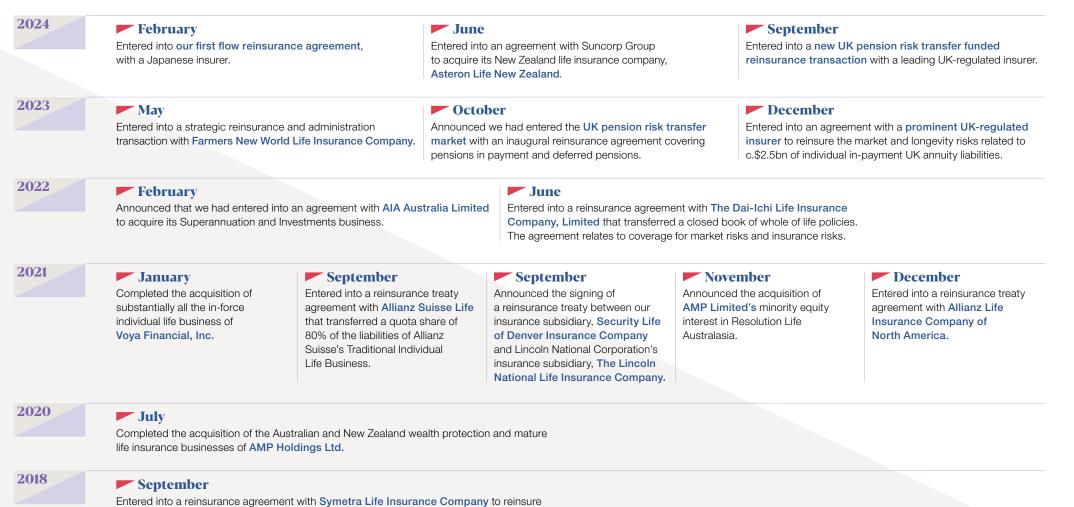
I believe the future is bright for Resolution Life.

Moses Ojeisekhoba President



# **Our transactions**

Since 2018, we've invested c.\$8bn across 15 deals. In line with our business model, which calls for a wide diversity of risk by geography and policy type, the transactions are spread across four continents. They comprise life savings and policies, as well as reinsurance deals.



its US statutory payout annuity liabilities, which are mainly structured settlements.

# **Operational review**

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Megan Beer Chief Operating Officer

Our year

Operational review continued

After several years of rapid growth, 2024 was a year where we focused our business to capitalise on our size and scale. Realigning our global operations based on what people do and not where they do it, allows us to focus on the most important objectives for the Company as a whole, creating new opportunities for our employees, and setting ourselves up for our next phase of growth.

# A new operating model to serve our global business

One of our main priorities this year was moving to a new operating model. When we started Resolution Life in 2018, we set out to build scale and critical mass where our people were close to the business opportunities. It was a successful structure: having in-depth knowledge of the local markets enabled us to respond nimbly to opportunities and changing conditions, and to quickly drive growth.

But today we are an established global company with c.1,700 employees. To benefit from our scale, and to focus on a single set of opportunities and outcomes across the Company, we need a more consolidated approach. Under our new model, we have formed four functional-based teams: Finance & Investments, Operations & Transformation, Legal & Partnerships and Growth & Value. This enables us to simplify and streamline the way we work, and to focus on new transactions and managing our existing business. The exception to this new approach is Resolution Life Australasia, our Retail segment, where higher levels of policyholder engagement are required, necessitating a different model. Resolution Life Australasia will continue to be managed through the local board of directors and leadership team.

#### Engaging our people as we evolve

Our new operating model forms part of a wider project that started in 2023 and is designed to deepen collaboration and create a single culture across the business. Integral to that culture is listening to our people and understanding their needs.

At the start of 2024, we conducted an organisational health survey, with more than 87% of our employees taking part. The survey identified three areas for us to focus on: working together, role clarity and performance reviews. We followed up on these in our first employee 'pulse' survey in October, which consisted of a short set of questions. Engagement was again high, with 86% of colleagues responding. We want to be an employer where everyone believes they can do fulfilling work and develop their career, and I firmly believe that we are on the right track. Our ways of working, which are based on 'Agile' principles and empower our people to move fast, be curious and try things, are now strongly embedded. Our turnover rates are low by industry standards. Our new centralised structure is already providing more opportunities to learn from colleagues globally, and to work in other parts of the world.

Developing the next generation of leaders for our business is always important, but especially when you have an ambitious growth agenda. This year, we rolled out a leadership framework and provided development and coaching support for 60 of our senior leaders who took part in our inaugural leadership summit in November 2023.

#### Operational review continued



Cour ways of working, which are based on 'Agile' principles and empower our people to move fast, be curious and try things, are now strongly embedded.

# 73%

of policyholder and adviser interactions in Australasia were performed via a digital channel

# How technology is driving better service for policyholders and customers

Along with our talented people, technology is crucial for us to provide good service to our policyholders and the life insurance companies we do business with. Building our own modern digital platforms has enabled us to manage claims faster and more accurately and has given our policyholders greater flexibility in how they interact with us. In 2024, policyholders and agents continued to use our online portals to service their policies on their own. In Australasia, 73% of policyholder and adviser interactions were performed via a digital channel, up from 60% in 2023. In the US, where the types of policies are generally less suited to self-service, the self-service rate doubled to 31%. Throughout the year we provided consistent, reliable service to our policyholders around the world, in line with our policyholder service targets.

Our technology platforms have also helped us to integrate the businesses we acquire more quickly. In 2024, we completed the integration of AIA Australia's Superannuation and Investments business, which we acquired in 2022. In the US we made strong progress integrating the administration of Farmers New World Life ("FNWL") policies, as part of a transaction agreed in 2023.

#### Looking ahead

In 2025, we will complete the FNWL integration and the transition to our new operating model. Continuing to invest in the latest technologies will also be important, including generative artificial intelligence, which is already helping us manage our policies more efficiently. But we must make sure this does not come at the cost of our empathy-driven and people-centred approach to dealing with claims. And, as always, we will focus strongly on supporting and developing our colleagues.

Megan Beer

Megan Beer Chief Operating Officer

# **Risk overview**

Risk management is central to everything we do as a life insurance company. It informs how we grow and manage the business, how we give comfort to our policyholders, investors and other stakeholders that we are a safe, responsible insurer that honours promises, and how we deliver stable returns over the long term.

For more detailed risks, see our Financial Condition Report

We have a conservative approach to risk that differentiates us from many of our competitors. We manage risk through a clearly defined risk strategy – the choices we make when dealing with risk; and risk appetite which is the level of risk we are prepared to accept in the business.

Our risk strategy can be summarised as follows:

- We will only make acquisitions and do reinsurance deals that are aligned with our business strategy, and where the risk and potential returns are within our risk appetite
- We will manage the businesses we acquire according to those same standards of risk and potential returns

Our highly experienced Board sets the risk appetite and approves the risk strategy annually. We express our risk appetite by reference to a number of qualitative statements which capture the outcomes we expect to deliver under different circumstances. These are then re-expressed as tangible limits, set to ensure that actual financial performance is in line with those qualitative statements. These limits determine the target surplus capital we expect within each of our insurance subsidiaries, as well as the acceptable range of value we would expect to deliver to investors in the circumstances of material stress events. The following considerations underpin our risk appetite:

- Our business plans, which includes our mediumterm objectives to grow and transform the business
- Delivering policyholder benefits in a secure, well-capitalised and well-governed environment
- Returning capital over time to institutional investors through a steady dividend yield and by building a global business through acquiring complementary risks
- Maintaining appropriate capital levels to support our target rating

#### **Principal risk types**

The Chief Risk Officer works with each function and the Chief Risk Officer, Australasia to ensure that we properly identify, assess and manage all material risks. The Chief Risk Officer updates the risk profile and submits it to the Board's Risk Committee and the Board regularly, as part of the risk report. Resolution Life has a diversified risk exposure:

- Risks that are actively taken as part of insurance or asset management operations which are quantifiable and where capital is held to back the risk exposure. These largely include insurance, market (including investment credit) and counterparty risk. While the Company holds capital for operational risk, the key mitigation is strong processes and controls.
- Risks that we don't explicitly hold capital for but that we monitor and control, given their significance. These largely include liquidity (although the Company and insurance subsidiary companies hold liquidity cash buffers and have access to revolving credit facilities to ensure that liquidity risk is appropriately managed and mitigated), regulatory and compliance, M&A and transaction, refinancing, strategic and sustainability risk.
- Reputational risk is not considered a separate risk category but rather represents a possible consequence of any risk type, aside from the potential financial and compliance impact.

Our year

# Sustainability review from our General Counsel

As a responsible business, we take the fast-evolving area of sustainability seriously. I am proud that we continue to make progress through our measured and pragmatic approach, and I am excited for the year ahead.

Claire Singleton General Counsel 16

Our year

Sustainability review from our General Counsel continued

This year, under our new operating model, sustainability was brought into our Legal & Partnerships business area, which I lead. Our team plays a direct role in ensuring the business can grow responsibly and sustainably, as well as managing legal, regulatory, and reputational issues. I am pleased with the progress we made on sustainability in 2024.

As a life insurance company, our biggest social impact is delivering for our policyholders in their time of need. In 2024, we were proud to pay more than 23,000 claims to beneficiaries.

We also achieved several milestones. These included publishing our first public Principles for Responsible Investment report and preparing our first report aligned with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). This TCFD-style report, which the Bermuda Monetary Authority recommended preparing, will be published later this year.

#### Strengthening our inclusive culture

'Championing diversity and inclusion' is one of our six guiding principles and I am pleased that in 2024 we evolved our work around inclusion and belonging and it's now led by a global council that reports to our Steering Committee. The council's aims include assessing current inclusion metrics, developing strategies to improve diversity, developing inclusive leaders and promoting diversity initiatives.

#### Supporting our communities

Our people did great work volunteering and giving to good causes. In the US, our people spent 4,239 hours supporting over 650 causes. In Bermuda, we donated to numerous organisations including, for the fourth consecutive year, \$110,000 to Transitional Community Services, a local charity that helps disenfranchised young men into work. Our UK team supported several local charities including Smart Works and the Trussell Trust. And in Australasia we participated in 'Steptember', raising A\$40,000 for cerebral palsy research and assistive technology.

### Understanding our carbon emissions and working to reduce them

As a business, our impact on the environment stems both directly from our operations, and indirectly, through the investments we make. We recognise our duty to reduce our emissions and to ensure we invest in a responsible way. We have therefore taken a pragmatic and thoughtful approach to navigating these challenges.

We have been measuring our global operational emissions since 2021. This year we focused on reducing our Scope 3 emissions, which are the indirect emissions in our value chain. We carried out a due diligence process to prioritise suppliers which are carbon neutral or have strong carbon reduction initiatives in place. We also updated our supplier code of conduct. I am pleased to say that both our overall

For more details see our

Sustainability Update

and Scope 3 emissions fell in 2024. Our Sustainability Update will provide further details.

For our investments, we continue to engage regularly with our asset managers to understand and manage environmental, social and governance issues in our portfolio. This year, for the first time, we measured emissions related to our investments and commissioned a climate scenario analysis as part of our TCFD-style report. We will use this data to guide our activities over the coming years.

#### Looking ahead

I am excited to make further progress on sustainability. The acquisition of Resolution Life by Nippon Life, subject to regulatory approval, is a very positive step. Nippon Life are more advanced in their sustainability journey, and since being founded 135 years ago, have placed sustainability management at the core of their business. As a team, we are looking forward to learning from their knowledge and applying this to our own work in this area.

Claire Singleto

Claire Singleton General Counsel

Our year

# Governance

Our industry is highly regulated to protect policyholders and investors from exposure to unnecessary risk. We have a good reputation with regulators and are committed to strong corporate governance.

We are a Board-led company, and the Board sets the tone for our culture of integrity, accountability, and transparency. It meets at least four times a year to make decisions about, amongst other things, our strategy, financial objectives and risk framework.

In 2024, the Board, chaired by Clive Cowdery, consisted of 10 people which included four Independent Non-Executive Directors, three representatives from Blackstone and two from Nippon Life. Following the expected closing of the Nippon Life acquisition in 2025 the Blackstone delegates will be replaced by representatives from Nippon Life.

As part of our new operating structure, we formed a Steering Committee in 2024. It comprises six senior executives who meet, discuss, and develop advice to provide to the Company and their officers including in relation to governance, strategy, financial and business performance matters. The Steering Committee is supported by the Executive Leadership Team.

#### Steering Committee

**Clive Cowdery** Founder, Chairman and CEO

Moses Ojeisekhoba President

Megan Beer Chief Operating Officer

Jonathan Moss Chief Financial Officer

**Takashi Nakayama** Chief Corporate Planning Officer

Claire Singleton General Counsel Executive Leadership Team

Warren Balakrishnan CEO, US

Karl Chappell Managing Director, Solutions

Ruth Farrugia Chief Investments Officer

Peter Grewal Chief Risk Officer Cherie Pashley Managing Director, Finance

Rushabh Ranavat CEO, Asia

**Tim Tez** CEO, Australasia We have strong local boards with independent director representation that ensure that our key regulated insurance subsidiary companies meet local regulatory requirements, maintain sufficient capital and risk management protocols, and manage customer relationships appropriately.

Karl Happe, Chief Investments Officer (until September 2024) Conor Murphy, CEO, US (until March 2025) Simon Woods, Chief Financial Officer (until September 2024)

# Financial review from our CFO

•• Our people worked very hard this year, determined to continue our record of success. This was reflected in the solid underlying business and financial performance that Resolution Life delivered in 2024. >>

Jonathan Moss Chief Financial Officer

Our year

adjusted book value

Financial review from our CFO continued

I moved into the role of Chief Financial Officer during 2024, having previously served as CEO of Resolution Re and before that leading the Company's risk function. Though there were headwinds this year, I was pleased to observe so many people working very hard, determined to meet the challenges and continue our record of success. This was reflected in the business and financial performance that Resolution Life delivered.

Our transformation and on-boarding programmes proceeded well, in line with our timetable. The quality of our investment portfolio remained very high but the pace of asset rotation was slower than expected. We grew our business through transactions, raised new debt and further strengthened a robust capital position that leaves us well-placed for further growth. The cash we generated enabled us to pay a dividend of \$150m to our shareholders.

# Our insurance and investment performance

In the business of life insurance we cannot control mortality, policy lapses or investment markets. Rather, we seek to control our exposure to them so that the fluctuation in results is contained within reasonable bounds. We recognise and plan for the inevitable variability one year to the next and view our results over a longer timeframe. In 2024 we saw adverse effects on both mortality rate in the US and renewals in two of our portfolios. These fluctuations were within the normal bounds of variability but did have an impact on our overall results. SZ47m adjusted operating earnings

Looking at investment income, markets were generally benign, which benefited our fixed income assets. Our plan of rotating our investments into new, higher-yielding asset classes, however, moved slower than planned due to the lack of capital markets activity. In the first half of 2025, we expect to complete the rotation of the assets that were on our books at the end of 2024, assuming capital markets activity picks up.

#### **Our strong capital position**

We have a well-defined risk framework and capital targets for all our regulated entities, which we've continued to meet. In July 2024, we completed our inaugural \$500m Tier 2 listed debt issuance amid oversubscribed investor demand, further strengthening our capital position. Under the Bermuda Solvency Capital Requirement, our Company solvency ratio is 197%<sup>1</sup>.

We have strong investment grade ratings from Moody's and Fitch for both our regulated insurance entities and the holding company. During the year Moody's upgraded the financial strength rating of the US subsidiary, Security Life of Denver, to A3. Further, following the announcement of our acquisition by Nippon Life, Moody's placed our ratings on review for possible upgrade, while Fitch placed our ratings on Rating Watch Positive.

dividend to shareholders

#### Outlook

We see cautious optimism in the capital markets and expect relative spread stability to continue. While there is likely to be an elevated level of rates uncertainty due to heightened geopolitical risks and potential trade tensions, the insurance sector remains strongly capitalised with resilient business performance. Our rigorous focus on good credit quality in our investment portfolios makes us well positioned to weather any volatility.



Jonathan Moss Chief Financial Officer

Financial review from our CFO continued

#### Adjusted operating earnings

Adjusted operating earnings decreased by 6% to \$247m (2023: \$262m), primarily driven by higher forex losses from our non-US dollar denominated exposures and increased expenses to support the growth of the business and build capability. This was partly offset by higher net investment income from asset portfolio rotation, higher surrender income driven by higher lapses on the Fixed Annuity products as well as full year earnings contribution from the acquisition of Farmers New World Life Insurance Company in Q3 2023.

#### \$m



#### Adjusted book value

On an adjusted basis, the Company continues to accrete shareholder's equity, with an adjusted book value of \$7,697m (2023: \$6,750m). The higher adjusted book value reflects additional capital contributions from investors of \$762m, accretion of earnings, less dividends paid to shareholders.



#### Insurance subsidiary companies' cash generation

Insurance subsidiary companies' cash generation is defined as the excess above target capital ratios and collateral requirements in each subsidiary.

The cash generation of \$112m in 2024 was lower than 2023 (\$765m), mainly reflecting lower cash generation in the US driven by higher realised capital losses and increased required capital due to asset portfolio rotation, which provides higher investment returns going forward and is a key element of Company strategy. The cash generation in Australasia also declined mainly reflecting significant tax benefits of asset rotation realised in 2023, not repeated in 2024. Increased asset rotation realised upfront reserving benefits on the market-based Bermuda economic balance sheet although this was somewhat offset by higher lapses on the fixed indexed annuity products.

\$m		
2024 112		
2023		765
2022	642	

#### Group leverage ratio

Our financial leverage ratio definition is consistent with the Fitch Rating Methodology and uses our adjusted measure of book value. We have a financial leverage target of 25%-30%, which is consistent with our 'A' range financial strength rating target. We manage the financial leverage ratio carefully given its influence on our credit rating, funding costs and ability to maintain financial flexibility.

The leverage ratio decreased to 25% (2023: 28%), mainly reflecting the higher adjusted book value. The Company successfully executed a \$500m Tier 2 bond whose proceeds were used to partially repay the senior debt facility due in December 2025, with no change to overall debt for the Company.

**25% 28%** 2023

#### Group Bermuda Solvency Capital Requirement (BSCR) ratio<sup>1</sup>

Company solvency capital is calculated in line with the requirements of the Bermuda insurance regulatory framework. We seek to maintain a strong Company solvency position, in line with our risk appetite.

The ratio presented is an estimate as of Q4 2024, and includes the impact of the Tier 2 bond issuance and asset rotation largely offset by the implementation of the new Bermudan solvency regulations and the dividend payment of \$150m.

**197% 181%** 2023

#### Solvency ratios

Local solvency ratios are presented in line with the regulatory regimes in territories in which each of our subsidiaries operate.

The ratios have remained very strong throughout the year, in the face of significant market volatility, with all our businesses above target levels of capitalisation.

Solvency ratio	31 December 2024	31 December 2023	Target
Resolution Re BSCR <sup>1</sup>	199%	219%	>195%
Australasia PCA (Life Co)	273%	237%	>200%
USA RBC (RLCO)	435%	522%	>380%

<sup>1</sup> The BSCR ratio presented for Q4 2024 is an estimate, pending submission of the annual solvency filing to the Bermuda Monetary Authority.

# Other financial information

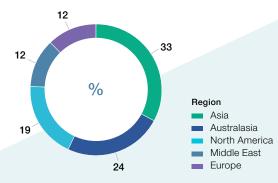
#### Equity

Our equity investor base is global and includes our partners, Blackstone and Nippon Life, as well as sovereign investment funds, superannuation funds, pension funds, asset managers, family offices, financial institutions and insurers.

#### Borrowings

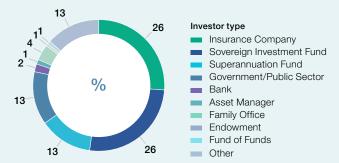
- In July 2024, we executed our inaugural public debt issuance of \$500m Tier 2 listed notes due 2031 from RLGH Finance Bermuda Ltd and guaranteed by Resolution Life Group Holdings Ltd.
- In September 2024, we repaid \$500m of the \$750m senior unsecured loan at RLGH Finance Bermuda Ltd maturing in December 2025







#### Equity investors by type



Source: Resolution Life Group Services

Other financial information continued

As a result, we have the following regulatory capital and debt instruments outstanding:

#### **Regulatory Capital:**

- A\$300m Tier 2 instrument issued by Resolution Life Australasia with a legal maturity of 2035 and a first call in 2025
- \$123m Surplus Notes issued by Security Life of Denver Insurance Company with a legal maturity of 2036 and a first call in 2026
- \$500m Tier 2 instrument issued by RLGH Finance Bermuda Ltd with a legal maturity of 2031

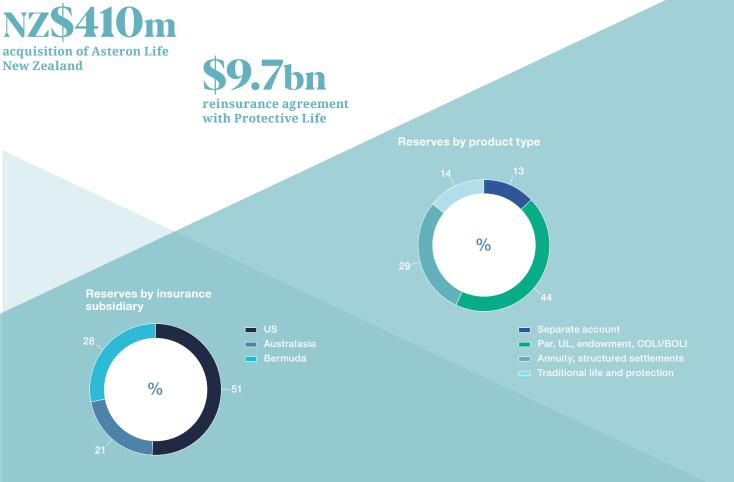
#### **Debt Instruments:**

- \$250m senior unsecured term loan at RLGH Finance Bermuda Ltd maturing in December 2025
- \$750m senior unsecured term loan at RLGH Finance Bermuda Ltd maturing in December 2026
- \$750m senior unsecured term loan at RLGH Finance Bermuda Ltd maturing in September 2028
- \$750m committed revolving credit facility at RLGH Finance Bermuda Ltd maturing in September 2028 (currently undrawn)
- A\$100m committed revolving credit facility at Resolution Life NOHC Pty Ltd maturing in December 2027 (currently undrawn)

#### **Current trading**

In January 2025, we completed the NZ\$410m acquisition of Asteron Life New Zealand. While Resolution Life and Asteron Life will continue to operate under separate brands in the local market, both businesses will benefit from the combined scale, capabilities and broader reach.

In March 2025, we signed a \$9.7bn reinsurance agreement with Protective Life. The transaction scope includes blocks of in-force structured settlement annuities and secondary guarantee universal life business and showcases our ability to manage complex life and annuity products at scale.



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# Financial statements

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### **Independent Auditor's Report**

To the Audit Committee of the Board of Directors and Shareholder of Resolution Life Group Holdings Ltd.

#### Opinion

We have audited the consolidated financial statements of Resolution Life Group Holdings Ltd. and subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2024 (successor) and 2023 (successor), and the related consolidated statements of operations. comprehensive income (loss), shareholder's equity and cash flows for the year ended December 31 2024 (successor), the period from October 2, 2023 to December 31, 2023 (successor), and the period from January 1, 2023 to October 1, 2023 (predecessor), and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 (successor) and 2023 (successor), and the results of its operations and its cash flows for the year ended December 31, 2024 (successor), the period from October 2, 2023 to December 31, 2023 (successor), and the period from January 1, 2023 to October 1, 2023 (predecessor), in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

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

#### **Emphasis of Matter**

As discussed in Note 1 to the financial statements, the Company was acquired on October 2, 2023. The transaction was accounted for as a business combination and the Company's basis of assets and liabilities were adjusted to their estimated fair values as of the acquisition date. As a result, the Company's basis of assets and liabilities (and certain related revenue and costs associated with such assets and liabilities such as depreciation and amortization) are not comparable between predecessor and successor periods. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

# **Deloitte**

**Deloitte & Touche LLP** 30 Rockefeller Plaza 41st Floor New York, NY 10112 USA

www.deloitte.com

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

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

In performing an audit in accordance with GAAS, we:

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

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

Deloitte + Touche LLP

March 28, 2025

<b>Resolution Life</b> Annual Report 2024	
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<u>Overview</u>

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### **Consolidated Balance Sheets**

#### December 31, 2024 (Successor) and 2023 (Successor)

The accompanying notes are an integral part of these consolidated financial statements.

(\$ in thousands, except par value and share value amounts)	December 31, 2024 (Successor)	December 31, 2023 (Successor)
Assets		
Investments:		
Fixed maturity securities, available-for-sale, at fair value (net of allowance for credit losses of \$(7,782) and \$(570), respectively) (amortized cost of \$29,747,346 and \$27,935,099, respectively)	30,276,028	29,361,270
Fixed maturity securities, fair value option <sup>(1)</sup>	307,492	287,619
Equity securities	6,673,488	7,881,583
Investment funds <sup>(1)</sup>	3,915,950	3,381,586
Mortgage loans, net	4,621,972	3,461,499
Policy loans, net	2,230,958	1,996,869
Short-term investments	2,456,512	2,022,889
Derivative assets	708,977	833,999
Other invested assets	103,365	82,901
Total investments	51,294,742	49,310,215
Cash and cash equivalents	3,167,667	4,016,320
Receivables for securities	212,550	418,263
Accrued investment income	322,696	290,064
Premiums receivable, net	752,648	784,966
Funds withheld asset	18,937,911	21,985,119
Reinsurance recoverable, net	3,070,694	3,376,880
Value of business acquired and deferred acquisition costs	9,747,787	10,282,636
Goodwill	506,531	520,677
Deferred tax asset	81,348	-
Other assets	452,090	458,457
Separate account assets	1,679,424	1,523,311
Total Assets	90,226,088	92,966,908

(\$ in thousands, except par value and share value amounts)	December 31, 2024 (Successor)	December 31, 2023 (Successor)
Liabilities and Equity		
Future policy benefits and other policyholder liabilities	29,641,348	31,248,889
Policyholder account balances	43,993,093	45,448,035
Reinsurance payable	784,165	902,932
Long-term debt	2,548,567	2,568,070
Derivative liabilities	471,864	301,671
Deferred tax liability	932,881	638,297
Accrued expenses and other liabilities	1,911,624	1,541,773
Separate account liabilities	1,679,424	1,523,311
Total Liabilities	81,962,966	84,172,978
Commitments and Contingencies (Note 12)		
Shareholder's Equity		
Common stock, \$1.00 par value, 10,000 and 8,500 shares authorized, issued and outstanding, respectively	10	9
Additional paid in capital	7,644,984	6,882,885
Retained earnings (deficit)	314,659	395,344
Accumulated other comprehensive income (loss)	60,233	803,725
Total Resolution Life Group Holdings Ltd. ("RLGH Ltd.") Shareholder's Equity	8,019,886	8,081,963
Noncontrolling interest	243,236	711,967
Total Shareholder's Equity	8,263,122	8,793,930
Total Liabilities and Shareholder's Equity	90,266,088	92,966,908

(1) See Note 7 for details of balances associated with variable interest entities.

Resolution Life Annual Report 2024
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<u>Overview</u>

Financial statements continued

### **Consolidated Statements** of Operations

For the Year Ended December 31, 2024 (Successor), Period Ended December 31, 2023 (Successor) and Period Ended October 1, 2023 (Predecessor)

(\$ in thousands, except par value and share value amounts)	Year Ended December 31, 2024 (Successor)	Period Ended December 31, 2023 (Successor)	Period Ended October 1, 2023 (Predecessor)
Revenues			
Premiums	1,589,272	3,078,507	1,753,310
Fee income	1,723,201	425,924	1,103,297
Net investment income	4,260,009	871,102	2,285,449
Investment related gains (losses), net	829,093	2,080,794	(1,517,794)
Total revenues	8,401,575	6,456,327	3,624,262
Benefits and Expenses			
Policyholder benefits	4,142,366	4,268,651	2,613,186
Change in policyholder liabilities at estimated fair value	-	-	(111,093)
Interest sensitive contract benefits	1,969,353	657,235	481,308
Amortization of value of business acquired and deferred acquisition costs	757,734	320,937	59,024
Other operating expenses	1,237,559	318,932	814,384
Total benefits and expenses	8,107,012	5,565,755	3,856,809
Income (Loss) before income tax	294,563	890,572	(232,547)
Income tax expense (benefit)			
Current tax	(9,558)	(37,311)	(61,770)
Deferred tax	208,860	277,089	(270,810)
Total income tax expense (benefit)	199,302	239,778	(332,580)
Net income (loss)	95,261	650,794	100,033
Less: Net income (loss) attributable to noncontrolling interests	25,946	15,451	17,101
Net income (loss) attributable to RLGH Ltd. shareholder	69,315	635,343	82,931

Financial statements continued

# Consolidated Statements of Comprehensive Income (Loss)

For the Year Ended December 31, 2024 (Successor), Period Ended December 31, 2023 (Successor) and Period Ended October 1, 2023 (Predecessor)

(\$ in thousands, except par value and share value amounts)	Year Ended December 31, 2024 (Successor)	Period Ended December 31, 2023 (Successor)	Period Ended October 1, 2023 (Predecessor)
Net Income (Loss)	95,261	650,794	100,033
Other Comprehensive Income (Loss)			
Change in unrealized investment gains (losses) on investments and hedging activities	(1,058,756)	1,094,251	(46,583)
Policy reserves and value of business acquired adjustment	437,170	(409,785)	(78,789)
Foreign currency translation and other adjustments	(123,512)	134,831	(104,271)
Cumulative effect of adoption of accounting standards	-	_	1,987
Other comprehensive income (loss), before income tax	(745,098)	819,297	(227,656)
Tax expense (benefit) related to other comprehensive income (loss)	(1,607)	15,633	(68,833)
Total other comprehensive income (loss) attributable to RLGH Ltd. shareholder, net of income tax	(743,491)	803,664	(158,823)
Total comprehensive income (loss)	(648,230)	1,454,458	(58,790)
Less: comprehensive income (loss) attributable to noncontrolling interests	25,946	15,451	17,101
Total comprehensive income (loss) attributable to RLGH Ltd. shareholder	(674,176)	1,439,007	(75,891)

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Financial statements continued

## **Consolidated Statements of Shareholder's Equity**

For the Year Ended December 31, 2024 (Successor), Period Ended December 31, 2023 (Successor) and Period Ended October 1, 2023 (Predecessor)

	Commo	n Shares						
(\$ in thousands, except par value and share value amounts)	Shares	Amount	Additional Paid-in Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Total RLGH Ltd. Shareholder's Equity	Noncontrolling interest	Total Shareholder's Equity
Balance, December 31, 2022 (Predecessor)	7,201	\$7	\$ 4,573,224	\$ (3,445,975)	\$ (4,512,793)	\$ (3,385,537)	\$ 481,639	\$ (2,903,898)
Net income	-	-	-	82,931	-	82,931	17,101	100,032
Other comprehensive loss	-	-	-	-	(160,809)	(160,809)	-	(160,809)
Changes in equity of noncontrolling interest	-	-	_	-	_	_	160,546	160,546
Distributions to noncontrolling interest	_	_	-	-	_	_	(6,357)	(6,357)
Cumulative effect of adoption of accounting standards	_	_	-	(8,234)	1,987	(6,247)	-	(6,247)
Balance, October 1, 2023 (Predecessor)	7,201	\$7	\$ 4,573,224	\$ (3,371,278)	\$ (4,671,615)	\$ (3,469,662)	\$ 652,929	\$ (2,816,733)
Balance, October 2, 2023 (Successor)	7,201	\$7	\$ 6,086,993	\$-	\$-	\$ 6,087,000	\$ 511,459	\$ 6,598,459
Issuance of capital stock	500	1	_	-	_	1	_	1
Capital contributions	_	_	283,143	-	-	283,143	_	283,143
Converted debt	799	1	512,749	_	_	512,750	_	512,750
Dividends paid	_	_	-	(240,000)	_	(240,000)	-	(240,000)
Net income	-	-	-	635,343	-	635,343	15,451	650,794
Other comprehensive income/(loss)	-	_	-	-	803,724	803,724	-	803,724
Changes in equity of noncontrolling interest	_	_	-	_	_	_	185,057	185,057
Balance, December 31, 2023 (Successor)	8,500	\$9	\$ 6,882,885	\$ 395,343	\$ 803,724	\$ 8,081,961	\$ 711,967	\$ 8,793,929
Issuance of capital stock	1,500	1	762,099	_	_	762,100	-	762,100
Dividends paid	_	_	-	(150,000)	-	(150,000)	-	(150,000)
Net income	-	_	-	69,316	-	69,316	25,946	95,262
Other comprehensive income/(loss)	-	-	-	-	(743,491)	(743,491)	-	(743,491)
Changes in equity of noncontrolling interest	_	_	_	_	_	_	(494,677)	(494,677)
Balance, December 31, 2024 (Successor)	10,000	\$ 10	\$ 7,644,984	\$ 314,659	\$ 60,233	\$ 8,019,886	\$ 243,236	\$ 8,263,122

<b>Resolution Life</b> Annual Report 2024	Res	olution	Life Annual	I Report 2024
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<u>Overview</u>

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### **Consolidated Statements** of Cash Flows

For the Year Ended December 31, 2024 (Successor), Period Ended December 31, 2023 (Successor) and Period Ended October 1, 2023 (Predecessor)

(\$ in thousands)	Year Ended December 31, 2024 (Successor)	Period Ended December 31, 2023 (Successor)	Period Ended October 1, 2023 (Predecessor)
Cash flows from operating activities			
Net income (loss)	95,261	650,794	100,033
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Change in deferred acquisition costs and VOBA	622,580	307,802	(3,211,243)
Amortization/ accretion of net investment premium and discount	(340,747)	(103,366)	85,844
Investment related (gains) losses, net	(882,376)	(2,064,689)	1,568,736
(Income) loss from equity method investments, net of dividends or distributions	(38,896)	18,032	(2,709)
Change in fixed maturities, fair value option investments	12,555	(19,408)	11,283
Changes in assets and liabilities			
Change related to modified coinsurance agreements	767,263	(2,065,424)	(793,183)
Change in accrued investment income	(37,329)	58,603	(72,471)
Change in other assets and liabilities	488,999	(350,808)	553,520
Change in reserves	1,242,191	3,536,420	1,946,414
Effect of foreign currency on operating activities	(84,838)	-	_
Net cash (used in) provided by operating activities	1,844,664	(32,044)	186,224
Cash flows from investing activities			
Proceeds from sales, maturities and repayment of:			
Fixed maturities, available-for-sale	11,198,534	4,278,322	5,896,548
Fixed maturities, fair value option	29,436	24,248	40,327
Equity securities	4,855,055	471,385	1,752,113
Purchases of:			
Fixed maturities, available-for-sale	(12,829,264)	(4,101,158)	(5,623,674)
Fixed maturities, fair value option	(65,202)	(4,418)	(5,155)
Equity securities	(3,841,086)	(1,323,042)	(693,550)
Net purchases, sales, maturities of other investments	(1,753,417)	735,465	(2,367,702)
Purchase of subsidiaries, net of cash, cash equivalents and restricted cash acquired	-	-	417,730
Effect of foreign currency on investing activities	84,734	-	-
Net cash provided by (used in) investing activities	(2,321,210)	80,802	(583,363)

Financial statements continued

# Consolidated Statements of Cash Flows continued

For the Year Ended December 31, 2024 (Successor), Period Ended December 31, 2023 (Successor) and Period Ended October 1, 2023 (Predecessor)

(\$ in thousands)	Year Ended December 31, 2024 (Successor)	Period Ended December 31, 2023 (Successor)	Period Ended October 1, 2023 (Predecessor)
Cash flows from financing activities			
Issuance of common stock	762,100	1	-
Capital contributions	-	795,892	-
Dividends paid on common stock	(150,000)	(240,000)	-
Proceeds from Short-term and Long-term debt	500,000	123,254	1,531,206
Repayment of Short-term and Long-term debt	(523,104)	(725,000)	(536,256)
Net funds received/(paid) on policyholder liabilities at fair value	-	-	(111,093)
Net funds received/(paid) on policyholder account balances	(307,885)	(82,222)	(138,128)
Contributions from (distributions to) consolidated investment entities	(494,677)	182,914	152,046
Effect of foreign currency on financing activities	(5,752)	(169,589)	(107,948)
Net cash provided from financing activities	(219,318)	(114,750)	789,827
Foreign currency effect on cash, cash equivalents and restricted cash	(152,790)	96,981	(91,573)
Net increase/(decrease) in cash, cash equivalents and restricted cash	(848,653)	30,989	301,115
Cash, cash equivalents and restricted cash, beginning of period	4,016,320	3,985,331	3,583,617
Cash, cash equivalents and restricted cash, end of period	3,167,667	4,016,320	3,884,732
Supplemental schedule of cash flow information			
Net cash paid (received) for:			
Interest	151,776	37,304	105,670
Тах	73,751	7,113	63,580
Non-cash transactions			
Premiums and deposits assumed on reinsurance agreements on a fund withheld basis	830,430	-	-
Reserves assumed on reinsurance agreements on a fund withheld basis	746,436	-	-
Converted debt	-	\$ 512,750	-
Ceding commission on reinsurance agreements	-	-	(1,926,000)
Insurance liabilities assumed on reinsurance agreements	_	-	(3,781,000)

### Notes to the Consolidated Financial Statements

(\$ in thousands)

### 1. General

Resolution Life Group Holdings Ltd. (individually referred to as "RLGH Ltd." or together with its subsidiaries referred to as the "Company") was formed on May 11, 2017 in Bermuda and is a wholly owned subsidiary of Blackstone ISG Investment Partners – R (BMU) L.P. ("New Partnership"). The Company's purpose is to consolidate in-force life insurance companies and portfolios in mature markets globally.

RLGH Ltd.'s insurance company subsidiaries are primarily Resolution Re Ltd. ("RRL"), Resolution Life NOHC Pty Ltd ("NOHC") and Resolution Life U.S. Holdings Ltd ("RLUSH").

RRL was incorporated as a Bermuda exempted company in 2017. RRL is a wholesale provider of reinsurance and other risk transfer solutions to both third parties and affiliates.

The subsidiary of NOHC is primarily Resolution Life Australia Pty Ltd ("RLA"). On June 30, 2020, NOHC acquired AMP Financial Services Holding Ltd ("AMP"). RLA's main operating subsidiary is Resolution Life Australasia Limited ("RLAL"). In the second quarter of 2022, the Company completed the acquisition of AMP's minority equity interest in NOHC.

In January 2021, RLUSH (through its wholly owned Colorado life insurance subsidiary, Resolution Life Colorado, Inc. ("RLCO")) acquired the in-force individual life insurance and legacy nonretirement annuity business of Voya Financial, Inc. RLUSH's subsidiary is primarily Security Life of Denver Insurance Company ("SLD").

On October 2, 2023, Resolution Life Group Holdings L.P. ("Resolution LP") and Rome Holdco L.P. ("Blackstone") completed a Master Transaction Agreement ("MTA") pursuant to which the Resolution LP contributed 7,201 common shares issued and outstanding of RLGH Ltd. and its respective direct and indirect subsidiaries, to a newly-formed Bermuda domiciled partnership ("Blackstone ISG Investment Partners – R (BMU) L.P." or the "New Partnership"). Blackstone ISG Investment Associates – R (BMU) Ltd. (Bermuda) serves as the general partner of the New Partnership and Blackstone ISG-I Advisors LLC as the investment manager for the assets supporting insurance business of the New Partnership's subsidiaries.

On December 11, 2024 it was announced that Nippon Life Insurance Company ("Nippon Life") agreed to acquire 100% of the Company. Nippon Life will consolidate its ownership interest by paying \$8.2 billion to acquire the remaining shares from Blackstone ISG Investment Partners – R (BMU) L.P, valuing Resolution Life at \$10.6 billion. The transaction is subject to customary regulatory approvals and anticipated to be completed in 2025.

#### **Basis of Presentation**

The Company's consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("US GAAP"). The principal accounting policies applied in the preparation of these consolidated financial statements are set out below and in Note 2.

Upon the completion of the Blackstone MTA, the Company established a new accounting basis, applying push-down accounting to reflect the Company's assets and liabilities at fair value as of the acquisition date, and recognizing goodwill for any excess of the purchase price over the fair value of net assets assumed by the New Partnership in the acquisition. Refer to Note 3.

"Business Combinations" for more detail. Push down accounting results in a Predecessor and Successor presentation as defined below.

**Predecessor:** The period from January 1, 2023 through October 1, 2023 reflects the historical basis of accounting of RLGH Ltd. that existed prior to the acquisition. These periods are referred to as "Year ended December 31, 2023 (Predecessor)" and "Period ended October 1, 2023 (Predecessor)."

**Successor:** The period from October 2, 2023 through December 31, 2023 is referred to as the "Successor period" and "Period ended December 31, 2023 (Successor). Also the year ended December 31, 2024 (Successor).

For the Period Ended December 31, 2023 (Successor), the Company modified its accounting election to fair value certain liabilities, as well as elected not to apply hedge accounting to certain foreign currency derivatives. No other significant policy modifications were made as a result of the transaction.

#### **Business Combinations**

The Company uses the acquisition method of accounting for all business combination transactions and, accordingly, recognizes the fair values of assets acquired, liabilities assumed and any noncontrolling interests in the consolidated financial statements. The allocation of fair values may be subject to adjustment after the initial allocation for up to a one-year period as more information becomes available relative to the fair values as of the acquisition date. There were no such adjustments made. The consolidated financial statements include the results of operations of any acquired company since the acquisition date.

#### **Consolidation**

The accompanying consolidated financial statements include the accounts of the Company and its subsidiaries as well as partnerships and joint ventures in which the Company has control and variable interest entities ("VIE") for which the Company is the primary beneficiary. The Company also consolidates VIEs managed by related parties when substantially all of the VIE's activities are conducted on our behalf. Intercompany accounts and transactions have been eliminated.

#### **Use of Estimates**

The consolidated financial statements are prepared in accordance with US GAAP, which requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual experience could materially differ from these estimates and assumptions. The Company's principal estimates impact:

- Fair value of investments
- Impairment of investments and valuation allowances
- · Valuation of derivatives, including embedded derivatives
- Value of business acquired ("VOBA") and deferred acquisition costs ("DAC")
- Goodwill
- Reserves for future policy benefit and policyholder account balances
- · Valuation allowances on deferred tax assets; and
- Provisions and contingencies

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Our year

Financial statements continued

### 2. Significant Accounting Policies

#### **Cash and Cash Equivalents**

Cash and cash equivalents includes cash on hand, amounts due from banks, and certain money market securities, held in the ordinary course of business with maturities of three months or less. Cash and cash equivalents are stated at fair value.

#### **Restricted Cash**

Restricted cash consists of cash and cash equivalents (i) held in funds in trust as part of funds withheld and modified coinsurance ("modco") agreements to secure reserves and liabilities, (ii) amounts posted as collateral for derivative contracts and (iii) cash balances for comfort trusts, and is presented within Cash and cash equivalents on the face of the Consolidated Balance Sheets. Refer to Note 12, Commitments and Contingencies for more detail.

#### Investments

Fixed maturity securities include bonds, asset-backed securities ("ABS"), residential mortgagebacked securities ("RMBS") and commercial mortgage-backed securities ("CMBS"). Fixed maturity securities are designated as available-for-sale ("AFS") except those accounted for using the fair value option ("FVO"), as they may be sold prior to their contractual maturity, and are carried at fair value. Unrealized gains and losses on AFS securities are reflected in Accumulated other comprehensive income (loss) ("AOCI") on the Consolidated Balance Sheets.

Fair value option securities are stated at estimated fair value and include investments for which the fair value option has been elected and investments that are actively purchased and sold ("Actively traded securities"). Actively traded securities principally include U.S. Treasury securities and U.S. Government authorities' and agencies' securities. Changes in estimated fair value of these securities are included in Investment related gains (losses), net, on the Consolidated Statements of Operations.

Equity securities include perpetual preferred stock, non-redeemable preferred stock and common stock investments. Equity investments are accounted for at fair value. Changes in estimated fair value of these securities are included in Investment related gains (losses), net, on the Consolidated Statements of Operations.

Investment funds include certain non-fixed income, alternative investments in the form of limited partnerships or similar legal structures (investment funds) and include investments in real estate, real assets, credit, equity and natural resources. For the year ended December 31, 2024, the Company engaged in a non-cash investing transaction where it exchanged approximately \$230 million in Investment fund interests for Fixed maturities securities from the same issuer. Also during the year an investment trust was deconsolidated due to the Company's ownership interest falling below 50%. As a result, equity securities of \$654 million were derecognized and an investment in Investment fund of \$677 million was recognized.

Investment funds can meet the definition of a VIE, an entity that does not have sufficient equity to finance its activities without additional financial support, or in which the equity investors, as a group, do not have the characteristics typically afforded to common shareholders.

The VIEs were formed to make investments, including co-investments alongside other investors, in private equity, infrastructure, real estate and credit assets. In certain instances, the Company holds both the power to direct the most significant activities of the entity, as well as an economic interest in the entity and, as such, is deemed to be the primary beneficiary or consolidator of the entity. The determination of the VIE's primary beneficiary requires an evaluation of the contractual and implied rights and obligations associated with each party's relationship with or involvement in the entity, an estimate of the entity's expected losses and expected residual returns and the allocation of such estimates to each party involved in the entity. For VIEs where the Company is the primary beneficiary but does not have 100% ownership, the proportionate share of equity and net income are attributable to noncontrolling interest.

Additionally, we evaluate whether certain entities are required to be consolidated under the voting interest entity ("VOE") guidance when control is obtained through voting rights. As of December 31, 2024 (Successor) and 2023 (Successor) no investment funds were consolidated under the VOE guidance.

For unconsolidated investment funds, the Company uses the equity method of accounting, elects the FVO or uses fund net asset value (NAV) as a practical expedient for fair value. For equity method investments, the Company records its proportionate share of investment fund income within Net investment income on the Consolidated Statements of Operations which are on a lag of no longer than three months. Where the fair value or NAV as practical expedient option has been elected, the change in the fair value is reflected in Investment related gains (losses), net, on the Consolidated Statements of Operations.

The Company records purchases and sales of fixed maturities and equity securities, excluding private placements, on a trade date basis, with any unsettled trades recorded in Receivable for securities or Accrued expenses and other liabilities on the Consolidated Balance Sheets. Purchases and sales of private placements are recorded on the closing date.

Policy loans represent loans the Company issues to policyholders in return for a claim on the policyholder's account value. Policy loans are reported at the unpaid principal balance. Interest income is recorded as earned using the contract interest rate and is reported in Net investment income on the Consolidated Statements of Operations.

Short-term investments include securities and certain money market funds with remaining maturities of one year or less, but greater than three months, at the time of purchase and are stated at estimated fair value or amortized cost, which approximates fair value.

Other invested assets is comprised of Federal Home Loan Bank of Topeka ("FHLB") common stock. The Company is a member of the FHLB system and is required to own a certain amount of FHLB stock based on the level of borrowings and other factors. FHLB stock is carried at cost and classified as a restricted security until redeemed by the respective regional FHLBs.

#### **Investment Income and Investment Realized Gains and Losses**

Investment income from fixed maturity securities primarily consists of interest and is recognized on an accrual basis using the effective yield method giving effect to amortization of premium and accretion of discount. Included within fixed maturities are loan-backed securities, including residential mortgage-backed securities ("RMBS"), commercial mortgage-backed securities ("CMBS") and asset-backed securities ("ABS"). Amortization of the premium or discount from

the purchase of these securities considers the estimated timing and amount of prepayments of the underlying loans. Actual prepayment experience is periodically reviewed and effective yields are recalculated when differences arise between the prepayments originally anticipated and the actual prepayments received and currently anticipated. Prepayment assumptions for single-class and multi-class mortgage-backed securities ("MBS") and ABS are estimated by management using inputs obtained from third-party specialists, including broker-dealers, and based on management's knowledge of the current market. For prepayment-sensitive Securities such as interest-only and principal-only strips, inverse floaters and credit-sensitive MBS and ABS securities, which represent beneficial interests in securitized financial assets that are not of high credit quality or that have been credit impaired, the effective yield is recalculated on a prospective basis. For all other MBS and ABS, the effective yield is recalculated on a retrospective basis.

Investment income is also recognized for the consideration received that represents a prepayment premium as it relates to tendered bond transactions.

Accrual of income from fixed maturities is suspended when the timing and amount of cash flows expected to be received is not reasonably estimable. It is the Company's policy to cease to carry accrued interest on debt securities that are over 90 days delinquent or where collection of interest is improbable and commercial mortgage loans in default if deemed uncollectible or over 180 days past due. The Company held no investments in non-accrual status as of December 31, 2024 (Successor) and 2023 (Successor). The Company held no commercial mortgage loans that were delinquent as of December 31, 2024 (Successor) and 2023 (Successor).

Recognition of investment income from investment funds is delayed due to the availability of the related financial statements, which are generally obtained from the partnerships' general partners. As a result, our private equity investments are on a three-month lag and our hedge funds are on a one-month lag.

Investment related gains (losses), net, include gains and losses on investment sales and write-downs in value due to expected credit losses. Realized capital gains and losses on investment sales, including principal payments, are determined on a first in first out ("FIFO") basis.

#### **Portfolio Monitoring and Allowance for Credit Losses**

The Company has a comprehensive portfolio monitoring process to identify and evaluate each fixed maturity security whose fair value may be less than its carrying value. In determining when a decline in fair value below amortized cost of a fixed maturity security is a credit loss, we evaluate available information, both positive and negative, in reaching our conclusions.

The Company's portfolio monitoring process includes a quarterly review of all securities to identify instances where the fair value of a security compared to its amortized cost is below established thresholds. The process also includes the monitoring of other impairment indicators such as ratings, ratings downgrades and payment defaults.

For each fixed maturity security in an unrealized loss position, the Company assesses whether management with the appropriate authority has made the decision to sell or whether it is more likely than not the Company will be required to sell the security before recovery of the amortized cost basis for reasons such as liquidity, contractual or regulatory purposes. If a security meets any of these criteria, a credit loss is recognized to fair value through earnings in the current period.

We calculate the allowance for credit losses of fixed maturity securities based on the present value of our best estimate of cash flows expected to be collected, discounted using the effective interest rate implicit in the security at the date of acquisition. When estimating future cash flows, we analyze the strength of the issuer's balance sheet, its debt obligations and near-term funding arrangements, cash flow and liquidity, the profitability of its core businesses, the availability of marketable assets which could be sold to increase liquidity, its industry fundamentals and regulatory environment, and its access to capital markets.

Changes in the allowance for credit losses are recorded in Investment related gains (losses), net. Losses are charged against the allowance when the Company believes the uncollectability of a fixed maturity security is confirmed or when any of the criteria regarding intent or requirement to sell is met. Accrued interest receivable on fixed maturity securities is excluded from the estimate of credit losses.

As of December 31, 2024 (Successor) and 2023 (Successor), with respect to the fixed maturity securities for which an allowance for credit losses was recognized, we do not intend to sell these securities, and it is not more likely than not that we will be required to sell these securities before recovery of our estimated value.

#### **Mortgage Loans**

Mortgage loans consists of commercial mortgage loans ("CMLs"), residential mortgage loans ("RMLs") and consumer loans. They are acquired at fair value and are carried at amortized cost using the effective interest rate method. Mortgage loans currently held by the Company are diversified by property type and geographic area throughout the United States. Mortgage loans are considered impaired when it is determined that the Company will not collect amounts due according to the terms of the original loan agreement. The Company assesses the impairment of loans individually for all loans in the portfolio. The Company estimates the fair value of the underlying collateral using internal valuations generally based on discounted cash flow analyses. The Company estimates an allowance for loan and lease losses ("ALLL") representing potential credit losses embedded in the mortgage loan portfolio. The estimate is based on a consistently applied analysis of the loan portfolio and takes into consideration all available information, including industry, geographical, economic and political factors.

Mortgage loans are generally held for investment and are carried at amortized cost less an allowance for expected credit losses. Interest income is accrued on the principal amount of the loan based on the loan's contractual interest rate. Prepayment penalties are recognized as investment income when received. For mortgage loans on which collection of interest income is uncertain, we discontinue the accrual of interest and recognize it in the period when an interest payment is received. We typically do not resume the accrual of interest on mortgage loans on non-accrual status until there are significant improvements in the underlying financial condition of the borrower. We consider a loan to be delinquent if full payment is not received in accordance with the contractual terms of the loan.

We evaluate each of our mortgage loans individually for impairment and assign an internal credit quality rating based on a comprehensive rating system used to evaluate the credit risk of the loan. Although all available and applicable factors are considered in our analysis, loan-to-value and debt service coverage ratios are the most critical factors in determining impairment. We estimate an allowance for credit losses that we expect to incur over the life of our mortgage loans

using a probability of default method. For each loan, we estimate the probability that the loan will default before its maturity (probability of default) and the amount of the loss if the loan defaults (loss given default). These two factors result in an expected loss percentage that is applied to the amortized cost of each loan to determine the expected credit loss. As we are the original creditor of the mortgage loans, the amortized cost generally equals the principal amount of the loan. We measure losses on defaults of our mortgage loans as the excess amortized cost of the mortgage loan over the fair value of the underlying collateral in the event that we foreclose on the loan or over the expected future cash flows of the loan if we retain the mortgage loan until payoff. We do not purchase mortgage loans with existing credit impairments.

In estimating the probability of default, we consider historical experience, current market conditions, and reasonable and supportable forecasts about the future market conditions. We utilize our historical loan experience in combination with a large third-party industry database for a period of time that aligns with the average life of our loans based on the maturity dates of the loans and prepayment experience. Our model utilizes an industry database of the historical loss experience based on our actual portfolio characteristics such as loan-to-value, debt service coverage, collateral type, geography, and late payment history. In addition, because we actively manage our portfolio, we may extend the term of a loan in certain situations and will accordingly extend the maturity date in the estimate of probability of default. In estimating the loss given default, we primarily consider the type and value of collateral and secondarily the expected liquidation costs and time to recovery.

The primary market factors that we consider in our forecast of future market conditions are gross domestic product, unemployment rates, interest rates, inflation, commercial real estate values, household formation, and retail sales. We also forecast certain loan specific factors such as growth in the fair value and net operating income of collateral by property type. We include our estimate of these factors over a two-year period and for the remainder of the loans' estimated lives, adjusted for estimated prepayments. Past the two-year forecast period, we revert to the historical assumptions ratably by the end of the fifth year of the loan after which we utilize only historical assumptions.

We utilize various scenarios to estimate our allowance for expected losses ranging from a base case scenario that reflects normal market conditions to a severe case scenario that reflects adverse market conditions. We will adjust our allowance each period to utilize the scenario or weighting of the scenarios that best reflects our view of current market conditions. Additions and reductions to our allowance for credit losses on mortgage loans are reported as a component of Investment related gains (losses), net.

#### **Derivatives**

Derivatives are financial instruments whose values are derived from interest rates, foreign exchange rates, financial indices, values of securities or commodities, credit spreads, market volatility, expected returns, and liquidity. Values can also be affected by changes in estimates and assumptions, including those related to counterparty behavior and non-performance risk ("NPR") used in valuation models. Derivative financial instruments generally used by the Company include swaps, forwards, futures and options and may be exchange-traded or contracted in the over-the-counter ("OTC") market. Certain of the Company's OTC derivatives are cleared and settled through central clearing counterparties, while others are bilateral contracts

between two counterparties. Derivative positions are carried at fair value, generally by obtaining guoted market prices or through the use of valuation models.

The Company uses a variety of derivative instruments to manage risks, primarily interest rate, foreign currency, equity and market volatility. Additionally, derivatives may be used to seek to reduce exposure to the above risk associated with assets held or expected to be purchased or sold, and liabilities incurred or expected to be incurred.

As discussed in detail below and in Note 5, all realized and unrealized changes in fair value of derivatives are recorded in current earnings, with the exception of certain foreign currency cash flow hedges. Cash flows from derivatives are reported in the operating or investing activities sections in the Consolidated Statements of Cash Flows based on the nature and purpose of the derivative. Derivatives are recorded either as assets, within Derivative assets, or as liabilities, within Accrued expenses and other liabilities, except for embedded derivatives which are recorded with the associated host contract.

The Company designates derivatives as either (i) a hedge of a forecasted transaction; or (ii) a derivative that does not qualify for hedge accounting. To qualify for hedge accounting treatment, a derivative must be highly effective in mitigating the designated risk of the hedged item. Effectiveness of the hedge is formally assessed at inception and throughout the life of the hedging relationship. The Company formally documents at inception all relationships between hedging instruments and hedged items, as well as its risk-management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as hedges to specific assets and liabilities on the balance sheet or to specific firm commitments or forecasted transactions.

When a derivative is designated as a cash flow hedge and is determined to be highly effective, changes in its fair value are recorded in AOCI until earnings are affected by the variability of cash flows being hedged (e.g., when periodic settlements on a variable-rate asset or liability are recorded in earnings). At that time, the related portion of deferred gains or losses on the derivative instrument is reclassified and reported in the Consolidated Statements of Operations line item associated with the hedged item.

When hedge accounting is discontinued because the hedged item no longer meets the definition of a firm commitment, or because it is probable that the forecasted transaction will not occur by the end of the specified time period, the derivative will continue to be carried on the balance sheet at its fair value, with changes in fair value recognized currently in Investment related gains (losses), net. Any asset or liability that was recorded pursuant to recognition of the firm commitment is removed from the balance sheet and recognized currently in Investment related gains (losses), net. Gains and losses that were in AOCI pursuant to the hedge of a forecasted transaction are recognized immediately in Investment related gains (losses), net.

If a derivative does not qualify for hedge accounting, all changes in its fair value, including net receipts and payments, are included in Investment related gains (losses), net, without considering changes in the fair value of the economically associated assets or liabilities.

An embedded derivative is a derivative instrument that is embedded in another contract, the 'host contract'. If it is determined that the characteristics of the embedded derivative are not clearly related to the host contract and a separate instrument with the same terms would qualify as a derivative instrument, it is bifurcated from the host contract and accounted for separately,

unless the fair value option is elected for the host contract. The Company holds a variety of embedded derivatives that are described further within other sections below. Embedded derivatives are carried on the Consolidated Balance Sheets at fair value in the same line item as the host contract. The changes in fair values of the embedded derivatives described below are recorded through various line items within the Consolidated Statements of Operations.

#### **Funds Withheld Assets and Liabilities**

Funds withheld by ceding companies, including those withheld under modco contracts, consist mainly of amounts retained by the ceding company for business written on a funds withheld basis. Funds withheld assets are assets that would normally be paid to the Company but are withheld by the cedant to reduce the potential credit risk of the reinsurer.

Funds withheld assets and liabilities represent the receivable or payable for the amounts withheld in accordance with the reinsurance agreement in which the Company acts as the reinsurer or the cedant. While the assets in modco trusts are legally owned by the ceding company, the assets are legally segregated from the general accounts of the cedants and all economic rights and obligations on the assets accrue to the Company. The Company periodically settles interest accruing to those assets and investment gains, as defined by the terms of the agreements. The underlying agreements contain embedded derivatives as defined by the ASC 815, Derivatives and Hedging, and as a result the carrying value of the funds withheld assets and liabilities are equal to the fair value of the underlying assets. The change in the fair value of the embedded derivatives related to the change in unrealized gain or loss on the underlying securities is recorded in Investment related gains (losses), net, on the Consolidated Statements of Operations.

#### Reinsurance

Reinsurance accounting is applied to both business ceded and assumed where the risk transfer provisions of ASC 944-40 Accounting and Reporting for Reinsurance of Short-Duration and Long-Duration Contracts have been met. To meet risk transfer requirements, a long-duration reinsurance contract must transfer mortality or morbidity risks and subject the reinsurer to a reasonable possibility of a significant loss due to insurance risk. Those contracts that do not meet risk transfer requirements are accounted for using deposit accounting. The fair value of the consideration received for business assumed which meets risk transfer requirements is included in Premiums on the Consolidated Statements of Operations. Changes to assumed reserves, interest credited and benefits paid are presented net in the Policyholder benefits line on the Consolidated Statements of Operations. With respect to ceded reinsurance, the Company values reinsurance recoverables on reported claims at the time the underlying claim is recognized in accordance with contract terms. For future policy benefits, the Company estimates the amount of reinsurance recoverables based on the terms of the reinsurance contracts and historical reinsurance recovery information. The reinsurance recoverables are based on what the Company believes are reasonable estimates and the balance is reported as an asset in the Consolidated Balance Sheets. The ultimate amount of the reinsurance recoverable is not known until all claims are settled.

Reinsurance contracts do not relieve the Company from its obligations to policyholders, and failure of reinsurers to honor their obligations could result in losses to the Company; consequently, credit loss allowances are established for amounts deemed uncollectible. Premiums, fees and policyholder benefits and claims include amounts assumed under

reinsurance agreements and are net of reinsurance ceded. Amounts received from reinsurers for policy administration are reported in Other operating expenses on the Consolidated Statements of Operations.

#### **Value of Business Acquired and Deferred Acquisition Costs**

VOBA represents the excess of book value over the estimated fair value of acquired insurance, annuity, and investment-type contracts in force at the acquisition date. For certain acquired blocks of business, the estimated fair value of the in-force contract obligations exceeded the book value of assumed in-force insurance policy liabilities, resulting in negative VOBA, which is presented separately from VOBA as an additional insurance liability included in Future policy benefits and other policyholder liabilities. The estimated fair value of the acquired obligations is based on projections, by each block of business, of future policy and contract charges, premiums, mortality and morbidity, separate account performance, surrenders, expenses, investment returns, nonperformance risk adjustment and other factors. Actual experience on the purchased business may vary from these projections.

VOBA is amortized over the estimated lives of the contracts in proportion to actual and expected gross margins or on a basis consistent with the economics of the product, and is included in Amortization of value of business acquired and deferred acquisition costs on the Consolidated Statements of Operations. VOBA is reviewed quarterly for loss recognition to ensure that the unamortized balance is recoverable from future earnings from the business. The carrying amount of VOBA is adjusted for the effects of unrealized and realized gains and losses on debt securities classified as AFS if the VOBA amortization is based on revenues or profits.

Negative VOBA is amortized over the policy period in proportion to the approximate consumption of losses included in the liability usually expressed in terms of insurance in-force or account value. Negative VOBA is not adjusted for the effects of unrealized or realized gains and losses on debt securities classified as AFS. Such amortization is recorded as an offset in the Policyholder Benefits line on the Consolidated Statements of Operations.

The Company incurs costs, generally, in connection with renewal insurance business. Costs that are related directly to the successful issuance or renewal of insurance contracts are capitalized as DAC. Such costs include incremental direct costs of contract acquisition, such as commissions, the portion of an employee's total compensation and benefits related to time spent underwriting or processing the issuance of new and renewal insurance business only with respect to actual policies acquired or renewed; and any other essential direct costs that would not have been incurred had a policy not been acquired or renewed.

All other acquisition-related costs, including those related to general advertising and solicitation, market research, agent training, product development, and underwriting efforts, as well as all indirect costs, are expensed as incurred.

Where the fair value of the consideration received for reinsurance transactions does not equal the liabilities reinsured, the difference is recognized on the Consolidated Balance Sheets as either DAC or as a deferred profit liability ("DPL"). The consideration received is calculated as the fair value of any assets received, inclusive of any ceding commission paid or payable less the insurance liabilities reinsured. DAC is recognized with value of business acquired ("VOBA") as a separate line of the Consolidated Balance Sheets and DPL is included within the applicable reserves balance to which it relates.

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### Goodwill

The Company recognizes the excess of the purchase price, plus the fair value of any noncontrolling interest in the acquiree, over the fair value of identifiable net assets acquired as goodwill. Goodwill is not amortized, but is reviewed for impairment annually and more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value. For the year ended December 31, 2024 (Successor) there was no impairment. Refer to Note 16. Goodwill for the period-on-period roll-forward.

#### **Separate Account Assets and Liabilities**

The Company offered traditional variable annuity contracts through its separate accounts for which investment income and investment gains and losses accrue directly to the policyholder. Separate account assets and liabilities generally represent funds maintained to meet specific investment objectives of contract owners or participants who bear all of the investment risk. The assets of each account are legally segregated and are not subject to claims that arise out of any other business of the Company.

Separate account assets supporting these variable options under variable life and annuity contracts are invested, as designated by the policyholder, in shares of selected mutual funds. All net investment experience, positive or negative, is attributed to the policyholder's account balance and presented in Separate account liabilities on the Consolidated Balance Sheets.

The Company also offered variable annuity contracts with general and separate account options where the Company contractually guarantees to the policyholder a return of no less than total deposits made to the contract less any partial withdrawals ("return of net deposits"). In certain of these variable annuity contracts, the Company also contractually guarantees to the policyholder a return of no less than (1) total deposits made to the contract less any partial withdrawals plus a minimum return ("minimum return"); and/or (2) the highest contract value on a specified date adjusted for any withdrawals ("contract value"). These guarantees include benefits that are payable in the event of death, annuitization or at specified dates during the accumulation period and withdrawal and income benefits payable during specified periods. The Company also issued annuity contracts with and without market value adjusted investment options, which provide for a return of principal plus a fixed rate of return if held to maturity, or alternatively, a "market adjusted value" if surrendered prior to maturity or if funds are allocated to other investment options. The market value adjustment may result in a gain or loss to the Company, depending on crediting rates or an indexed rate at surrender, as applicable.

The assets supporting the variable portion of both traditional variable annuities and certain variable contracts with guarantees are carried at fair value and reported as Separate account assets with an equivalent amount reported as Separate account liabilities. Amounts assessed against the policyholders for mortality, administration, and other services are included within revenue in Fee income in the Consolidated Statements of Operations and changes in liabilities for minimum guarantees are generally included in Policyholder benefits in the Consolidated Statements of Operations, see below for further discussion over these liabilities in *Future Policy Benefits and Other Policyholder Liabilities*.

For those guarantees of benefits that are payable in the event of death, the net amount at risk is generally defined as the current guaranteed minimum death benefit in excess of current account balance at the balance sheet date. The Company's primary risk exposures for these contracts relates to actual deviations from, or changes to, the assumptions used in the original pricing of these products, including fixed income and equity market returns, contract lapses and contract holder mortality.

For guarantees of benefits that are payable at annuitization, the net amount at risk is generally defined as the present value of the minimum guaranteed annuity payments available to the contract holder determined in accordance with the terms of the contract, in excess of the current policyholder account balance. The Company's primary risk exposures for these contracts relates to actual deviations from, or changes to, the assumptions used in the original pricing of these products, including fixed income and equity market returns, contract lapses and policyholder mortality.

For guarantees of benefits that are payable at withdrawal, the net amount at risk is generally defined as the present value of the minimum guaranteed withdrawal payments available to the policyholder determined in accordance with the terms of the contract in excess of the current policyholder account balance. The Company's primary risk exposures for these contracts relates to actual deviations from, or changes to the assumptions used in the original pricing of these products, including equity market returns, interest rates, market volatility or policyholder behavior used in the original pricing of these products.

#### Future policy benefits and other policyholder liabilities

The Company's insurance contracts include life insurance, disability insurance, and income products with significant mortality risk. Life and disability insurance includes individual and group contracts, classified as long-duration or short-duration.

Policy liabilities are estimated for future policy benefits that are not in a claims-paying status, to meet the estimated future obligations of these policies. Changes in these additional liabilities are reported in Policyholder benefits on the Consolidated Statements of Operations.

For products categorized as long-duration contracts (individual life and disability income products, as well as payout contracts with life contingencies), reserves estimated for future policy benefits are computed using the net level premium method and are based on estimates as to future investment yields and as well as mortality, morbidity, and other key assumptions that are based on the Company's initial determination of best estimate expected experience and include provisions for adverse deviation as at the date of acquisition or underwriting. Contracts categorized as short-duration result in the establishment of a reserve based upon unearned premium.

The Company holds additional liabilities for its no lapse and secondary guarantees (associated with universal life), guaranteed lifetime withdrawal benefits ("GLWB") (associated with fixed indexed annuities), guaranteed minimum income benefits ("GMIB") (associated with variable annuities) and guaranteed minimum death benefits ("GMDBs"). GLWB is a non-optional benefit where the policyholder is entitled to withdraw up to a specified amount of their benefit base each year. Additional liabilities for no lapse and secondary guarantees on universal life products, GLWB, GMIB and GMDB are calculated based on the application of a benefit ratio (the present value of total expected benefit payments in excess of the policyholder account balance over the

life of the contract divided by the present value of total expected assessments over the life of the contract). The level and direction of the change in reserves will vary over time based on the emergence of actual experience and revisions to future assumptions.

The reserves for certain living benefit features, including guaranteed minimum withdrawal benefits ("GMWB") and guaranteed minimum withdrawal benefits with life payouts ("GMWBL") are accounted for as embedded derivatives, with fair values calculated as the present value of expected future benefit payments in excess of the policyholder account balance to contract holders less the present value of assessed rider fees attributable to the embedded derivative feature. This methodology could result in either a liability or contra-liability balance, given changing capital market conditions and various actuarial assumptions. Changes in the fair value of the GMWB and GMWBL embedded derivatives are reported in Policyholder benefits on the Consolidated Statements of Operations.

Profit or losses generated within RLAL and RLNZ's participating funds are allocated between shareholders and participating policyholders in accordance with the Australia Life Insurance Act 1995 and Life Insurance Act 1908, respectively. Profits or losses allocated to participating policyholders are recognized as a change in Policyholder benefits in the Consolidated Statements of Operations. Profits or losses allocated to shareholders are recognized as they are earned in the Consolidated Statements of Operations.

Other policyholder liabilities include unpaid claims, premiums received in advance, unearned revenue liabilities, obligations assumed under structured settlement assignments, policyholder dividends due and unpaid, and policyholder dividends left on deposit.

Liabilities are established for unpaid claims, to meet the estimated future obligations of policies in-force and in claims-paying status. Unpaid claim liabilities are computed using estimates as to future investment yields as well as mortality, morbidity, and other key assumptions as of the reporting date. Mortality, morbidity, and other key assumptions are based on the Company's initial determination of best estimate expected experience without provisions for adverse deviation. Liabilities are held for policies with a known claims-paying event as well as an estimate of policies for which a claims-paying event has been incurred but not yet reported. Changes in unpaid claims are recorded in policyholder benefits in the Consolidated Statements of Operations.

Although the adequacy of these liabilities cannot be assured, the Company believes these liabilities will be sufficient to meet the future obligations of policies in-force. The amount of liabilities and accruals, however, could be revised if the estimates discussed above are revised.

#### Policyholder Liabilities, at Estimated Fair Value

Prior to the acquisition by the New Partnership, the Company has made an election to hold reserves for policyholder liabilities at fair value for certain structured settlements, single premium immediate and deferred annuities assumed by RRL. The fair value reserve estimate is based on a discounted liability cash flow methodology. The discount rates are determined using current market risk-free interest rates, including a spread to reflect the illiquidity of the liabilities. The discounted liability cash flow methodology also includes expense assumptions and assumptions about future mortality rates of policyholders, updated on an ongoing basis to reflect recent credible experience. Changes to the assumed reserves, benefits paid and deposits and withdrawals are presented net in Changes in policyholder liabilities at estimated fair value line on the Consolidated Statements of Operations.

Subsequent to the acquisition by the New Partnership, the Company did not elect to continue hold the reserves for certain structured settlements, single premium immediate and deferred annuities assumed by RRL at fair value. Instead these liabilities are now valued consistent with the other future policy benefits and other policyholder liabilities. The impact of this change in accounting policy did not affect the Predecessor financial results. The impact of this change did affect the Successor financial results with no amount being recognized for the change in policyholder liabilities at fair value.

#### **Policyholder Account Balances**

Policyholder account balances represent interest-bearing liabilities arising from the acquisition, reinsurance, or sale of products such as participating investment contracts, fixed annuities, universal life-type contracts and also includes retained asset balances, which represent the death benefit on a life insurance contract that the policyholder has elected to keep on deposit with the Company. Policyholder account balances for investment accounts in which the policyholder participates in the performance of the block are the sum of amount credited to the policyholder (cumulative deposits received and interest credited to the contracts less cumulative contract benefits, surrenders, withdrawals and contract charges for mortality or administrative expenses), and an allowance for certain amounts not yet credited, which is in effect the policyholders' share of assets in excess of the those amounts already credited to the policyholder.

Policyholder account balances for fixed indexed and equity indexed universal life and annuity policies with returns linked to the performance of a specified market index are equal to the sum of the fair value of the embedded derivatives and the host (or guaranteed) component over the policyholder account balance. The change in the fair value of the embedded derivative is linked to the performance of the specified market index. The host value is established as of the date of acquisition and is equal to the account value, plus the value of the unexpired options at the date of acquisition, less the embedded derivative, and accreted over the policy's life at a constant rate of interest. The change in the fair value of the fixed indexed and equity indexed universal life and annuity contracts' embedded derivatives are recorded in Interest sensitive contract benefits in the Consolidated Statements of Operations.

# Recognition of Premium Revenues and Fees, and Related Policyholders' Benefits

Life insurance and disability income products consist principally of products whereby the premiums and benefits are fixed by the Company. Premiums from these products are recognized gross as revenue when due from policyholders in the Premiums line in the Consolidated Statement of Operations. Surrenders on traditional life and death benefits are reflected in Policyholder benefits.

Immediate annuities with significant mortality risk provide insurance protection over a period that extends beyond the period during which premiums are collected. Premiums from these products are recognized as revenue when received at the inception of the contract. Benefits and expenses are recognized in relation to premiums. Interest-sensitive life contracts, such as universal life and single premium life, are insurance contracts whose terms are not fixed and guaranteed. The terms that may be changed include premiums paid by the policyholder, interest credited to the policyholder account balance and contract charges assessed against the policyholder account balances.

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Fee income from policyholders consist of fees assessed against the policyholder account balance for the cost of insurance (mortality risk), contract administration and surrender of the policy prior to contractually specified dates. These charges are recognized as revenue when assessed against the policyholder account balance. Policyholder benefits include life-contingent benefit payments in excess of the policyholder account balance.

Contracts that do not subject the Company to significant risk arising from mortality or morbidity are referred to as investment contracts. Consideration received for such contracts is reported as policyholder account balance deposits. Policy fees for investment contracts consist of fees assessed against the contract holder account balance for maintenance, administration and surrender of the contract prior to contractually specified dates and are recognized when assessed against the policyholder account balance.

### **Other Assets, Accrued Expenses and Other Liabilities**

Other assets consist of receivables from affiliates, accounts receivable, guaranteed premium rate benefits, current income taxes receivable, intangibles, property, plant and equipment and right of use lease assets. Accrued expenses and other liabilities consist primarily of accrued expenses, current income taxes payable, deferred purchase consideration, commissions payable, derivative collateral liabilities, lease liabilities and payables resulting from purchases of securities that had not yet been settled at the balance sheet date.

#### **Foreign Exchange**

Monetary assets and liabilities denominated in a currency other than the functional currency of the Company's subsidiaries in which those monetary assets and liabilities reside are revalued into such subsidiary's functional currency at the prevailing exchange rate on the balance sheet date. Revenues and expenses denominated in a currency other than the functional currency of the Company's subsidiaries are valued at the exchange rate on the date on which the underlying revenue or expense transaction occurred. The net effect of these revaluation adjustments are recognized in the Company's Consolidated Statements of Operations as part of Investment related gains (losses), net.

The Company's functional currency is the U.S. dollar. Certain of the Company's subsidiaries have a functional currency other than the U.S. dollar. Assets and liabilities of foreign operations whose functional currency is not the U.S. dollar are translated into the Company's U.S. dollar reporting currency at prevailing balance sheet-date exchange rates, while revenue and expenses of such foreign operations are translated into the Company's U.S. dollar functional currency at annual average exchange rates during the year. The net effect of these translation adjustments, as well as any gains or losses on intercompany balances for which settlement is not planned or anticipated in the foreseeable future is included in the Company's Consolidated Balance Sheet as currency translation adjustments and reflected within Accumulated other comprehensive income (loss).

### **Income Taxes**

The Company's income taxes are provided for using the asset and liability method under which deferred tax assets and liabilities are recognized for temporary differences between the financial statement and income tax bases of assets and liabilities.

The Company's deferred tax assets and liabilities resulting from temporary differences between financial reporting and tax bases of assets and liabilities are measured at the balance sheet date using enacted tax rates expected to apply to taxable income in the years the temporary differences are expected to reverse. Deferred tax assets represent the tax benefit of future deductible temporary differences, net operating loss carryforwards and tax credit carryforwards. The Company evaluates and tests the recoverability of its deferred tax assets. Deferred tax assets are reduced by a valuation allowance if, based on the weight of evidence, it is more likely than not that some portion, or all, of the deferred tax assets will not be realized.

In evaluating the need for a valuation allowance, the Company considers many factors, including: (i) the nature, frequency and severity of book income or losses in recent years; (ii) the nature and character of the deferred tax assets and liabilities; (iii) the nature and character of income by life and non-life subgroups; (iv) the recent cumulative book income (loss) position after adjustment for permanent differences; (v) taxable income in prior carryback years; (vi) projected future taxable income, exclusive of reversing temporary differences and carryforwards; (vii) projected future reversals of existing temporary differences; (viii) the length of time carryforwards can be utilized; (ix) prudent and feasible tax planning strategies the Company would employ to avoid a tax benefit from expiring unused; and (x) tax rules that would impact the utilization of the deferred tax assets. In establishing unrecognized tax benefits, the Company determines whether a tax position is more likely than not to be sustained under examination by the appropriate taxing authority.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

### **Reclassifications**

Certain amounts in the prior years' consolidated financial statements and related footnotes thereto have been reclassified to conform to the current year presentation. These reclassifications had no impact on Net Income (Loss) or Total Shareholder's Equity.

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# **Recently Issued Accounting Pronouncements**

The Company has reviewed all Accounting Standards Updates issued by the Financial Accounting Standards Board to evaluate future impact on the financial statements of RLGH. The impact of those pronouncements deemed applicable to RLGH is outlined below.

Accounting Standards Codification (ASC)	Description	Date of Adoption	Impact on Financial Statements
ASC 944 "Financial Services – Insurance"	This update revises key elements of the measurement model used to estimate the liability for future policy benefits for traditional and limited-payment contracts as well as disclosure requirements. These key elements are:	January 1, 2025	The Company is currently evaluating the impact on the consolidated financial
	<ul> <li>The cash flow assumptions used to measure the liability for future policy benefits are required to be updated at least annually, which differs to the current 'locked-in' approach, and no longer allows a provision for adverse deviation. The remeasurement of the liability due to the update of assumptions is required to be recognized in net income.</li> </ul>		statements and evaluating an implementation date.
	<ul> <li>The discount rate used to measure the liability for future policy benefits is required to be discounted using an upper-medium grade fixed-income instrument yield that reflects the characteristics of the liability, rather than the invested assets that support the liability. The discount rate is required to be updated quarterly with the impact to the benefit liability being recognized in other comprehensive income.</li> </ul>		
	<ul> <li>Simplification of the amortization of deferred acquisition costs and other balances amortized in proportion to premiums, gross profits or gross premiums, requiring such balances to be amortized on a constant level basis over the expected life of the contract. Deferred costs are not subject to impairment testing but instead will be amortized as long as the related contracts remain outstanding.</li> </ul>		
ASU 2023-09 "Income Taxes – Improvements to Income Tax Disclosures"	The amendments in this update revise certain disclosures on income taxes including rate reconciliation, income taxes paid, and certain amendments on disaggregation by federal, state and foreign taxes.	January 1, 2026	The Company is currently evaluating the impact on the consolidated financial statements and evaluating an implementation date.

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Overview

# **3. Business Combinations**

#### **Blackstone Transaction**

On October 2, 2023, Resolution Life Group Holdings L.P. ("Resolution LP") and Rome Holdco L.P. ("Blackstone") completed a Master Transaction Agreement ("MTA") pursuant to which the Resolution LP contributed 7,201 common shares issued and outstanding of Resolution Life Group Holdings Ltd. (the "Company", "RLGH Ltd") and its respective direct and indirect subsidiaries, to a newly-formed Bermuda domiciled partnership ("Blackstone ISG Investment Partners – R (BMU) L.P." or the "New Partnership"). An affiliate of Blackstone serves as the general partner of the New Partnership and as an investment manager for the assets supporting insurance business of the New Partnership's subsidiaries.

In exchange for the transfer of the shares of RLGH Ltd., Resolution LP received consideration in the form of limited partnership interest in the New Partnership, valued at \$6.087 billion.

The transaction valued the Group at \$6.25 billion, subject to certain purchase price adjustments, namely payment of dividends of \$165 million during the period from the date of the initial agreement (March 31, 2022) to the closing date (October 2, 2023).

Under the acquisition method of accounting, the assets acquired, and liabilities assumed are recorded at fair value at the date of acquisition. The assessment of fair value in accordance with ASC 805-20-25, Business Combinations, included the establishment of goodwill and intangible assets for VOBA.

VOBA represents the estimated fair value of future net cash flows from in-force life insurance contracts acquired at the acquisition date. The weighted average estimated useful life of VOBA is approximately 50 years.

The goodwill of \$513 million has been recorded based on the amount that the purchase price exceeds the fair value of the net assets acquired. Goodwill is primarily attributable to the scale, skill sets, operations, and synergies that can be achieved subsequent to the acquisition, and is not expected to be deductible for tax purposes. The goodwill calculation is below.

#### **AIA Transaction**

On July 1, 2023, the Company completed the acquisition of the AIA Superannuation and Investment life insurance business of AIA Australia Limited. The acquisition delivers significant scale and benefits for customers in Australasia and was approved by the Federal Court of Australia, with policyholders transferred to the Company effective from July 1, 2023. The fair value of net assets acquired was determined to be \$127 million and a purchase price of \$127 million was paid. \$117 million was settled in cash and \$21 million (with a present value of \$9 million) was deferred.

Consideration	
Equity rollover	6,087,000
Total Consideration	\$ 6,087,000
Assets	
Investments:	
Fixed maturity securities, available-for-sale, at fair value	27,628,992
Fixed maturity securities, fair value option	285,57
Equity securities	6,306,958
Investment funds	4,218,044
Mortgage loans, net	2,885,959
Policy loans, net	1,967,435
Short-term investments, net	2,172,822
Derivative assets	526,82
Other invested assets	76,043
Total investments	46,068,65
Cash and cash equivalents	3,985,33
Receivables for securities sold	201,355
Accrued investment income	345,803
Funds withheld asset	18,519,162
Premiums receivable – net	685,333
Reinsurance recoverable, net	3,126,723
Value of business acquired and deferred acquisition costs	10,856,524
Other assets	792,634
Separate account assets	1,407,597
Total assets acquired	\$ 85,989,113
Liabilities	
Future policy benefits and other policyholder liabilities	31,188,85
Policyholder account balances	40,583,407
Long-term debt	3,183,140
Accrued expenses and other liabilities	3,540,333
Separate account liabilities	1,407,597
Total liabilities acquired	\$ 79,903,334
Total identifiable net assets	\$ 6,085,779
Fair value of non-controlling interest	511 459

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# 4. Investments

The amortized cost, gross unrealized gains, gross unrealized losses, fair value and allowance for credit losses for AFS investments by asset type as of December 31, 2024 (Successor) and 2023 (Successor) were as follows:

December 31, 2024 (Successor) (\$ in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
Fixed maturity securities – AFS					
U.S. government and agencies	\$ 1,348,112	\$ 4,891	\$ (90,837)	\$ -	\$ 1,262,166
U.S. municipal	231,731	9,338	(667)	-	240,402
Foreign government	1,535,239	33,779	(33,792)	-	1,535,226
Corporate	15,764,350	707,446	(156,899)	(3,917)	16,310,980
Asset backed securities	5,720,357	98,054	(8,129)	-	5,810,282
Residential mortgage-backed securities	1,858,808	31,102	(53,306)	(682)	1,835,922
Commercial mortgage-backed securities	3,272,774	52,662	(58,333)	(3,183)	3,263,920
Other	15,975	1,486	(330)	_	17,131
Total fixed maturity securities – AFS	\$ 29,747,346	\$ 938,758	\$ (402,293)	\$ (7,782)	\$ 30,276,028
December 31, 2023 (Successor) (\$ in thousands)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance for Credit Losses	Fair Value
Fixed maturity securities – AFS					
U.S. government and agencies	\$ 823,339	\$ 35,409	\$ (5,862)	\$ -	\$ 852,886
U.S. municipal	1,015,255	32,754	-	_	1,048,009
Foreign government	3,192,511	179,022	(16,726)	_	3,354,807
Corporate	14,570,647	1,095,907	(62,563)	_	15,603,991
Asset backed securities	3,577,070	38,509	(3,900)	(11)	3,611,668
Residential mortgage-backed securities	1,716,867	72,926	(1,227)	(495)	1,788,071
Commercial mortgage-backed securities	3,018,905	81,750	(21,184)	(64)	3,079,407
Other	20,504	2,591	(666)	-	22,429

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The changes in unrealized gains and losses and cumulative translation adjustment included in AOCI were as follows for the Year Ended December 31, 2024 (Successor), Period Ended December 31, 2023 (Successor) and Period Ended October 1, 2023 (Predecessor):

	Net Unrealized	Cumulative	Net Unrealized Gains (Losses)	Future Policy Benefits, Policyholder Account	Cumulative	
(\$ in thousands)	Gains (Losses) on Investments	Translation Adjustment	on Hedging Activities	Balances, DAC and VOBA	effect of CECL	AOCI
Balance, December 31, 2022 (Predecessor)	\$ (6,044,276)	\$ (123,305)	\$ 37,707	\$ 1,617,081	\$ -	\$ (4,512,793)
Net investment gains and losses on investments arising during the period	(674,366)	_	23,443	9,722	_	(641,201)
Reclassification adjustment for gains and losses included in net income	594,618	_	_	_	_	594,618
Impact of net unrealized investment gains and losses on future policy benefits, policyholder's account balances, and VOBA	_	_	-	(78,789)	_	(78,789)
Deferred income tax (expense)	678	_	468	14,889	_	16,035
Accumulated other comprehensive (income)/ loss attributable to NCI	_	_	_	_	1,987	1,987
Effect of foreign currency translation on consolidation	(5,114)	(99,156)	_	_	_	(104,270)
Tax Valuation allowance	52,798	-	-	_	-	52,798
Balance, October 1, 2023 (Predecessor)	\$ (6,075,662)	\$ (222,461)	\$ 61,618	\$ 1,562,903	\$ 1,987	\$ (4,671,615)
Balance, October 2, 2023 (Successor)	_	-	-	-	-	-
Net investment gains and losses	1,571,968	_	-	_	-	1,545,463
Reclassification adjustment for gains and losses included in net income	(79,565)	_	(26,505)	_	_	(79,565)
Impact of net unrealized investment gains and losses on future policy benefits, policyholder's account balances, and VOBA	_	_	_	(743,898)	_	(743,898)
Deferred income tax (expense)	(263,902)	_	_	147,698	_	(116,204)
Effect of foreign currency translation on consolidation	_	97,358	_		_	97,358
Tax valuation allowance	100,571		_	_		100,571
Balance, December 31, 2023 (Successor)	\$ 1,329,072	\$ 97,358	\$ (26,505)	\$ (596,200)	\$ -	\$ 803,725
Net investment gains and losses on investments arising during the period	(941, 265)	_	(57,018)	_	_	(998,283)
Reclassification adjustment for gains and losses included in net income	(101,955)	_	41,483	_	_	(60,472)
Impact of net unrealized investment gains and losses on future policy benefits, policyholder's account balances, and VOBA	_	_	_	437.170	_	437.170
Deferred income tax (expense)	170,747	_	7.350	(89,384)	_	88,713
Effect of foreign currency translation on consolidation	_	(123,512)	-		_	(123,512)
Tax valuation allowance	(87,107)		-	_	-	(87,107)
Balance, December 31, 2024 (Successor)	\$ 369,491	\$ (26,154)	\$ (34,690)	\$ (248,414)	\$ -	\$ 60,233

### **Unrealized Investment Losses**

The following table presents available-for-sale fixed maturities in an unrealized loss position, including securities pledged, for which an allowance for credit losses has not been recorded by market sector and duration as of December 31, 2024 (Successor) and 2023 (Successor):

	Les	Less than 12 months			Greater than 12 months				
December 31, 2024 (Successor) (\$ in thousands)	Fair Value	Gross Unrealized Losses	Number of securities	Fair Value	Gross Unrealized Losses	Number of securities	Fair Value	Gross Unrealized Losses	Number of securities
Fixed maturity securities	;								
U.S. Government and agencies	\$ 892,978	\$ (90,836)	55	\$ 26	\$ (1)	1	\$ 893,004	\$ (90,837)	56
U.S. municipal	26,831	(316)	24	2,696	(352)	1	29,527	(668)	25
Foreign government	692,055	(33,494)	212	2,788	(299)	7	694,843	(33,793)	219
Corporate	3,700,079	(150,886)	1,135	68,934	(6,013)	26	3,769,013	(156,899)	1,161
Asset backed securities	859,465	(7,503)	141	18,256	(626)	3	877,721	(8,129)	144
Residential mortgage- backed securities	584,089	(52,735)	237	12,637	(570)	32	596,726	(53,305)	269
Commercial mortgage- backed securities	954,436	(52,664)	264	105,254	(5,669)	33	1,059,690	(58,333)	297
Other mortgages	4,625	(330)	4	-	-	-	4,625	(330)	4
Total fixed maturity securities	\$ 7,714,558	\$ (388,764)	2,072	\$ 210,591	\$ (13,530)	103	\$ 7,925,149	\$ (402,294)	2,175
	Les	s than 12 mont	hs	Great	er than 12 mo	nths			
		Gross			Gross			Gross	

December 31, 2023 (Successor) (\$ in thousands)	Fair Value	Gross Unrealized Losses	Number of securities	Fair Value	Gross Unrealized Losses	Number of securities	Fair Value	Gross Unrealized Losses	Number of securities
Fixed maturity									
U.S. Government and	\$ 371,797	\$ (5,862)	7	\$ -	\$ -	\$ -	\$ 371,797	\$ (5,862)	7
U.S. municipal	-	-		-		-	-	-	-
Foreign government	161,415	(16,726)	9	-	-	-	161,415	(16,726)	9
Corporate	745,995	(62,563)	50	-	-	-	745,995	(62,563)	50
Asset backed securities	276,227	(3,900)	67	-	-	-	276,227	(3,900)	67
Residential mortgage- backed securities	476,376	(1,227)	31	_	-	-	476,376	(1,227)	31
Commercial mortgage- backed securities	791,405	(21,184)	170	_	-	-	791,405	(21,184)	170
Other mortgages	-	(666)	-	-	-	-	-	(666)	-
Total fixed maturity securities	\$ 2,823,215	\$ (112,128)	334	\$ -	\$ -	\$-\$	\$ 2,823,215	\$ (112,128)	334

The Company did not recognize an allowance for credit losses on securities in an unrealized loss position included in the tables above. Based on a qualitative and quantitative review of the issuers of the securities, the Company believes the decline in fair value is largely due to recent market volatility and is not indicative of credit losses. The issuers continue to make timely principal and interest payments. For all securities in an unrealized loss position, the Company expects to recover the amortized cost based on management's estimate of the amount and timing of cash flows to be collected. The Company does not intend to sell nor does it expect that it will be required to sell these securities prior to recovering its amortized cost.

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### **Allowance for Credit Losses**

In determining when a decline in fair value below amortized cost of a fixed maturity security represents a credit loss, we evaluate the following factors:

- Whether we expect to recover the entire amortized cost basis of the security
- Whether we intend to sell the security or will be required to sell the security before the recovery of its amortized cost basis
- Whether the security is current as to principal and interest payments
- The significance of the decline in value
- Current and future business prospects and trends of earnings
- The valuation of the security's underlying collateral
- Relevant industry conditions and trends relative to their historical cycles
- Market conditions
- Rating agency and governmental actions
- · Bid and offering prices and the level of trading activity
- · Adverse changes in estimated cash flows for securitized investments
- Changes in fair value subsequent to the balance sheet date
- · Any other key measures for the related security

While determining whether a credit loss exists is a judgmental area, we utilize a formal, well-defined, and disciplined process to monitor and evaluate our fixed income investment portfolio, supported by issuer specific research and documentation as of the end of each period. The process results in a thorough evaluation of problem investments and the recording of credit losses on a timely basis for investments determined to have a credit loss. We calculate the allowance for credit losses of fixed maturity securities based on the present value of our best estimate of cash flows expected to be collected, discounted using the effective interest rate implicit in the security at the date of acquisition. When estimating future cash flows, we analyze the strength of the issuer's balance sheet, its debt obligations and near-term funding arrangements, cash flow and liquidity, the profitability of its core businesses, the availability of marketable assets which could be sold to increase liquidity, its industry fundamentals and regulatory environment, and its access to capital markets. As of December 31, 2024 (Successor) and 2023 (Successor), with respect to the fixed maturity securities for which an allowance for credit losses was recognized, we do not intend to sell these securities, and it is not more likely than not that we will be required to sell these securities before recovery of our estimated value.

# **Scheduled Maturities**

The scheduled maturities for fixed maturity securities AFS as of December 31, 2024 (Successor) were as follows:

(\$ in thousands)	Amortized Cost	Fair Value
Fixed maturity securities – AFS		
Due within one year	\$ 400,579	\$ 405,499
Due after one year through five years	3,481,435	3,557,777
Due after five years through ten years	5,066,464	5,241,484
Due after ten years	9,946,929	10,161,143
Subtotal	18,895,407	19,365,903
Structured securities (ABS, RMBS, CMBS)	10,851,939	10,910,125
Total fixed maturities – AFS	\$ 29,747,346	\$ 30,276,028

Actual maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations. Asset-backed, commercial mortgage-backed and residential mortgage-backed securities are shown separately in the table above, as they do not have a single maturity date.

#### **Mortgage Loans**

Mortgage and other loan receivables consist of the following as of December 31, 2024 (Successor) and 2023 (Successor), respectively:

(\$ in thousands)	December 31, 2024 (Successor)	December 31, 2023 (Successor)
Commercial mortgage loans	\$ 2,583,815	\$ 2,443,604
Residential mortgage loans	2,072,933	1,036,846
Total mortgage loans	\$ 4,656,748	\$ 3,480,450
Allowance for credit losses	(34,776)	(18,952)
Total mortgage loans, net of allowance for credit losses	\$ 4,621,972	\$ 3,461,499

The following tables present commercial mortgage loans by year of origination and Loan-to-value (LTV) ratio as of the dates indicated. The information is updated as of December 31, 2024 (Successor) and 2023 (Successor), respectively.

#### As of December 31, 2024 (Successor) Loan-to-Value Ratios

Total	\$ 958,810	\$ 1,111,776	\$ 439,662	\$ 44,126	\$ 29,441	-	\$ 2,583,815
2020 and prior	453,765	551,233	190,775	8,545	29,441	-	1,233,759
2021	7,022	82,840	51,604	-	-	-	141,466
2022	226,747	151,121	74,366	17,749	_	_	469,983
2023	103,726	153,407	71,097	9,510	-	-	337,740
2024	\$ 167,550	\$ 173,175	\$ 51,820	\$ 8,322	\$ -	\$ -	\$ 400,867
Year of origination	0-50%	51-60%	61-70%	71-80%	>80%	>100%	Total
Louin to Value Hatto	5						

As of December 31, 2023 (Successor) Loan-to-Value Ratios

Year of origination	0-50%	51-60%	61-70%	71-80%	>80%	>100%	Total
2023	\$ 125,729	\$ 44,091	\$ 59,923	\$ 8,467	\$ 112,603	\$ -	\$ 350,813
2022	216,861	171,644	69,968	-	-	_	458,473
2021	48,616	56,890	74,378	_	_	_	179,884
2020	30,545	13,388	-	-	-	-	43,933
2019 and prior	1,256,927	146,668	6,906	_	-	_	1,410,501
Total	\$ 1,678,678	\$ 432,681	\$ 211,175	\$ 8,467	\$ 112,603	-	\$2,443,604

The following tables present commercial mortgage loans by year of origination and Debt service coverage (DSC) ratio as of the dates indicated. The information is updated as of December 31, 2024 (Successor) and 2023 (Successor).

As of December 31, 2024 (Succ Debt Service Coverage Ratios Year of origination	əssor) >1.5x	>1.25x –1.5x	>1.0x - 1.25x	<1.0x	CMLs secured by land or construction loans	Total
2024	\$ 205,872	\$ 51,900	\$ 143,095	\$ -	\$ -	\$ 400,867
2023	199,976	42,202	33,571	61,990	_	337,739
2022	242,415	84,508	12,160	130,901	-	469,984
2021	58,100	26,268	2,816	54,282	_	141,466
2020 and prior	1,017,851	94,549	101,170	20,190	_	1,233,760
Total	\$ 1,724,214	\$ 299,427	\$ 292,812	\$ 267,363	\$ -	\$ 2,583,815

As of December 31, 2023 (Su Debt Service Coverage Ratio Year of origination		>1.25x -1.5x	>1.0x - 1.25x	<1.0x	CMLs secured by land or construction loans	Total
2023	\$ 125,729	\$ 77,660	\$ 147,424	\$ -	\$ -	\$ 350,813
2022	154,543	30,203	117,123	156,604	-	458,473
2021	56,931	7,099	28,560	87,294	-	179,884
2020	23,094	2,942	_	17,897	_	43,933
2019 and prior	1,164,399	142,450	86,168	17,484	_	1,410,501
Total	\$ 1,524,696	\$ 260,354	\$ 379,275	\$ 279,279	\$ -	\$ 2,443,604

The amortized cost of residential mortgage loans by credit quality indicator and vintage year were as follows as of December 31, 2024 (Successor) and 2023 (Successor), respectively.

December 31, 2024 (Successor)	% of Total
\$ 2,029,060	98%
43,873	2%
\$ 2,072,933	100%
December 31, 2023	
(Successor)	% of Total
	% of Total
	% of Total 100%
(Successor)	
	(Successor) \$ 2,029,060 43,873 <b>\$ 2,072,933</b>

The following tables present the mortgage loans by year of origination and geography as of the dates indicated. The information is updated as of December 31, 2024 (Successor) and 2023 (Successor), respectively.

					U.S. Territory						
As of December 31, 2024 (Successor) Year of origination	Pacific	South Atlantic	Middle Atlantic	West South Central	Mountain	East North Central	New England	West North Central	East South Central	Australia	Total
2024	\$ 17,700	\$ 177,209	\$ 224,577	\$ 97,449	\$ 159,203	\$ 213,876	\$ 33,557	\$ 21,336	\$ 74,078	\$ 246,085	\$ 1,265,070
2023	88,185	368,847	295,897	127,313	116,374	136,526	39,617	74,375	157,146	18,699	1,422,979
2022	117,976	163,997	36,022	103,614	49,081	48,170	3,304	19,753	8,765	-	550,682
2021	28,193	54,909	13,980	40,309	16,533	4,499	-	16,062	-	-	174,485
2020 and prior	401,624	310,179	136,900	59,395	151,745	122,247	26,917	18,713	15,812	-	1,243,532
Total	\$ 653,678	\$ 1,075,141	\$ 707,376	\$ 428,080	\$ 492,936	\$ 525,318	\$ 103,395	\$ 150,239	\$ 255,801	\$ 264,784	\$ 4,656,748

					U.S. Territory						
As of December 31, 2023 (Successor) Year of origination	Pacific	South Atlantic	Middle Atlantic	West South Central	Mountain	East North Central	New England	West North Central	East South Central	Australia	Total
2023	\$ 77,994	\$ 345,706	\$ 286,592	\$ 125,143	\$ 114,088	\$ 147,541	\$ 35,966	\$ 74,466	\$ 159,781	\$ 20,383	\$ 1,387,660
2022	112,368	133,471	28,078	99,119	49,389	15,567	-	15,867	4,615	-	458,474
2021	19,073	44,964	12,455	62,567	15,181	9,642	-	16,000	-	-	179,882
2020	7,789	12,693	14,660	581	-	4,510	-	1,115	2,585	-	43,933
2019 and prior	440,702	308,835	190,387	65,679	189,581	142,773	34,643	25,202	12,699	-	1,410,501
Total	\$ 657,926	\$ 845,669	\$ 532,172	\$ 353,089	\$ 368,239	\$ 320,033	\$ 70,609	\$ 132,650	\$ 179,680	\$ 20,383	\$ 3,480,450

The following tables present the mortgage loans by year of origination and property type as of the dates indicated. The information is updated as of December 31, 2024 (Successor) and 2023 (Successor), respectively.

As of December 31, 2024 (Successor)								
Year of origination	Retail	Industrial	Apartments	Office	Hotel/Motel	Other	Mixed use	Total
2024	\$ -	\$ 142,420	\$ 967,921	\$ 8,322	\$ -	\$ 124,605	\$ 21,800	\$ 1,265,068
2023	-	209,014	1,132,488	_	-	81,476	-	1,422,978
2022	37,824	138,057	273,123	28,684	-	72,995	-	550,684
2021	22,151	29,527	96,323	26,485	-	-	_	174,486
2020 and prior	306,807	225,215	503,594	156,753	39,609	4,606	6,949	1,243,533
Total	\$ 366,782	\$ 744,233	\$ 2,973,449	\$ 220,244	\$ 39,609	\$ 283,682	\$ 28,749	\$ 4,656,748
As of December 31, 2023 (Successor)				0.17		0.1		
As of December 31, 2023 (Successor) Year of origination	Retail	Industrial	Apartments	Office	Hotel/Motel	Other	Mixed use	Total
	Retail \$ -	Industrial \$ 216,450	<b>Apartments</b> \$ 1,084,096	Office \$ -	Hotel/Motel	<b>Other</b> \$ 87,114	Mixed use	<b>Total</b> \$ 1,387,660
Year of origination			•					
Year of origination 2023	\$ -	\$ 216,450	\$ 1,084,096	\$ -	\$ -	\$ 87,114	\$ -	\$ 1,387,660
Year of origination 2023 2022	\$ – 38,479	\$ 216,450 140,178	\$ 1,084,096 207,675	\$ – 25,268	\$ - -	\$ 87,114 46,873	\$ -	\$ 1,387,660 458,473
Year of origination 2023 2022 2021	\$ – 38,479 21,937	\$ 216,450 140,178 37,220	\$ 1,084,096 207,675 91,113	\$ – 25,268 29,613	\$ - - -	\$ 87,114 46,873 –	\$ - - -	\$ 1,387,660 458,473 179,883

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The following table summarizes the activity in the allowance for losses for mortgage loans as of December 31, 2024 (Successor):

December 31, 2024 (Successor)	Commercial mortgage loans	Residential mortgage loans	Total
Allowance for credit losses, balance at January 1, 2024	\$ (5,166)	\$ (13,786)	\$ (18,952)
Credit losses on mortgage loans for which credit losses were not previously recorded	(4,481)	(9,568)	(14,049)
Increase (decrease) on mortgage loans with allowance recorded in previous period	(3,922)	2,147	(1,775)
Write-offs	-	-	-
Allowance for credit losses, balance at December 31, 2024	\$ (13,569)	\$ (21,207)	\$ (34,776)

The following table presents past due mortgage loans as of December 31, 2024 (Successor):

December 31, 2024 (Successor)	Commercial mortgage loans	Residential mortgage loans	Total
Delinquency			
Current	\$ 2,557,223	\$ 2,016,103	\$ 4,573,326
30-59 days past due	-	12,437	12,437
60-89 days past due	-	5,936	5,936
Greater than 90 days past due	26,592	38,457	65,049
Total	\$ 2,583,815	\$ 2,072,933	\$ 4,656,748

#### **Investment Funds**

The investment fund portfolio consists of funds that employ various strategies and includes investments in real estate, real assets, credit, equity and natural resources. Investment funds can meet the definition of VIEs, which are discussed further in Note 7 – Variable Interest Entities.

The following table presents the carrying value by ownership percentage of investment funds held at fair value as of December 31, 2024 (Successor) and 2023 (Successor):

	December 31, 2023 (Successor)			
(\$ in thousands)	Carrying Value			Maximum Loss Exposure
Ownership Percentage				
50%-99%	\$ -	\$ -	\$ -	\$ -
3%-49%	2,182,087	2,182,087	2,191,960	2,191,960
Less than 3%	476,925	476,925	122,551	122,551
Fair value investment funds	\$ 2,659,012	\$ 2,659,012	\$ 2,314,511	\$ 2,314,511

The following table presents the carrying value by ownership percentage of investment funds not held at fair value as of December 31, 2024 (Successor) and 2023 (Successor):

	December 31, 2	2024 (Successor)	December 31, 2	023 (Successor)
(\$ in thousands)	Carrying Value			Maximum Loss Exposure
Ownership Percentage				
50%-99%	\$ 1,363	\$ 1,363	\$ 2,374	\$ 2,374
3%-49%	620,183	620,183	395,442	395,442
Less than 3%	682,167	682,167	688,433	688,433
Equity method investment funds	\$ 1,303,713	\$ 1,303,713	\$ 1,086,249	\$ 1,086,249

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### **Net Investment Income**

Net investment income for the Year Ended December 31, 2024 (Successor), Period Ended December 31, 2023 (Successor) and Period Ended October 1, 2023 (Predecessor) were as follows:

(\$ in thousands)	Year Ended December 31, 2024 (Successor)	Period Ended December 31, 2023 (Successor)	Period Ended October 1, 2023 (Predecessor)
Fixed maturity securities, available for sale	\$ 1,848,154	\$ 469,081	\$ 910,587
Fixed maturity securities, fair value option	15,414	4,775	16,477
Equity securities	231,634	48,371	108,341
Investment funds	604,485	26,194	538,024
Short-term investments	145,323	28,055	90,788
Cash and cash equivalents	89,776	(473)	24,729
Commercial mortgage loans	165,468	38,224	77,184
Residential mortgage loans	111,817	13,393	11,064
Derivatives	(10,264)	-	-
Funds withheld assets	1,148,718	256,494	538,132
Policy Loans	117,492	37,676	74,037
Other invested assets	1,839	1,388	12,827
Investment expenses	(209,847)	(52,076)	(116,741)
Net investment income	\$ 4,260,009	\$ 871,102	\$ 2,285,449

# **Investment Related Gains (Losses), Net**

Investment related gains (losses), net for the Year Ended December 31, 2024, Period Ended December 31, 2023 and Period Ended October 1, 2023 were as follows:

(\$ in thousands)	Year Ended December 31, 2024 (Successor)	Period Ended December 31, 2023 (Successor)	Period Ended October 1, 2023 (Predecessor)
Fixed maturity securities, available for sale	\$ 186,722	\$ 74,206	\$ (715,579)
Fixed maturity securities, fair value option			
Net gains (losses) on sales and disposals	(58)	(1,006)	(13,242)
Change in estimated fair value	(12,555)	19,408	(11,283)
Equity securities			
Net gains (losses) on sales and disposals	276,441	30,413	(87,699)
Change in estimated fair value	140,424	363,803	85,218
Investment funds	466,716	81,716	(113,535)
Short-term investments	2,295	390	8,264
Commercial mortgage loans	(8,328)	(4,999)	(1,732)
Residential mortgage loans	29,202	(14,043)	(4,649)
Derivatives			
Derivatives – Investment related gains (losses)	17,250	408,743	(183,953)
Derivatives – Embedded derivative change	-	63,621	(87,276)
Funds withheld assets			
Realized gains (losses) on trading activity	452,746	13,791	(297,094)
Change in embedded derivative	(721,762)	1,044,751	(94,924)
Other invested assets	-	-	(310)
Investment related gains (losses), net	\$ 829,093	\$ 2,080,794	\$ (1,517,794)

Proceeds from sales of fixed maturities and gross realized investment gains and losses for the Year Ended December 31, 2024 (Successor), Period Ended December 31, 2023 (Successor) and Period Ended October 1, 2023 (Predecessor) were as follows:

(\$ in thousands)	Year Ended December 31, 2024 (Successor)	Period Ended December 31, 2023 (Successor)	Period Ended October 1, 2023 (Predecessor)
Fixed maturity securities, available for sale			
Proceeds from sales	\$ 9,899,473	\$ 4,301,917	\$ 5,896,548
Gross investment gains from sales	288,216	96,344	16,461
Gross investment losses from sales	(93,904)	(21,569)	(719,895)

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# 5. Derivative Instruments

The Company is exposed to various risks relating to its ongoing business operations, including interest rate, foreign currency exchange rate, credit and equity market risks. The Company uses a variety of derivative instruments to manage risks, primarily interest rate, foreign currency, equity and market volatility. See *Note 2 - Significant Accounting Policies* for a description of the Company's accounting policies for derivatives and *Note 6 – Fair Value Measurement for information about the fair value hierarchy for derivatives*.

#### **Interest Rate Contracts**

The Company uses forward starting interest rate swaps to reduce its future reinvestment risk. Under the terms of these swaps, the Company agrees to exchange the difference between a fixed and a floating interest rate calculated on a notional amount at a specified future date.

Interest rate swaps and forwards are used by the Company to reduce market risks from changes in interest rates, manage interest rate exposures arising from mismatches between assets and liabilities and to hedge against changes in their values it owns or anticipates acquiring or selling.

Swaps may be attributed to specific assets or liabilities or to a portfolio of assets or liabilities. Under interest rate swaps, the Company agrees with counterparties to exchange, at specified intervals, the difference between fixed-rate and floating-rate interest amounts calculated by reference to an agreed upon notional principal amount.

#### **Foreign Exchange Contracts**

Currency derivatives, including currency swaps and forwards, are used by the Company to reduce risks from changes in currency exchange rates with respect to investments denominated in foreign currencies that the Company either holds or intends to acquire or sell.

Under currency forwards, the Company agrees with counterparties to deliver a specified amount of an identified currency at a specified future date. Typically, the price is agreed upon at the time of the contract and payment for such a contract is made at the specified future date. The Company executes forward sales of the hedged currency in exchange for the relevant base currency at a specified exchange rate. The maturities of these forwards correspond with the future maturities of non-based currency denominated investments.

Under currency swaps, the Company agrees with counterparties to exchange, at specified intervals, the difference between one currency and another at an exchange rate and calculated by reference to an agreed principal amount. Generally, the principal amount of each currency is exchanged at the beginning and termination of the currency swap by each party.

Swaptions are used by the Company to hedge interest rate risk associated with the Company's foreign currency hedging strategy. A swaption is an option to enter into a swap with a forward starting effective date. In certain instances, the Company locks in the economic impact of existing purchased swaptions by entering into offsetting written swaptions. The Company pays a premium for purchased swaptions and receives a premium for written swaptions.

## **Equity Contracts**

Equity derivatives, including options and variance swaps, are used by the Company in its investment portfolio from time-to-time to either assume equity risk or hedge its equity exposure. The fair value of the Company's equity derivatives is determined using market-based prices from pricing vendors.

The Company uses options to hedge against changes in the value of the benefit contained in the indexed universal life products and indexed annuities. The Company pays an upfront premium to purchase these options. The Company utilizes these options in non-qualifying hedging relationships.

Under variance swaps, the contract provides exposure to the future volatility of an underlying asset, without taking directional exposure to that asset. The contracts are entered into at no cost and the payoff is the difference between the realized variance rate of an underlying index and the fixed variance rate determined as of inception of the contract.

Under call options, the contract gives the right, but not an obligation, to exercise the option to obtain shares at a fixed price before the expiry date of the option.

Under equity index options, the contract gives the holder the right, but not the obligation to buy or sell the value of an underlying equity index at the stated exercise price before the expiry date of the option. The options are used to provide additional exposure to the index while also providing downside protection.

#### **Other Derivative Contracts**

Other derivatives, including inflation index swaps and credit default swap, are used by the Company in its investment portfolio from time-to-time to hedge against inflation risk or to take advantage of current or expected future market conditions.

Under inflation index swaps, the Company agrees with counterparties to swap fixed rate payments on a notional principal amount for floating rate payments linked to an inflation index, such as the Consumer Price Index ("CPI"). The swap is used by the Company to transfer inflation risk.

The Company enters into purchased credit default swaps to hedge against credit-related changes in the value of its investments. The Company sells credit default swaps to assume additional credit risk by synthetically creating a credit investment by pairing the swaps with highly-rated securities.

The Company uses total rate return swaps to hedge the cash flow variability associated with its assets. Under total rate of return swaps, the Company pays total return on its underlying assets in exchange for payments based on a set rate, either fixed or variable.

The Company also entered into a deal-contingent forward to hedge the acquisition of Asteron Life New Zealand. The hedge consisted of one forward leg of \$127 million to close on settlement of the deal and a second forward leg of \$62 million to close in July 2026 when payment for the acquisition is due to be finalized. The mark to market of the hedge position as at December 31, 2024 was \$0.87 million. Refer to Note 17. Subsequent events for further details on the acquisition of Asteron Life New Zealand.

#### **Derivatives Settled to Market**

Where appropriate the Company treats outstanding derivatives as settled to market, and therefore has no open fair value at the balance sheet date. As at December 31, 2024 (Successor) and 2023 (Successor), interest rate swaps with a notional value of \$3,185 million and \$3,115 million, respectively and futures with a nominal value of \$18.03 million and \$31.06 million, respectively, were treated as settled to market. As at December 31, 2024 (Successor) and 2023 (Successor), foreign exchange forwards with a notional value of \$3,776 million and \$0 million, respectively, were treated as settled to market. As at December 31, 2024 (Successor) and 2023 (Successor), foreign exchange forwards with a notional value of \$3,776 million and \$0 million, respectively, were treated as settled to market. As at December 31, 2024 (Successor), options with a notional value of \$52 million and \$0 million, respectively, were treated as settled to market.

The table below provides a summary of the gross notional amount and fair value of derivative contracts, with the fair value amounts below representing the value of derivative contracts prior to taking into account the netting effects of master netting agreements and cash collateral.

	Decem	nber 31, 2024 (Succes	sor)	December 31, 2023 (Successor)			
		Gross Fai	r Value		Gross Fai	Value	
(\$ in thousands)	Notional	Assets	Liabilities	Notional	Assets	Liabilities	
Derivatives Designated as Hedging Instruments							
Interest rate swap agreements <sup>(1)</sup>	\$ 2,000,000	\$ 16,756	\$ 34,998	\$ 500,000	\$ 33,412	\$ -	
Foreign currency swaps <sup>(1)</sup>	-	-	-	-	-	-	
Foreign currency forwards <sup>(1)</sup>	194,922	-	7,343	94,209	1,716	-	
Total derivatives designated as hedging instruments	\$ 2,194,922	\$ 16,756	\$ 42,341	\$ 594,209	\$ 35,128	\$ -	
Derivatives Not Designated as Hedging Instruments							
Foreign currency forwards <sup>(1)</sup>	\$ 11,165,648	\$ 13	\$ (182,448)	\$ 5,347,244	\$ 59,023	\$ (985)	
Foreign currency swaps <sup>(1)</sup>	56,131	4,520	_	69,531	2,792	(387)	
Foreign currency swaptions <sup>(1)</sup>	52,043	_	_	638,252	_	-	
Interest rate swaps <sup>(1)</sup>	16,502,539	2,463	(121,610)	22,712,999	(18,514)	(192,472)	
Interest rate forwards <sup>(1)</sup>	2,549,600	10,996	(59,450)	1,511,736	85,289	(17,674)	
Equity contracts <sup>(1)</sup>	4,715,676	669,663	(59,259)	4,815,837	647,077	(85,612)	
Guaranteed premium rate benefits <sup>(4)</sup>	39,456,000	52,596	-	41,961,000	57,979	-	
Other derivative contracts <sup>(1)</sup>	323,855	4,567	(6,757)	474,490	23,204	(4,541)	
Embedded derivatives							
Funds withheld assets <sup>(2)</sup>	-	318,137	(11,394)	-	1,037,665	(9,160)	
Equity indexed universal life contracts <sup>(3)</sup>	-	-	(427,615)	-	-	(349,985)	
Equity indexed annuity contracts <sup>(3)</sup>	_	-	(854,375)	-	-	(951,639)	
GMWB/GMWBL <sup>(3)</sup>	\$ -	\$ -	\$ (677)	\$ -	\$ -	\$ (3,671)	
Total derivatives not designated as hedging instruments	\$ 74,821,492	\$ 1,062,955	\$ (1,723,585)	\$ 77,531,089	\$ 1,894,515	\$ (1,616,126)	
Total Derivatives	\$ 77,016,414	\$ 1,079,711	\$ (1,681,244)	\$ 78,125,298	\$ 1,929,643	\$ (1,616,126)	

(1) Included in Derivative assets on the Consolidated Balance Sheets

(2) Included in Funds withheld assets on the Consolidated Balance Sheets

(3) Included in Policyholder account balances on the Consolidated Balance Sheets

(4) Included in Other assets on the Consolidated Balance Sheets

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#### **Derivative Instruments Designated as Hedging Instruments**

Cash Flow Hedges – Foreign currency swaps are used to convert foreign currency denominated cash flows of an investment to U.S. dollars to reduce cash flow fluctuations due to changes in currency exchange rates. Interest rate swaps are used to convert floating-rate interest payments to fixed-rate interest payments to reduce exposure to interest rate changes.

The following is a summary of the gains (losses) related to cash flow hedges:

(\$ in thousands) Derivative Instruments	Statement of Changes in Shareholder's Equity line	Year Ended December 31, 2024 (Successor)	Period Ended December 31, 2023 (Successor)	Period Ended October 1, 2023 (Predecessor)
Foreign currency forward	Accumulated other comprehensive income (loss)	\$ (9,059)	\$ -	\$ -
Foreign currency swap	Accumulated other comprehensive income (loss)	_	-	(2,229)
Interest rate swaps	Accumulated other comprehensive income (loss)	(6,477)	(26,505)	61,634

### **Derivative Instruments Not Designated as Hedging Instruments**

The cumulative net gains (losses) for changes in the fair value of derivative instruments and the location of any gains or losses in the Consolidated Statements of Operations line for the Year Ended December 31, 2024, Period Ended December 31, 2023 and Period Ended October 1, 2023 were as follows:

(\$ in thousands) Derivative Instruments	Statement of Operations line	Year Ended December 31, 2024 (Successor)	Period Ended December 31, 2023 (Successor)	Period Ended October 1, 2023 (Predecessor)
Foreign currency forwards	Investment related gains (losses), net	\$ (251,504)	\$ 74,047	\$ 46,369
Foreign currency swaps	Investment related gains (losses), net	3,658	(7,153)	2,319
Interest rate swaps	Investment related gains (losses), net	(48,107)	171,346	23,443
Interest rate forwards	Investment related gains (losses), net	(55,994)	92,989	78,578
Equity contracts	Investment related gains (losses), net	249,478	123,087	172,980
Other derivative contracts	Investment related gains (losses), net	27,657	18,048	3,782
Swaptions	Investment related gains (losses), net	92,061	_	
Guaranteed premium rate benefits	Other operating expenses	775	302	(694)
		\$ 18,024	\$ 472,666	\$ 326,777

As of December 31, 2024 (Successor), the Company was owed \$50.3 million in relation to margin calls in connection with the interest rate swaps. As of December 31, 2023 (Successor), the Company was owed \$33.1 million in relation to margin calls in connection with the interest rate swaps. These amounts are included within Other assets on the Consolidated Balance Sheets.

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### **Embedded Derivatives**

The change in the value of the embedded derivatives recorded within Consolidated Statements of Operations for the Year Ended December 31, 2024, Period Ended December 31, 2023 and Period Ended October 1, 2023 were as follows:

(\$ in thousands) Derivative Instruments	Statement of Operations Line	Year Ended December 31, 2024 (Successor)	Period Ended December 31, 2023 (Successor)	Period Ended October 1, 2023 (Predecessor)
Derivatives embedded in				
Fixed indexed annuity contracts	Policyholder benefits	\$ 96,050	\$ -	\$ 1,998
Fixed indexed annuity contracts	Interest sensitive contract benefits	_	67,263	(48,134)
Fixed indexed annuity contracts	Policyholder benefits	1,248		
Equity indexed universal life contracts	Policyholder benefits	_	_	(7,519)
Equity indexed universal life contracts	Investment related gains (losses), net	_	_	(67,170)
Equity indexed universal life contracts	Interest sensitive contract benefits	(77,630)	(92,076)	_
GMWB/GMWBL	Policyholder benefits	2,994	(818)	3,177
Change in embedded derivatives on modco reinsurance contracts	Investment related gains (losses), net	(719,528)	1,037,665	(91,282)
Change in embedded on funds withheld	Investment related gains (losses), net	(2,234)	7,086	(3,642)
		\$ (699,100)	\$ 1,019,120	\$ (212,572)

### **Credit Risk**

We may be exposed to credit-related losses in the event of counterparty nonperformance on derivative financial instruments. Generally, the current credit exposure of our derivative contracts is the fair value at the reporting date less any collateral received from the counterparty.

We manage credit risk related to over-the-counter derivatives by entering into transactions with creditworthy counterparties. Where possible, we maintain collateral arrangements and use master netting agreements that provide for a single net payment from one counterparty to another at each due date and upon termination. We have also established counterparty exposure limits, where possible, in order to evaluate if there is sufficient collateral to support the net exposure.

Collateral arrangements typically require the posting of collateral in connection with its derivative instruments. Collateral agreements often contain posting thresholds, some of which may vary depending on the posting party's financial strength ratings. Additionally, a decrease in our financial strength rating to a specified level can result in settlement of the derivative position.

The estimated fair value of our net derivative and other financial assets and liabilities after the application of master netting agreements and collateral were as follows:

Gross amounts not offset on the Consolidated Balance Sheets

(\$ in thousands)	Gross amount recognized <sup>(1)</sup>	Financial instruments <sup>(2)</sup>	Collateral (received)/ pledged	Net amount	Off-balance sheet securities collateral <sup>(3)</sup>	Net amount after securities collateral
December 31, 2024						
Derivative assets	\$ 708,977	\$ -	\$ (569,066)	\$ 139,911	\$ -	\$ 139,911
Derivative liabilities	(436,500)	_	273,536	(162,964)	-	(162,964)
December 31, 2023						
Derivative assets	\$ 833,999	\$ -	\$ (450,887)	\$ 383,112	\$ -	\$ 383,112
Derivative liabilities	(513,310)	-	336,350	(176,960)	-	(176,960)

(1) The gross amounts of recognized derivative assets and derivative liabilities are reported on the Consolidated Balance Sheets. As of December 31, 2023 and 2022, amounts not subject to master netting or similar agreements were immaterial.

(2) Represents amounts offsetting derivative assets and liabilities that are subject to an enforceable master netting arrangement or similar agreement that are not netted against the gross derivative assets or gross derivative liabilities for presentation on the Consolidated Balance Sheets.

(3) For non-cash collateral received, we do not recognize the collateral on our balance sheet unless the obligor (transferor) has defaulted under the terms of the secured contract and is no longer entitled to redeem the pledged asset. Amounts do not include any excess of collateral pledged or received.

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# 6. Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The hierarchy for inputs used in determining fair value maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available. Assets and liabilities recorded on the Consolidated Balance Sheets at fair value are categorized in the fair value hierarchy based on the observability of inputs to the valuation techniques as follows:

- Level 1 Assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Company can access.
- Level 2 Assets and liabilities whose values are based on the following:
  - (a) Quoted prices for similar assets or liabilities in active markets;
  - (b) Quoted prices for identical or similar assets or liabilities in markets that are not active; or
  - (c) Valuation models whose inputs are observable, directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Unobservable inputs reflect the Company's estimates of the assumptions that market participants would use in valuing the assets and liabilities.

Net Asset Value (NAV) – Investment funds that are measured using NAV as a practical expedient in determining fair value are not classified in the fair value hierarchy. Our carrying value reflects our pro rata ownership percentage as indicated by NAV in the investment fund financial statements, which we may adjust if we determine NAV is not calculated consistent with investment company fair value principles. The underlying investments of the investment funds may have significant unobservable inputs, which may include but are not limited to, comparable multiples and weighted average cost of capital rates applied in valuation models or a discounted cash flow model.

The availability of observable inputs varies by instrument. In situations where fair value is based on internally developed pricing models or inputs that are unobservable in the market, the determination of fair value requires more judgment. The degree of judgment exercised by the Company in determining fair value is typically greatest for instruments categorized in Level 3. In many instances, valuation inputs used to measure fair value fall into different levels of the fair value hierarchy. The category level in the fair value hierarchy is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The Company uses prices and inputs that are current as of the measurement date, including during periods of market disruption. In periods of market disruption, the ability to observe prices and inputs may be reduced for many instruments.

The Company is responsible for the determination of fair value and the supporting assumptions and methodologies. The Company gains assurance that assets and liabilities are appropriately valued through the execution of various processes and controls designed to ensure the overall reasonableness and consistent application of valuation methodologies, including inputs and assumptions, and compliance with accounting standards. For fair values received from third parties or internally estimated, the Company's processes and controls are designed to ensure that the valuation methodologies are appropriate and consistently applied, the inputs and assumptions are reasonable and consistent with the objective of determining fair value, and the fair values are accurately recorded. For example, the Company assesses the reasonableness of individual fair values provided by investment managers which, when compared to fair values received from third party valuation service providers or derived from internal models, exceed certain thresholds. The Company performs procedures to understand and assess the methodologies, processes and controls of valuation service providers.

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The Company's assets and liabilities measured at fair value on a recurring basis as of December 31, 2024 (Successor) and 2023 (Successor) were as follows:

December 31, 2024 (Successor) (\$ in thousands)	Level 1	Level 2	Level 3	NAV	Total
Fixed maturity securities, available for	sale				
U.S. government and agencies	\$ 193,420	\$ 1,068,746	\$ -	\$ -	\$ 1,262,166
U.S. municipal	_	240,401	-	-	240,401
Foreign government	-	1,535,226	-	-	1,535,226
Corporate	-	12,388,594	3,922,385	-	16,310,979
Asset backed securities	-	2,697,912	3,112,370	-	5,810,282
Residential mortgage-backed securities	-	1,835,923	-	-	1,835,923
Commercial mortgage-backed securities	-	3,263,920	-	-	3,263,920
Other mortgages	-	17,131	-	-	17,131
Total fixed maturity securities, available for sale	\$ 193,420	\$ 23,047,853	\$ 7,034,755	\$ -	\$ 30,276,028
Fixed maturity securities, fair value option	\$-	\$ 100,733	\$ 206,758		307,492
Equity securities	5,440,028	104,924	1,128,536		6,673,488
Investment funds	-	-	867	\$3,309,540	3,310,407
Short-term investments	1,193,964	1,195,077	67,471		2,456,512
Derivative assets	1,796	299,893	407,288		708,977
Cash and cash equivalents	2,415,986	751,681	-		3,167,667
Embedded derivatives on funds withheld assets	_	-	318,137		318,137
Guaranteed premium rate benefits	_	_	52,596		52,596
Separate account assets	1,677,812	1,612	_		1,679,424
Total assets measured at fair value	\$ 10,923,006	\$25,501,773	\$ 9,216,408	\$ 3,309,540	\$ 48,950,728
Liabilities					
Future policy benefits and other					

Total liabilities measured at fair value	\$ 26,273	\$ 456,985	\$ 1,282,667	\$- \$	\$ 1,765,925
Other liabilities	-	11,394	-	-	11,394
Derivative liabilities	26,273	445,591	_	-	471,864
Equity indexed universal life contracts	-	-	427,615	-	427,615
Fixed indexed annuity contracts	-	-	854,375	-	854,375
Policyholder account balances				-	
GMWB/GMWBL	-	-	677	-	677
Future policy benefits and other policyholder liabilities					

December 31, 2023 (Successor) (\$ in thousands)	Level 1	Level 2	Level 3	NAV	Total
Fixed maturity securities, available for	sale				
U.S. government and agencies	\$ 178,685	\$ 674,201	\$ -	\$ -	\$ 852,886
U.S. municipal	_	1,048,009	-	-	1,048,009
Foreign government	-	3,354,807	-	-	3,354,807
Corporate	_	13,888,788	1,715,204	-	15,603,993
Asset backed securities	_	1,904,696	1,706,972	_	3,611,668
Residential mortgage-backed securities	-	1,788,070	1	-	1,788,071
Commercial mortgage-backed securities	-	3,079,407	-	-	3,079,407
Other mortgages	-	22,430	-	-	22,430
Total fixed maturity securities, available for sale	\$ 178,685	\$ 25,760,408	3 \$ 3,422,177		\$ 29,361,271
Fixed maturity securities, fair value option	\$ -	\$ 131,680	\$ 155,939		287,619
Equity securities	7,150,557	116,249	614,777		7,881,583
Investment funds <sup>(1)</sup>	-	2,314,511	-	\$ 1,067,075	3,381,586
Short-term investments	208,667	1,814,223	-		2,022,890
Derivative assets	51,222	456,167	326,609		833,998
Cash and cash equivalents	4,016,320	_	_		4,016,320
Embedded derivatives on funds withheld assets	_	(9,160)	1,037,665		1,028,505
Guaranteed premium rate benefits	-	_	57,979		57,979
Separate account assets	1,516,437	6,875	-		1,523,312
Total assets measured at fair value	\$ 13,121,888	\$ 30,590,95	3 \$ 5,615,146	\$ 1,067,075	\$ 50,395,063
Liabilities					
Policyholder liabilities, at estimated fair value	e \$-	\$ -	\$ -	\$ -	\$ -
Future policy benefits and other policyholder liabilities					
GMWB/GMWBL	-	-	3,671	-	3,671
Policyholder account balances				-	951,639
Fixed indexed annuity contracts	-	-	951,639	-	349,985
Equity indexed universal life contracts	-	-	349,985	-	301,671
Derivative liabilities	12,527	289,144	-	-	
Other liabilities	-		-	-	-
Total liabilities measured at fair value	\$ 12,527	\$ 289,144	\$ 1,305,295	\$-	\$ 1,606,966

(1) Investment funds accounted for under the equity method of accounting are not included in this table. Investment funds on the Consolidated Balance Sheets include those accounted for under the equity method, as well as the fair value and NAV funds as seen in the table above.

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### **Fair Value Valuation Methods**

We used the following valuation methods and assumptions to estimate fair value:

**U.S. Government and agencies, municipalities:** Fair value is determined using third-party commercial pricing services, with the primary inputs being U.S. Treasury yield curves, trades of comparable securities, credit spreads off benchmark yields and issuer ratings.

**U.S. corporate public securities, Foreign corporate public securities and foreign governments:** Fair value is determined using third-party commercial pricing services, with the primary inputs being benchmark yields, trades of comparable securities, issuer ratings, bids and credit spreads off benchmark yields.

**U.S. corporate private securities and Foreign corporate private securities:** Fair values are determined using a matrix and analytics-based pricing model. The model incorporates the current level of risk-free interest rates, current corporate credit spreads, credit quality of the issuer and cash flow characteristics of the security. The model also considers a liquidity spread, the value of any collateral, the capital structure of the issuer, the presence of guarantees, and prices and quotes for comparably rated publicly traded securities.

**RMBS, CMBS and ABS:** Fair value is determined using third-party commercial pricing services, with the primary inputs being credit spreads off benchmark yields, prepayment speed assumptions, current and forecasted loss severity, debt service coverage ratios, collateral type, payment priority within tranche and the vintage of the loans underlying the security.

Fair values of privately placed bonds are determined primarily using a matrix-based pricing model and are generally classified as Level 2 assets. The model considers the current level of risk-free interest rates, current corporate spreads, the credit quality of the issuer and cash flow characteristics of the security. Also considered are factors such as the net worth of the borrower, the value of collateral, the capital structure of the borrower, the presence of guarantees and the Company's evaluation of the borrower's ability to compete in its relevant market. Using this data, the model generates estimated market values, which the Company considers reflective of the fair value of each privately placed bond.

#### **Derivative assets and derivative liabilities**

The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted market prices (current bid price or current offer price). The fair value of financial instruments not traded in an active market (e.g. over-the-counter derivatives) is determined using valuation techniques. Valuation techniques include net present value techniques, option pricing models, discounted cash flow methods and comparison to quoted market prices or dealer quotes for similar instruments. The models use a number of inputs, including the credit quality of counterparties, foreign exchange spot and forward rates, yield curves of the respective currencies, currency basis spreads between the respective currencies, interest rate curves and forward rate curves of the underlying instruments. Some derivative contracts are significantly cash collateralized, thereby minimizing both counterparty risk and Company's own non-performance risk.

#### **Equity securities**

Fair values of publicly traded equity securities are based on quoted market prices. The Company values other equity securities, typically private equities or equity securities not traded on an exchange, based on other sources, such as commercial pricing services or brokers.

#### Short-term investments

The fair value of unlisted debt securities are priced using interest rate yields obtainable on comparable listed investments.

#### Funds withheld assets and liabilities (embedded derivative)

The Company estimates the fair value of the embedded derivative based on the fair value of the underlying assets supporting the funds withheld receivable under the modeo agreements.

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#### Cash and cash equivalents, including restricted cash

The carrying amount for cash and cash equivalents equals fair value, which has been determined based on quoted market prices.

#### Separate account assets and liabilities

The assets and liabilities held in separate accounts are reported at the fair values of the underlying investments in the separate accounts. The underlying investments include mutual funds, short-term investments, cash and fixed maturities.

#### Policyholder liabilities, at fair value

The fair value reserve estimate is based on a discounted liability cash flow methodology. The discount rates are determined using current market risk-free interest rates, including a spread to reflect the illiquidity of the liabilities ("Illiquidity premium"). The Company has quantified this by assessing a replicating investment portfolio that the Company believes a reasonable third party would use in pricing the business. The discounted liability cash flow methodology also includes assumptions about future mortality rates of policyholders, updated on an ongoing basis to reflect recent credible experience. This balance is classified as Level 3 in the fair value hierarchy.

#### **Guaranteed premium rate benefits**

The Company estimates the fair value of the guaranteed premium rate benefits derivative using the income approach. The income approach is applied using the valuation technique of a discounted cash flow analysis. As such, the guaranteed premium rate benefits derivative is accounted for as a freestanding derivative instrument.

# Future policy benefits and other policyholder liabilities and policyholder account balances – embedded derivatives

The Company records reserves for variable annuity contracts containing GMWBL and GMWB riders. The guarantee is an embedded derivative and is required to be accounted for separately from the host variable annuity contract. The fair value of the obligation is calculated based on actuarial and capital market assumptions related to the projected cash flows, including benefits and related contract charges, over the anticipated life of the related contracts. The cash flow estimates are produced by using stochastic techniques under a variety of market return scenarios and other market implied assumptions.

The index-crediting feature in the Company's indexed annuity and life contracts is an embedded derivative that is required to be accounted for separately from the host contract. The fair value of the obligation is calculated based on actuarial and capital market assumptions related to the projected cash flows, including benefits and related contract charges, over the anticipated life of the related contracts for fixed indexed annuities and over the current indexed term for indexed life contracts. The cash flow estimates are produced by market implied assumptions.

The Company records reserves for certain contracts containing guaranteed credited rates. The guarantee is treated as an embedded derivative or a stand-alone derivative (depending on the underlying product) and is required to be reported at fair value. The estimated fair value is determined based on the present value of projected future claims, minus the present value of future guaranteed premiums. At inception of the contract, the Company projects a guaranteed premium to be equal to the present value of the projected future claims. The income associated with the contracts is projected using relevant actuarial and capital market assumptions, including benefits and related contract charges, over the anticipated life of the related contracts. The cash flow estimates are produced using stochastic techniques under a variety of risk neutral scenarios and other market implied assumptions.

The discount rate used to determine the fair value of the Company's GMWBL, GMWB, indexed annuity and life contracts, embedded derivative liabilities and the stand-alone derivative includes an adjustment to reflect the risk that these obligations will not be fulfilled ("nonperformance risk"). The nonperformance risk adjustment incorporates both Company-specific and external observable data.

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# Level 3 Fair Value Measurements

The change in fair value measurement of assets and liabilities categorized within Level 3 of the fair value hierarchy during the Year Ended December 31, 2024, Period Ended December 31, 2023 and Period Ended October 1, 2023 were as follows:

						nt related s) included in			Ending Balance
Year Ended December 31, 2024 (Successor) (\$ in thousands)	Beginning Balance	Transfers to Level 3	Transfers out of Level 3	Purchases	Net income	OCI	Issues	Settlements	
Assets									
Corporate fixed income maturities	\$ 1,715,203	\$ 7,135	\$ (68,206)	\$ 2,597,160	\$ 247,228	\$ (186,611)	\$ -	\$ (389,524)	\$ 3,922,385
Asset backed securities	1,706,972	-	(6,515)	1,675,440	1,313	48,244	30,466	(343,550)	3,112,370
Residential mortgage backed securities	1	-	-	-	-	-	-	-	1
Commercial mortgage backed securities	-	-	-	-	-	-	-	-	-
Investment Funds	-	-	-	-	-	-	867	-	867
Fixed maturities, fair value option	155,939	-	-	2,632	(3,855)	-	62,780	(10,739)	206,757
Equity securities	614,777	-	-	386,738	210,034	(83,031)	5,821	(5,803)	1,128,536
Short-term investments	-	-	-	-	67,471	-	-	-	67,471
Embedded derivative on funds withheld	1,037,665	-	-	-	(719,528)	-	-	-	318,137
Derivative assets	326,609	-	-	75,925	188,739	-	-	(183,986)	407,287
Guaranteed premium rate benefits	57,979	-	-	_	775	-	-	(6,159)	52,595
Total Level 3 assets	\$ 5,615,145	\$ 7,135	\$ (74,721)	\$ 4,737,895	\$ (7,823)	\$ (221,398)	\$ 99,934	\$ (939,761)	\$ 9,216,406
Liabilities									
Fixed indexed annuity contracts	\$ 951,639	\$ -	\$ -	\$ -	\$ (97,218)	\$ -	\$ 1,359	\$ (1,405)	\$ 854,375
Equity indexed life contracts	349,985	-	-	-	154,116	-	214,021	(290,507)	427,615
GMWB/GMWBL	3,671	_	-	_	(4,126)	_	1,131	_	676
Derivative liabilities	-	-	-	-	-	-	-	-	-
Embedded derivative on funds withheld	-	-	-	-	_	-	-	-	_
Policyholder liabilities, at estimated fair	-	-	-	-	-	-	-	-	-
Total Level 3 liabilities	\$ 1,305,295	\$ -	\$ -	\$ -	\$ 52,772	\$ -	\$ 216,511	\$ (291,912) \$	\$ 1,282,666

					Investme gains/(losses				
Year Ended December 31, 2023 (Successor) (\$ in thousands)	Beginning Transfers to Balance Level 3		Purchases	Net income	OCI	Issues	Settlements	Ending Balance	
Assets									
Corporate fixed income maturities	\$ 1,275,210	\$ 350,552	\$ -	\$ 20,065	\$ 3,003	\$ 420,590	\$ -	\$ (354,216)	\$ 1,715,204
Asset backed securities	1,313,792	-	(4,485)	441,692	372	13,399	-	(57,798)	1,706,972
Residential mortgage backed securities	-	_	1	-	(1)	-	_	1	1
Commercial mortgage backed securities	3,627	-	(3,739)	-	864	118	-	(870)	-
Fixed maturities, fair value option	152,959	_	_	3,887	16,192	_	_	(17,099)	155,939
Equity securities	582,815	_	_	_	9,745	27,634	_	(5,417)	614,777
Embedded derivative on funds withheld	_	-	_	-	1,037,665	_	-	_	1,037,665
Derivative assets	237,757	-	_	18,183	83,935	_	-	(13,266)	326,609
Guaranteed premium rate benefits	57,677	_	_	_	302	_	_	_	57,979
Total Level 3 assets	\$ 3,623,837	\$ 350,552	\$ (8,223)	\$ 483,827	\$ 1,152,077	\$ 461,741	\$ -	\$ (448,665)	\$ 5,615,146
Liabilities									
Fixed indexed annuity contracts	\$ 783,800	\$ -	_	\$ -	\$ 168,079	\$ -	\$ 80	\$ (320)	\$ 951,639
Equity indexed life contracts	257,910	-	-	-	93,141	-	24,653	(25,719)	349,985
GMWB/GMWBL	2,853	-	-	-	(398)	-	1,216	-	3,671
Derivative liabilities	_	-	-	-	_	-	-	-	-
Embedded derivative on funds withheld	_	-	-	-	-	-	-	-	-
Policyholder liabilities, at estimated fair	_	-	-	-	-	-	-	-	-
Total Level 3 liabilities	\$ 1,044,563	\$ -	\$ -	\$ -	\$ 260,822	\$ -	\$ 25,949	\$ (26,039)	\$ 1,305,295

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					Investme gains/(losses					
Period Ended October 1, 2023 (Predecessor) (\$ in thousands)	Beginning Balance	Transfers to Level 3		Purchases	Net income	OCI	Issues	Settlements	Ending Balance	
Assets										
Fixed income securities, available for	\$ 1,072,434	\$ 38,911	\$ (97,808)	\$ 400,753	\$ 3,889	\$ (58,204)	\$ -	\$ (84,765)	\$ 1,275,210	
Asset backed securities	988,723	387,097	(73,612)	653,476	44	(8,270)	-	(144,774)	1,802,684	
Commercial mortgage backed securities	_	4,101	-	-	(5)	(470)	-	-	3,626	
Fixed maturities, fair value option	40,198	-	-	7,823	(4,902)	-	-	(6,113)	37,006	
Equity securities	566,656	543,349	-	-	39,847	(43,581)	-	-	1,106,271	
Embedded derivative on funds withheld	(5,860,683)	-	-	-	(91,282)	-	-	2,121,898	(3,830,067)	
Derivative assets	172,820	-	-	53,286	58,366	-	-	(46,715)	237,757	
Guaranteed premium rate benefits	58,371	-	-	-	(694)	-	-	-	57,677	
Total Level 3 assets	\$ (2,961,481)	\$ 973,458	\$ (171,420)	\$ 1,115,338	\$ 5,263	\$ (110,525)	\$- \$	\$ 1,839,531	\$ 690,164	
Liabilities										
Fixed indexed annuity contracts	\$ 1,601,625	\$ -	_	\$ -	\$ (787,714)	\$ -	\$ (636)	\$ (2,040)	\$ 811,235	
Equity indexed life contracts	171,707	-	_	-	67,170	-	67,933	(60,414)	246,396	
GMWB/GMWBL	6,031	-	-	-	(4,094)	-	917	-	2,854	
Derivative liabilities	_	-	-	-	-	-	-	-	-	
Embedded derivative on funds withheld liabilities	(2,121,898)		-	-	-	-	-	2,121,898	-	
Policyholder liabilities, at estimated fair	4,883,724	_	_	_	_	-	_		4,883,724	
Total Level 3 liabilities	\$ 4,541,189	\$ -	\$ -	\$ -	\$ (724,638)	\$ -	\$ 68,214	\$ 2,059,444	\$ 5,944,209	

# **Transfers between levels**

Overall, transfers into and out of Level 3 are attributable to a change in the observability of inputs. Assets and liabilities are transferred into Level 3 when a significant input cannot be corroborated with market observable data. This occurs when market activity decreases significantly and underlying inputs cannot be observed, current prices are not available, and when there are significant variances in quoted prices, thereby affecting transparency. Assets and liabilities are transferred out of Level 3 when circumstances change such that a significant input can be corroborated with market observable data. This may be due to a significant increase in market activity, a specific event, or one or more significant inputs becoming observable.

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### Significant Unobservable Inputs

Significant unobservable inputs occur when the Company could not obtain or corroborate the quantitative detail of the inputs. This applies to certain fixed maturity securities, equity securities, investment funds, investment property and funds withheld assets. Additional significant unobservable inputs are described below.

(\$ in thousands)	Fair Value	Valuation Technique	Unobservable Input
Derivatives embedded in life and annuity			
Equity Indexed universal life	\$ (427,615)	Option Pricing Technique	Lapses
Guaranteed minimum withdrawal benefits & withdrawal benefits	\$ (676)	Option Pricing Technique	Long-term implied equity volatility; Long-term implied interest rate volatility;
			Non-performance risk;
			Withdrawal Utilization Delay;
			Benefit Utilization Lapses
Fixed Indexed Annuities	\$ (854,375)	Option Budget Method	Non-performance risk;
			Partial Withdrawals Lapses

The table above also excludes underlying quantitative inputs related to liabilities held for the Company's guaranteed withdrawal benefits. The development of these liabilities generally involves actuarially-determined models and could result in the Company reporting significantly higher or lower fair value measurements for these Level 3 investments.

**AFS securities:** For certain fixed maturity securities, internal models are used to calculate the fair value. The Company uses a discounted cash flow approach. The discount rate is the significant unobservable input due to the determined credit spread being internally developed, illiquid, or as a result of other adjustments made to the base rate. The base rate represents a market comparable rate for securities with similar characteristics. This excludes assets for which significant unobservable inputs are not developed internally, primarily consisting of broker quotes.

**Policyholder liabilities at fair value:** Significant unobservable inputs included within the calculation of policyholder liabilities include:

- 1) Illiquidity premium quantified by assessing a replicating investment portfolio that we believe a reasonable third party would use in pricing the business
- 2) Mortality assumptions we regularly review the assumptions for future mortality rates of policyholders in line with credible experience, industry data, and/or other factors, in the pricing of the reinsurance transaction

# 7. VIEs

# **Consolidated VIEs**

Creditors or beneficial interest holders of VIEs where the Company is the primary beneficiary have no recourse to the general credit of the Company, as the Company's obligation to the VIEs is limited to the amount of its committed investment.

The following table presents the total assets and total liabilities relating to investment related VIEs for which the Company has concluded that it is the primary beneficiary and which are consolidated at:

Carrying Value	Total Assets	Total Liabilities
\$ 388,684	\$ 391,006	\$ (2,322)
190,755	190,755	-
\$ 579,439	\$ 581,761	\$ (2,322)
Carrying Value	Total Assets	Total Liabilities
\$ 729,426	\$ 730,879	\$ (1,453)
137,239	137,239	
	\$ 388,684 190,755 <b>\$ 579,439</b> Carrying Value \$ 729,426	\$ 388,684 \$ 391,006 190,755 190,755 <b>\$ 579,439 \$ 581,761</b> Carrying Value Total Assets \$ 729,426 \$ 730,879

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### **Non-consolidated VIEs**

The carrying amount and maximum exposure to loss relating to VIEs in which the Company holds a significant variable interest but is not the primary beneficiary and which have not been consolidated were as follows at:

		December 31, 2024 (Successor)		
(\$ in thousands)	Balance Sheet Line	Carrying Value	Maximum Loss Exposure	
Other investments	Investment funds	\$ 3,915,950	\$ 3,915,950	
Residual debt tranches	Fixed maturity securities, FVO	46,776	46,776	
Total non-consolidated VIEs		\$ 3,962,726	\$ 3,962,726	
		December 31, 20	23 (Successor)	
(\$ in thousands)	Balance Sheet Line	Carrying Value	Maximum Loss Exposure	
Other investments	Investment funds	\$ 1,159,964	\$ 1,159,964	

Residual debt tranchesFixed maturity securities, FVO19,17419,174Total non-consolidated VIEs\$ 1,179,138\$ 1,179,138

The Company also has unconsolidated VIEs disclosed separately within the fixed maturity securities – AFS line item comprised of structured securities (asset backed/RMBS/CMBS). The maximum exposure to loss relating to fixed maturity securities AFS is equal to the carrying amounts of these securities. There are no arrangements which would require the Company to provide financial support to the VIEs in excess of the committed capital investment. The Company has not provided financial or other support during the year to the VIEs that it was not previously contractually required to provide.

# 8. Income Taxes

The Company has subsidiaries with operations in the United Kingdom, Australia, New Zealand, Singapore, Canada and the United States, and therefore the Company is subject to income tax filing requirements in these jurisdictions.

Current income tax recoverable and deferred tax assets are included in other assets on the Consolidated Balance Sheets, and current income tax payable and deferred tax liabilities are included in other liabilities on the Consolidated Balance Sheets.

Current income tax assets and liabilities as of December 31, 2024 (Successor) and 2023 (Successor) were as follows:

(\$ in thousands)	December 31, 2024 (Successor)	December 31, 2023 (Successor)
Current income tax recoverable	\$ 52,295	\$ 138,153
Current income tax payable	8,627	6,635
Net current income tax recoverable (payable)	\$ 43,668	\$ 131,518

Deferred income taxes are calculated to account for the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

Significant components of the Company's deferred tax assets and liabilities as of December 31, 2024 (Successor) and 2023 (Successor) were as follows:

(\$ in thousands)	December 31, 2024 (Successor)	December 31, 2023 (Successor)
Deferred tax assets		
Policyholder reserves	\$ 97,561	\$ 108,061
Loss carry forward	1,128,302	533,454
Investments	779,830	1,086,308
Transitional adjustments	_	536,791
Other	126,436	97,876
Gross deferred tax assets	2,132,129	2,362,490
Valuation allowance	(486,158)	(509,782)
Total Deferred tax assets	\$ 1,645,971	\$ 1,852,708
Deferred tax liabilities		
Investments	\$ (199,144)	\$ (212,468)
VOBA and DAC	(1,557,801)	(1,538,325)
Policyholder reserves	(549,701)	(637,473)
Premium and claims accruals	(177,248)	(87,656)
Other	(11,946)	(15,084)
Total Deferred tax liabilities	\$ (2,495,840)	\$ (2,491,006)
Net deferred tax assets (liabilities)	\$ (849,869)	\$ (638,298)

The Company does not believe it has any uncertain tax positions that would be material to its financial condition, results of income, or cash flows. Therefore, the Company did not record a liability for unrecognized tax contingencies/benefits as of December 31, 2024 (Successor) and 2023 (Successor). As of December 31, 2024 (Successor), there were no uncertain tax positions for which management believes it is reasonably possible that the total amounts of tax contingencies will significantly increase within 12 months of the reporting date. No amounts have been accrued for interest or penalties.

The Company evaluates the recoverability of deferred tax assets and establishes a valuation allowance if necessary to reduce the deferred tax asset to an amount that is more likely than not expected to be realized. Considerable judgment is required in determining whether a valuation allowance is necessary, and if so, the amount of such valuation allowance. As of December 31, 2024 (Successor) and 2023 (Successor), the Company had total valuation allowances of \$486.2 million and \$509.8 million, respectively. As of December 31, 2024 and December 31, 2023, \$214.2 million and \$134.2 million, respectively, of this valuation allowance was allocated to continuing operations and \$271.9 million and \$375.6 million, respectively, was allocated to Other comprehensive income (loss) related to realized and unrealized capital losses.

Under Bermuda law as applied in 2024, the Company and its Bermuda domiciled subsidiaries are not required to pay any taxes in Bermuda on income or capital gains. On December 27, 2023, the Government of Bermuda enacted the Corporate Income Tax Act 2023, which will apply a 15% corporate income tax to certain Bermuda businesses in fiscal years beginning on or after January 1, 2025. Following this change, the Company and all Bermuda domiciled subsidiaries are expected to be subject to the Bermuda corporate income tax regime. The Bermuda corporate income tax regime permits certain tax reliefs, including the use of brought forward losses. As of December 31, 2024 (Successor) and 2023 (Successor), the deferred tax asset in relation to these deductible temporary differences was \$536 million and \$537 million, respectively. The regime also gives rise to taxable temporary differences for the Company, resulting from the purchase accounting applied on the Blackstone transaction. As of December 31, 2024 (Successor), the deferred tax liability arising from these taxable temporary differences was \$496 million and \$509 million, respectively.

The US book minimum tax ("CAMT") was enacted on August 16, 2022 as part of the Inflation Reduction Act 2022 and applies to tax years commencing after December 31, 2022. The CAMT would apply only if certain income thresholds are exceeded. It is not currently expected that the threshold will be met for 2024, but it is also noted that the legislation is being supplemented by regulations and guidance. The expectation will continue to be refined.

A reconciliation of the income tax expense (benefit) is as follows:

(\$ in thousands)	Year Ended December 31, 2024 (Successor)	Period Ended December 31, 2023 (Successor)	Period Ended October 1, 2023 (Predecessor)
Profit (loss) before tax	294,563	890,572	(277,741)
Tax attributable to policyholders' returns	205,038	(156,766)	12,281
Profit (loss) before tax attributable to stockholders' profits	89,525	733,806	(265,460)
Reconciling items			
Difference in foreign tax rates	29.7%	4.5%	(0.2)%
Expenses not deductible for tax purposes	3.5%	(0.5)%	1.4%
Capital loss write-off	13.2%	10.4%	-%
Other non-assessable income	(9.8)%	1.9%	(1.3)%
Concessional tax treatment of investment income	0.9%	(0.5)%	3.4%
Tax attributable to policyholders returns	69.6%	17.6%	(4.5)%
Tax law changes	-%	(3.1)%	-%
Tax valuation allowance	(37.9)%	(9.9)%	81.0%
Other tax reconciliations	(4.3)%	6.6%	1.2%
Effective tax rate	64.9%	27.0%	81.0%
Shareholder's effective tax rate	(15.4)%	9.4%	85.5%

The Company's net operating loss carryforwards of \$914 million primarily relate to the US, Australia, New Zealand and Bermuda. These tax losses have no expiry and can be carried forward indefinitely to offset against ordinary income.

Various jurisdictions in which the Resolution Life Group operates have enacted or are introducing legislation to apply a global minimum tax rate of 15% to multinational businesses, in line with the Model Rules agreed by the Organization for Economic Co-operation and Development (OECD). The UK's Finance (No. 2) Act 2023 was enacted on 11 July 2023. This legislation applies a 15% minimum tax to RLUS and the Resolution Life Group's UK operations from 1 January 2024, in accordance with the OECD's Pillar 2 tax proposals. Canada and Switzerland have enacted Domestic Minimum Top-up Taxes, which apply from January 1, 2024. The Company's current view is that no Pillar 2 top-up taxes are expected to arise in relation to the US, the UK, Canada or Switzerland.

Australia is currently introducing a Domestic Minimum Top-up Tax, which applies to RLA from January 1, 2024. Australia is also expected to apply its Income Inclusion Rule to New Zealand. The Australian Pillar 2 legislation was not enacted for US GAAP purposes at 31 December 2024, and therefore has not been reflected in the Company's tax position. The impact for the Company is expected to be approximately \$1.6 million in 2024.

Bermuda and Singapore are not expected to be subject to a Pillar 2 minimum tax in 2024.

The 2019 tax year is the earliest year subject to examination by the major tax jurisdictions under the statute of limitations (with limited exceptions).

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# 9. Certain Nontraditional **Long-Duration Contracts**

The Company's contracts with guarantees may offer more than one type of guarantee in each contract; therefore, the amounts listed may not be mutually exclusive. The liabilities related to the net amount at risk are reflected within Future policy benefits and other policyholder liabilities or policyholder account balances.

As of December 31, 2024 (Successor) and 2023 (Successor), the Company had the following guarantees associated with these contracts, by product and guarantee type:

December 31, 2024 (Successor) (\$ in thousands)	In the Event of Death	At Annuitization/ Accumulation	For Cumulative Periodic Withdrawals
Variable Annuity Contracts			
Separate account value	\$ 1,149,210	\$ 99,262	\$ 144,480
Net amount at risk	\$ 26,750	\$ 1,685	\$ 3,141
Average attained age of contract holders	73	69	77
Weighted average waiting period until guarantee date	N/A		

December 31, 2023 (Successor) (\$ in thousands)	In the Event of Death	At Annuitization/ Accumulation	For Cumulative Periodic Withdrawals
Variable Annuity Contracts			
Separate account value	\$ 1,104,443	\$ 103,489	\$ 147,962
Net amount at risk	\$ 34,590	\$ 2,628	\$ 3,722
Average attained age of contract holders	72 years	68 years	77 years
Weighted average waiting period until guarantee date	N/A		

### **Liabilities for Guarantee Benefits**

The liabilities for GMDB, GMIB, and secondary guarantees on interest-sensitive life and fixed annuities are included in Future policy benefits and other policyholder liabilities on the Consolidated Balance Sheets and the related changes in the liabilities are included in Policyholder benefits in the Consolidated Statements of Operations for the year ended December 31, 2024 (Successor). GMWB and GMWBL, are accounted for as bifurcated embedded derivatives and are recorded at fair value within Policyholder account balances on the Consolidated Balance Sheets.

The changes in separate and general account liabilities for guarantees were as follows:

	Se	eparate acco	unt liabilitie	5	General acc	count liabilities	
	GMDB	GMIB	GMWB	GMWBL	GLWB	Secondary Guarantees	
(\$ in thousands)	Variable Annuity	Variable Annuity	Variable Annuity	Variable Annuity	Fixed Annuity	Interest- Sensitive Life	Total
Balance as of December 31, 2022 (Predecessor)	\$ 24,909	\$ 6,706	\$ 66	5,964	\$ 1,747,073	\$ 3,834,686	\$ 5,619,404
Less: reinsurance recoverable	-	-	-	-	-	(3,195,226)	(3,195,226)
Net balance as of January 1, 2024	24,909	6,706	66	5,964	1,747,073	639,460	2,424,178
Termination of ModCo retrocession					(776,477)		
Incurred guarantee benefits	(799)	(2,255)	(72)	(2,774)	(10,922)	221,940	205,118
Paid guarantee benefits	(2,136)	(202)	(4)	(327)	-	(195,549)	(198,218)
Net change	(2,935)	(2,457)	(76)	(3,101)	(787,399)	26,391	(769,577)
Net balance as of October 1, 2023 (Predecessor)	21,974	4,249	(10)	2,863	959,674	665,851	1,654,601
Plus reinsurance recoverable	_	_	_		-	3,142,617	3,142,617
Balance as of October 1, 2023 (Predecessor)	\$ 21,974	\$ 4,249	\$ (10)	\$ 2,863	\$ 959,674	\$ 3,808,468	\$ 4,797,218
Balance as of October 2, 2023 (Successor)	\$ 113	\$ 1,997	\$ (10)	\$ 2,863	\$ -	\$ 2,495,325	\$ 2,500,288
Net balance as of October 2, 2023	113	1,997	(10)	2,863	-	2,495,325	2,500,288
Incurred guarantee benefits	1,303	48	29	1,119	412,466	79,270	494,235
Paid guarantee benefits	(1,331)	(61)	1	(332)	-	(58,219)	(59,942)
Net change	(28)	(13)	30	787	412,466	21,051	434,293
Net balance as of December 31, 2023 (Successor)	85	1,984	20	3,650	412,466	2,516,376	2,934,581
Plus reinsurance recoverable	-	-	_			27,671	27,671
Balance as of December 31, 2023 (Successor)	\$85	\$ 1,984	\$ 20	\$ 3,650	\$ 412,466	\$ 2,544,047	\$ 2,962,252
Less: reinsurance recoverable	-	-	-	-	-	(27,671)	(27,671)
Net balance as of January 1, 2024	85	1,984	20	3,650	412,466	2,516,376	2,934,581
Liabilities acquired	_	_	_	_	-	_	-
Incurred guarantee benefits	1,526	(755)	(89)	(2,764)	191,373	327,914	517,205
Paid guarantee benefits	(1,522)	(305)	(1)	(140)	-	(261,008)	(262,976)
Net change	4	(1,060)	(90)	(2,904)	191,373	66,906	254,229
Net balance as of December 31, 2024 (Successor)	89	924	(70)	746	603,839	2,583,282	3,188,810
Plus reinsurance recoverable	_	_	_		, -	137,480	137,480
Balance as of December 31, 2024 (Successor)	\$ 89	\$ 924	\$ (70)	\$ 746	\$ 603,839	\$ 2,720,762	\$ 3,326,290

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# **10. Reinsurance**

The Company has agreements that provide for reinsurance of certain policy-related risks. Under the agreements, premiums, contract charges, interest credited to policyholder funds, policy benefits and substantially all expenses are reinsured. The Company purchases reinsurance to limit aggregate and single losses on large risks.

The Company also assumes risk through reinsurance treaties with third parties on a modified coinsurance and funds withheld basis. The assets held by the cedents supporting these contracts are held in trust and do not form part of their general accounts.

Collectability of reinsurance balances are evaluated by monitoring ratings and evaluating the financial strength of its reinsurers. Large counterparty exposure risk is mitigated by requiring collateral in various forms including funds withheld accounts. As of December 31, 2024 (Successor) and 2023 (Successor), approximately 98% respectively, of the Company's reinsurance recoverables are due from counterparties rated A- or better by Standard and Poor's ("S&P"). As of December 31, 2024 (Successor) and December 31, 2023 (Successor), the allowance for credit losses was \$0.

The effects of reinsurance on Premiums and Fee income on the Consolidated Statements of Operations for Year Ended December 31, 2024, Period Ended December 31, 2023 and Period Ended October 1, 2023 were as follows:

(\$ in thousands)	Year Ended December 31, 2024 (Successor)	Period Ended December 31, 2023 (Successor)	Period Ended October 1, 2023 (Predecessor)
Premiums and fee income			
Direct	\$ 1,501,962	\$ 438,416	\$ 1,355,544
Reinsurance assumed	3,122,840	3,489,883	2,777,694
Reinsurance ceded	(1,312,329)	(423,868)	(1,276,632)
Total premiums and fee income, net of reinsurance	\$ 3,312,473	\$ 3,504,431	\$ 2,856,606

The effects of reinsurance on Policyholder benefits and Interest sensitive contract benefits for the Year Ended December 31, 2024, Period Ended December 31, 2023 and Period Ended October 1, 2023 were as follows:

(\$ in thousands)	Year Ended December 31, 2024 (Successor)	Period Ended December 31, 2023 (Successor)	Period Ended October 1, 2023 (Predecessor)
Policyholder benefits and Interest sensitive contr	act benefits		
Direct	\$ 3,120,232	\$ 1,265,606	\$ 1,902,996
Reinsurance assumed	3,883,543	3,992,640	53,539
Reinsurance ceded	(892,056)	(332,361)	764,953
Policyholder benefits and Interest sensitive contract benefits, net of reinsurance	\$ 6,111,719	\$ 4,925,885	\$ 2,721,488

Reinsurance typically provides for recapture rights on the part of the ceding company for certain events of default. Additionally, some agreements require us to place assets in trust accounts for the benefit of the ceding entity.

The Company is party to coinsurance with funds withheld treaties with external reinsurers under which risk on certain universal life and fixed annuity products is transferred. No portion of the assets constituting the consideration has been transferred to the reinsurer. The agreements were structured to finance reserves on certain universal life and fixed annuity products, in exchange for a fee based on those reserves. The profit to the reinsurers expected on the treaties is returned through an experience refund. The Company has determined that these agreements do not fulfill the requirements of risk transfer under generally accepted accounting principles and are accounted for on a deposit method of accounting. As of December 31, 2024 (Successor) and December 31, 2023 (Successor) the Company had modified coinsurance payables, net of \$4.10 billion and \$4.1 billion, respectively, related to these respective treaties.

To the extent that the retrocessionaires are unable to meet their obligations, the Company remains liable to its reinsured for the portion reinsured. Consequently, provisions are made for receivables on reinsurance contracts which are deemed uncollectible. To minimize its exposure to significant losses from reinsurer insolvencies, the Company periodically reviews actual and anticipated experience compared to the aforementioned assumptions used to establish assets and liabilities relating to ceded and assumed reinsurance and evaluates the financial strength of counterparties to its reinsurance agreements using criteria similar to that evaluated in the security impairment process.

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# **11. VOBA and DAC**

The following reflects the changes to the VOBA and DAC assets during the Year Ended December 31, 2024, Period Ended December 31, 2023 and Period Ended October 1, 2023:

	Year Ended December 31, 2024 (Successor)		Period Ended December 31, 2023 (Successor)		Period Ended October 1, 2023 (Predecessor)	
(\$ in thousands)	VOBA	DAC	VOBA	DAC	VOBA	DAC
Balance, beginning of period	\$ 10,269,518	\$ 13,117	10,856,524	-	\$ 1,205,061	1,736,118
Additions	(9,455)	32,422	-	-	99,890	2,009,965
Cost of reinsurance	-	26,437	-	-	-	-
DAC capitalization	-	85,750	-	13,135	-	12,117
Interest accretion	344,163	_	82,978	-	8,728	49,600
Amortized to expense during the year	(1,091,332)	(14,381)	(411,987)	(18)	(93,267)	(21,693)
Unlocking	3,816	-	_	-	-	(1,170)
Adjustment for unrealized investment losses during the period	187,475	-	(334,113)	-	-	9,722
Effect of foreign currency translation and other	(99,338)	(405)	76,117	-	(41,382)	(455)
Balance, end of period	\$ 9,604,847	\$ 142,940	10,269,519	13,117	\$ 1,179,030	3,794,204

The expected amortization of VOBA for the next five years and thereafter is as follows:

(\$ in thousands)	Expected Amortization
2025	492,777
2026	514,478
2027	526,700
2028	508,978
2029	457,952
2030 and thereafter	7,142,461

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# 12. Commitments and Contingencies

### **Commitments**

#### Federal Home Loan Bank of Topeka ("FHLB")

RLUSH became a member of the FHLB in 2021. Membership allows RLUSH access to the FHLB's financial services, including the ability to obtain loans and to issue funding agreements as an alternative source of liquidity that are collateralized by qualifying mortgage-related assets, agency securities or U.S. Treasury securities. Borrowings under this facility are subject to the FHLB's discretion and require the availability of qualifying assets at RLUSH. As of December 31, 2024 (Successor), RLUSH had an estimated maximum borrowing capacity of \$13.3 billion under the FHLB facility. RLUSH is required to pledge collateral to back funding agreements issued to the FHLB. As of December 31, 2024 (Successor) and December 31, 2023 (Successor), RLUSH had \$2,239 million and \$1,808 million, respectively, in non-putable funding agreements which are included in Policyholder account balances on the Consolidated Balance Sheets. As of December 31, 2024 (Successor) and December 31, 2023 (Successor), assets with a market value of approximately \$3,536 million and \$2,437 million, respectively, collateralized the FHLB funding agreements. Assets pledged to FHLB are primarily included in Fixed maturities, available-for-sale, at fair value on the Consolidated Balance Sheets.

#### **Off-Balance Sheet Commitments**

As of December 31, 2024 (Successor) and December 31, 2023 (Successor), RLUSH had off-balance sheet commitments to acquire mortgage loans and private placement investments of \$1,072 million and \$1,675 million, respectively. RLUSH had off-balance sheet commitments to fund limited partnerships investments of \$579.0 million and \$675.9 million as of December 31, 2024 (Successor) and December 31, 2023 (Successor), respectively.

RRL has commitments to make investments, primarily capital contributions to investment funds of \$241.3 million and \$297.0 million as of December 31, 2024 (Successor) and December 31, 2023 (Successor), respectively. These commitments will be funded from the funds withheld assets over the next three years but could become due any time upon counterparty request due to market conditions and other factors.

### **Regulation and Compliance**

As with many financial services companies, the Company's subsidiaries periodically receive information and formal requests for information from various governmental agencies and self-regulatory organizations in connection with examinations, inquiries, investigations and audits of the products and practices of the Company or the financial services industry. Some of the investigations, examinations, audits and inquiries could result in regulatory action against the Company. The potential outcome of such regulatory action is difficult to predict, but could subject the Company to adverse consequences, including, but not limited to, additional payments to beneficiaries, settlement payments, penalties, fines and other financial liability, and changes to the Company's policies and procedures. The potential economic consequences cannot be predicted, but management does not believe that the outcome of any such action will have a material adverse effect on the Company's financial position. It is the practice of the Company to cooperate fully in these matters.

### Litigation

In addition to those discussed below and those otherwise provided for in the Company's consolidated financial statements, in the ordinary course of business, the Company deals with claims, assessments, litigation and regulatory matters which may have an adverse financial and/or reputational impact on the Company.

#### **Australian Reinsurance Matters**

In April 2023, Munich Reinsurance Company of Australia ("MRA") served a statement of claim upon AMP Limited and various other AMP parties, including NM Super and RLAL ("MRA Proceedings"). The MRA Proceedings, commenced in the Supreme Court of New South Wales, seek damages from the AMP parties and RLAL based on alleged misleading or deceptive conduct and an alleged breach of contractual warranties in connection with the entry into reinsurance arrangements in 2016 and 2017 (when RLAL was part of the AMP Group). MRA has not quantified its damages. RLAL and the AMP parties filed their defenses to the plaintiff's statement of claim on December 6, 2023. RLAL is defending the proceedings and filing cross claims against various AMP parties where appropriate. At this time, there remains substantial uncertainty as to outcome of this matter or the potential damages MRA may establish in connection with the allegations made. As such, an estimate of possible losses can not be made and no liability has been recorded in the financial statements.

No discovery of documents or evidence has been filed by the parties to date.

#### **Australia Disputes-Class Actions**

RLAL is named as a respondent in two class actions against certain AMP entities lodged in the Federal Court of Australia. Both class actions relate to "Retained Business Litigation" under the terms of the RLA/ AMP SPA. As a result, AMP have assumed carriage of both proceedings on behalf of RLA and will bear the costs and indemnify RLA in respect of any liability or loss arising from either or both of the proceedings.

The first class action names both RLAL and RLNM Limited as respondents and relates to the superannuation fees. This action is consolidation of two class action proceedings commenced in May and September 2019. The second class action (which is also a consolidation of two separate proceedings) relates to financial advice and certain RLAL products. Both class actions are subject to certain indemnities under the purchase agreement with AMP.

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#### **U.S. Disputes**

The life insurance industry, including Security Life of Denver Insurance Company ("SLD"), has experienced litigation alleging, for example, that insurance companies have breached terms of their life insurance policies by increasing the insurance rates of the application policies inappropriately or by factoring into rate adjustments elements not disclosed under the terms of the applicable policies, and, consequently, unjustly enriched themselves. This litigation is generally known as cost of insurance ("COI") litigation. While it is not possible to forecast the outcome of such lawsuits/arbitrations, in light of existing insurance, reinsurance and established reserves, it is the opinion of management that the disposition of such lawsuits/arbitrations will not have a material adverse effect on SLD's operations or financial position. SLD settled the Advance Trust COI class action, titled PHT Holding I, LLC v. Security Life of Denver (USDC District of Colorado, No. 1:18-cv-01897) in February 2023 and the Court approved the settlement in September 2023. The settlement included a cash payment of \$30 million by SLD. As part of the settlement, the Plaintiff Class reserved the right to appeal the Court's summary judgment ruling on all claims relating to the LDGUL product and filed its Notice of Appeal in October 2023. Oral argument took place before the Tenth Circuit Court of Appeals on September 23, 2024. The Court issued its Order on November 13, 2024, affirming the summary judgment ruling in favour of SLD on the LDGUL claims. Plaintiff did not file a petition for rehearing with the Court, so this matter is now concluded.

### **Pledged or Restricted Assets**

The Company has restricted cash and restricted cash equivalents, which has been pledged as part of the derivative arrangements, or secured as part of modified coinsurance arrangements or comfort trusts and which are shown within the Cash and cash equivalents line on the Consolidated Balance Sheets.

The Company has restricted investments, shown within the Fixed maturity securities, Equity securities and Investment funds lines, which have been secured as part of modified coinsurance arrangements.

The carrying value of the restricted assets as of December 31, 2024 (Successor) and 2023 (Successor) were as follows:

(\$ in thousands)	December 31, 2024 (Successor)	December 31, 2023 (Successor)
Fixed maturities	\$ 4,999,185	\$ 3,936,697
Equity securities	27,613	22,272
Comfort trust		
Fixed maturities	11,630,683	11,790,245
Equity securities	1,252	1,066
Investment funds	452,195	372,639
Cash and cash equivalents	244,462	582,822
Other investments	1,731,484	1,704,203
Other investments	181,084	171,931
Cash and cash equivalents	324,744	472,678
Total	\$ 19,592,702	\$ 19,054,553

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# 13. Regulatory

The funding of the cash dividends and operating expenses of the Company is primarily provided by cash dividends from the Company's operating subsidiaries. The statutory capital and surplus, or net assets, of the Company's insurance subsidiaries are subject to regulatory restrictions except to the extent that dividends are allowed to be paid in a given year without prior regulatory approval. Dividends exceeding these limitations can generally be made subject to regulatory approval, no dividends in excess of limitations required regulatory approval.

#### Bermuda

Under the Insurance Act 1978, as amended (Bermuda Insurance Act), RLGH Ltd. is subject to capital requirements calculated using the Bermuda Solvency and Capital Requirement ("BSCR") model, which is a standardized statutory risk-based capital model used to measure the risk associated with RLGH Ltd.'s assets, liabilities, and premiums. The same basis of calculation is applied to all of the assets and liabilities of the Company, regardless of the territory in which the business has been written. RLGH Ltd.'s required statutory economic capital and surplus under the BSCR model is referred to as the enhanced capital requirement ("ECR"). RLGH Ltd. is required to calculate and submit confirmation of compliance with the ECR to the Bermuda Monetary Authority ("BMA") annually. In addition, RLGH Ltd. is required to calculate a further solvency measure typically based on the Bermudan statutory accounts, referred to as the minimum solvency margin ("MSM") and confirm compliance annually.

Following receipt of the submission of RLGH Ltd.'s statutory and BSCR reporting the BMA has the authority to impose additional capital requirements (capital add-ons) if it deems necessary. As of December 31, 2024 (Successor) and December 31, 2023 (Successor), RLGH Ltd. is in compliance with all regulatory capital requirements.

RRL is licensed by the BMA as a Class E insurer and is subject to the Bermuda Insurance Act and regulations promulgated thereunder. In accordance with BMA regulations, RRL is required to submit quarterly filing with the BMA. As of December 31, 2024 (Successor) and December 31, 2023 (Successor), RRL's Statutory Capital and Surplus was \$2.6 billion and \$2.7 billion, and the Company has met all minimum regulatory requirements. The BMA has granted the Company a modification in which the Company is not required to record the effect of DIG B36 and is permitted to record the fixed income securities within the funds withheld receivable at amortized cost in the unconsolidated Statutory Financial Statements. For the year-ended December 31, 2024 and Period Ended December 31, 2023, the effect of this modification on the Company's Statutory Capital and Surplus was \$(445.0) million and \$(914.0) million. For the Year Ended December 31, 2024 and Period Ended December 31, 2023, the statutory net income (loss) was \$423.0 million and \$(168.0) million, respectively.

#### Australia

RLAL, RLNZ and RLNM Limited ("RLNM") are the three registered life insurance companies within RLGHA. RLAL and RLNM are regulated by APRA and RLNZ is regulated by the Reserve Bank of New Zealand ("RBNZ"). RLAL is licensed by the Reserve Bank of New Zealand to carry on insurance activities in New Zealand.

Controlled entities of RLAL also include APRA regulated approved superannuation trustees ("RSE") and companies that hold Australian Financial Services Licenses ("AFSL"). The Minimum Regulatory Capital Requirement ("MRR") is the amount of shareholder capital required by each of the Company's Australian and New Zealand regulated businesses to meet their capital requirements as set by the appropriate regulator. These requirements are capital adequacy requirements as specified under the Life Act and APRA Life Insurance Prudential Standards (this applies to the Company's Australian and New Zealand regulated businesses as a whole, and each statutory fund), and controlled entities that hold an AFSL and RSE license – capital and liquidity requirements under the appropriate AFSL and APRA Superannuation Prudential Standards.

As of December 31, 2024 (Successor), the Company's Australian and New Zealand regulated subsidiaries complied with the applicable externally imposed capital requirements. As of December 31, 2024 (Successor) and December 31, 2023 (Successor) the combined Statutory Capital and Surplus of RLAL, RLNZ and RLNM was A\$2.38 billion and A\$2.40 billion respectively, which includes A\$0.85 billion of restricted capital related to the RLAL's participating business under the Australia Life Act. For the Year Ended December 31, 2024 and Period Ended December 31, 2023, the statutory net income (loss) was A\$157.73 million and A\$(148.1) million, respectively.

#### USA

SLD and RLCO prepare their statutory-basis financial statements in conformity with accounting practices prescribed or permitted by the State of Colorado Division of Insurance. SLDI and RRII prepare their statutory-basis financial statements in conformity with accounting practices prescribed or permitted by the State of Arizona Department of Insurance and Financial Institutions ("AZDOI") and received a prescribed practice from the AZDOI to reflect trust notes as an admitted asset in its statutory basis financial statements, which is used to finance excess reserves related to level premium term life reinsurance and universal life with secondary guarantees business assumed by the Company. MULIC prepare their statutory-basis financial statements in conformity the State of Indiana Department of Insurance. The statutory-basis financial statements are prepared in conformity with the National Association of Insurance Commissioners ("NAIC") Accounting Practices and Procedures Manual, subject to any deviations prescribed or permitted by the aforementioned state departments. Statutory accounting practices differ from GAAP primarily since they require establishing life insurance reserves based on different actuarial assumptions, and valuing certain investments at amortized cost. Statutory accounting practices do not give recognition to purchase accounting adjustments. Permitted statutory accounting practices encompass all accounting practices not so prescribed.

SLD's, SLDI's, RRII's, MULIC's and RLCO's statutory net income (loss) for the year ended December 31, 2024 (Successor) were \$29.7 million, \$85.9 million, \$11.4 million, \$9.0 million and \$14.6 million, respectively. SLD's, SLDI's, RRII's, MULIC's and RLCO's statutory capital and surplus was \$1.3 billion, \$146.3 million, \$281.2 million, \$173.7 million and \$1.4 billion as of December 31, 2024 (Successor), respectively.

SLD's, SLDI's, RRII's, MULIC's and RLCO's statutory net loss for the year ended December 31, 2023 (Successor) were \$(640.7) million, \$46.8 million, \$(71.1) million, \$5.6 million and \$(13.1) million, respectively. SLD's, SLDI's, RRII's, MULIC's and RLCO's statutory capital and surplus was \$1.5 billion, \$183.6 million, \$272.2 million, \$164.7 million and \$1.6 billion as of December 31, 2023 (Successor), respectively.

Resolution Operations LLP is authorized and regulated by the Financial Conduct Authority in the United Kingdom.

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# **14. Related Parties**

The Company reported the following amounts due from affiliates and due to affiliates as of December 31, 2024 (Successor) and 2023 (Successor):

(\$ in thousands)	Financial statement line item	2024 (Successor)	2023 (Successor)
Receivables			
Nippon Life	Premiums receivable, net	\$ 59,118	\$ -
Total due from affiliates		\$ 59,118	\$ -
(\$ in thousands)	Financial statement line item	2024 (Successor)	2023 (Successor)
(\$ in thousands) Payables	Financial statement line item		
	Financial statement line item Accrued expenses and other liabilities		

Intercompany receivable and payable balances are evaluated on an individual company basis. Intercompany balances are generally settled quarterly.

The Company has an agreement with Voya Investment Management Co. LLC, an affiliate of Voya Financial, Inc., to provide investment management services with respect to certain investments. For the Year Ended December 31, 2024, Period Ended December 31, 2023 and Period Ended October 1, 2023, \$27.0 million, \$6.9 million and \$20.0 million of fees were expensed in relation to this agreement, respectively. As of December 31, 2024 (Successor) and December 31, 2023 (Successor), \$11.63 million and \$9.1 million was payable to Voya Investment Management Co. LLC in relation to this agreement, respectively.

The Company has an agreement with J.P. Morgan Investment Management Inc. ("JPIM"), an affiliate of JPMC Strategic Investments I Corp, to manage AFS securities. For the Year Ended December 31, 2024, Period Ended December 31, 2023 and Period Ended October 1, 2023, \$5.8 million, \$1.2 million and \$3.7 million of fees were expensed in relation to this agreement, respectively. As of December 31, 2024 and December 31, 2023 \$5.8 million and \$1.2 million was payable to JPIM in relation to the investment management services.

The Company has an agreement with Blackstone ISG-I Advisors LLC to serve as investment manager for a portion of its investment portfolios. For the Year Ended December 31, 2024, Period Ended December 31, 2023 and Period Ended October 1, 2023, \$70.1 million, \$14.2 million and \$31.7 million of fees were expensed in relation to this agreement, respectively. As of December 31, 2024 and December 31, 2023, \$35.6 million and \$12.9 million was payable to Blackstone ISG-I Advisors LLC in relation to this agreement, respectively.

As of December 31, 2024, the Company has outstanding loans to employees totalling \$4.0 million. These loans are provided as part of the Company's employee benefit program and are subject to repayment on March 31, 2025 at an annual interest rate of 3.2%. Management has assessed these receivables for impairment and determined that no allowance for credit losses is necessary as of December 31, 2024.

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# 15. Long-Term Debt

The table below presents the Company's Long-term debt as of December 31, for the years indicated as follows:

						Interest	Rate	Outstanding Balance	
(\$ in thousands)	Type of Debt	Issue Date	Maturity Date	Principal Balance	2024 (Successor)	2023 (Successor)	2024 (Successor)	2023 (Successor)	
RLUSH	Surplus Note	April 1, 2021	January 1, 2036	\$ 123,000	5.00%	5.00%	\$ 123,000	123,000	
RLAL	Subordinated	December 9, 2020	December 9, 2035	\$ 186,986	7.72%	7.66%	\$ 186,986	203,832	
RLGH FB	Senior unsecured debt (Monarch I)	December 21, 2021	*	\$ 1,000,000**	*	*	\$ 997,262	\$ 1,495,680	
RLGH FB	Senior unsecured debt (Monarch II)	September 12, 2023	September 12, 2028	\$ 750,000	6.19%	7.08%	\$ 746,479	745,558	
RLGH FB	Tier 2 Notes	July 17, 2024	July 17, 2031	\$ 500,000	8.25%	-%	\$ 494,840	\$ -	
Total Long-te	erm debt						\$ 2,548,567	\$ 2,568,070	

\*Monarch I maturity date and interest rate differs between Tranche 1 and Tranche 2. See below note for details.

\*\*\$500 million repayment of Monarch I Tranche 1 principle balance on September 27, 2024.

The Company's Interest expense on Long-term debt for the Year Ended December 31, 2024, Period Ended December 31, 2023 and Period Ended October 1, 2023:

(\$ in thousands)	Year Ended December 31, 2024 (Successor)	Period Ended December 31, 2023 (Successor)	Period Ended October 1, 2023 (Predecessor)
RLAL Subordinated notes	\$ 21,404	\$ 5,121	\$ 19,235
RLUSH Surplus note	6,150	1,537	4,613
RLUSIH Redeemable preference shares (Series B & Series C)	_	146	1,589
RRFB Bridge facility	_	-	13,240
RLGH FB Senior unsecured debt (Monarch I)	91,776	26,248	71,085
RLGH FB Senior unsecured debt (Monarch II)	52,587	13,810	2,044
RLGH FB perpetual subordinated notes	_	-	22,750
RLGH FB Tier 2 Notes	18,792	-	\$ -
Total Interest expense on Long-term debt	\$ 190,709	\$ 46,862	\$ 134,556

Financing and underwriting costs associated with the below facilities have been deferred and are presented net in Long-term Debt on the Consolidated Balance Sheets. These costs will be amortized over the duration of the applicable borrowing. The table below presents the Company's unamortized financing and underwriting costs, and the amortization expense incurred for the periods and years indicated as follows:

	Unamortized Debt Issuance Costs			Amortization expense	
(\$ in thousands)	December 31, 2024 (Successor)	December 31, 2023 (Successor)	Year Ended December 31, 2024 (Successor)	Period Ended December 31, 2023 (Successor)	Period Ended October 1, 2023 (Predecessor)
RRFB Bridge facility	\$ -	\$ -	\$ -	\$ -	\$ 1,017
RLGH FB Senior unsecured debt (Monarch I)	\$ 2,738	\$ 4,320	\$ 1,581	\$ 398	\$ 1,175
RLGH FB Senior unsecured debt (Monarch II)	\$ 3,521	\$ 4,443	\$ 940	\$ 236	\$ 38
RLGH FB Tier 2 Notes	\$ 5,160	\$ -	\$ 361	\$ -	\$ -

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### **RLAL Subordinated notes**

The subordinated notes have an optional early redemption of December 9, 2025, which is subject to APRA approval. The subordinated notes bear interest equal to the Bank Bill Swap rate ("BBSW") plus 3.3%. The BBSW was 4.42% and 4.36% as of December 31, 2024 (Successor) and 2023 (Successor), respectively.

#### **RLUSH Surplus notes**

RLUSH through its indirect subsidiaries issued one surplus note. The principal is payable at maturity and interest is payable semi-annually on January 1 and July 1. Payments of interest and principal on surplus notes may be made only with the prior approval of the insurance department of the State of Colorado.

#### **RLUSIH Preference shares**

In conjunction with the Voya Transaction, RLUSIH., the parent of RLUSH, issued mandatory redeemable Series B Cumulative Preferred Stock and Series C Cumulative Preferred Stock. Both series are recorded as a liability in accordance with ASC 480, "Distinguishing Liabilities from Equity," which states that mandatorily-redeemable financial instruments should be classified as liabilities. In addition, the related dividend payments are treated similarly to interest expense. All series of shares were redeemed on October 5, 2023.

### **RRFB Bridge Facility**

In accordance with the facility's interest calculation fallback provisions, from January 1, 2022, LIBOR was replaced with a daily compounded reference rate which is the aggregate of the daily non-cumulative compounded SOFR and the applicable credit adjustment spread plus 2.25%. The principle balance was repaid in full on September 15, 2023.

#### **RLGH FB Senior unsecured debt – Monarch I**

The Company entered into a facility arrangement ("RLGH FB Facility") for \$1.5 billion and a revolving credit facility of \$500 million. The revolving credit facility of \$500 million was closed on September 12, 2023 and replaced by the new facility arrangement. The RLGH FB Facility agreement consists of two tranches. Tranche 1 has a principal amount of \$250 million, after \$500 million was repaid on September 27, 2024. Tranche 2 has a principal amount of \$750 million. The first tranche has an attached interest rate of the secured overnight financing rate ("SOFR") plus 1.3%, with a maturity of December 2025. The second tranche has an attached rate of SOFR plus 1.4% and a maturity of December 2026. SOFR as of December 31, 2024 (Successor) and December 31, 2023 (Successor) was 4.49% and 5.38%, respectively. No principal payments are due until maturity for both tranches.

#### **RLGH FB Senior unsecured debt – Monarch II**

The Company entered into a new facility arrangement ("New Facility") for \$750 million and a revolving credit facility of \$750 million, of which, \$750 million still remains undrawn as of December 31, 2024 (Successor). The New Facility has an attached interest rate of SOFR plus 1.7%, with a maturity of September 2028. SOFR as of December 31, 2024 (Successor) and December 31, 2023 (Successor) was 4.49% and 5.38%, respectively. No principal payments are due until maturity.

#### **RLGH FB Perpetual subordinated notes**

On March 30, 2023, RLGH FB issued \$500 million of 9% perpetual subordinated notes to Blackstone. Following the closing of the transaction as noted on October 2, 2023, the \$500 million subordinated debt plus the accrued interest on the debt of \$12.75 million was contributed in exchange for 799 common shares in equity and \$513 million presented in additional paid-in capital. Prior to conversion, the notes were classified as eligible capital under the BMA rules.

#### **RLGH FB Tier 2 Notes**

On July 17, 2024, RLGH FB issued \$500 million of 8.25% Tier 2 notes, which are due in 2031. The Notes qualify as Tier 2 regulatory capital and have been assigned an instrument rating of Baa3 by Moody's and BB+ by Fitch with the Notes admitted to trading on the International Securities Market of the London Stock Exchange.

### **Principal Repayments**

The principal repayments for the next five years are as follows:

(\$ i	n tho	usands)	

2025	\$ 250,000
2026	\$ 750,000
2027	\$ -
2028	\$ 750,000
2029	\$ -

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# **Credit Facility**

The Company uses credit facilities to provide collateral required primarily under its affiliated reinsurance transactions with captive insurance subsidiaries and for the issuance of letters of credit for its reinsurance programs.

Information on the credit facilities as of December 31, 2024 (Successor) and December 31, 2023 (Successor) were as follows:

# December 31, 2024 (Successor) (\$ in thousands)

Borrower(s)	Type of facility <sup>(1)</sup>	Secured/ Unsecured	Committed/ Uncommitted	Expiration	Currency	Maximum Borrowing Capacity	Utilization	Unused Commitment
RLUSH/SLD	LOC	Unsecured	Committed	January 8, 2026	USD	200,000	200,000	-
RRL	LOC	Unsecured	Committed	September 28, 2027	CHF	300,000	100,000	200,000
RRL	LOC	Unsecured	Committed	March 31, 2027	USD	450,000	-	450,000
RRL	LOC	Unsecured	Committed	April 14, 2027	JPY	13,900,000	-	13,900,000
RLGH FB	RCF	Unsecured	Committed	September 12, 2028	USD	750,000	-	750,000
NOHC	RCF	Unsecured	Committed	December 16, 2027	AUD	100,000	-	100,000
RRL	LOC	Unsecured	Committed	March 29, 2028	GBP	127,500	127,500	-
NOHC	LOC	Unsecured	Committed	August 3, 2026	NZD	170,000	_	170,000

# December 31, 2023 (Successor) (\$ in thousands)

Borrower(s)	Type of facility <sup>(1)</sup>	Secured/ Unsecured	Committed/ Uncommitted	Expiration	Currency	Maximum Borrowing Capacity	Utilization	Unused Commitment
RLUSH/SLD	LOC	Unsecured	Committed	August 1, 2026	USD	200,000	200,000	-
RRL	LoC	Unsecured	Committed	September 28, 2027	CHF	300,000	145,000	155,000
RRL	LoC	Unsecured	Committed	March 31, 2027	USD	450,000	-	450,000
RRL	LoC	Unsecured	Committed	April 14, 2027	JPY	14,400,000	-	14,400,000
RLGH FB	RCF	Unsecured	Committed	September 12, 2028	USD	750,000	-	750,000
NOHC	RCF	Unsecured	Committed	December 16, 2024	AUD	100,000	35,000	65,000

(1) Revolving Credit Facility ("RCF"); Letters of Credit ("LoC").

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# 16. Goodwill

The changes in the carrying amount of goodwill for the Year Ended December 31, 2024, Period Ended December 31, 2023 and Period Ended October 1, 2023 were as follows:

(\$ in thousands)	Year Ended December 31, 2024 (Successor)	Period Ended December 31, 2023 (Successor)	Period Ended October 1, 2023 (Predecessor)
Goodwill, beginning of period	\$ 520,677	\$ 512,704	\$ 67,629
Effect of foreign currency translation	(14,146)	7,974	(2,510)
Goodwill, end of period	\$ 506,531	\$ 520,678	\$ 65,119

# **17. Subsequent Events**

The Company has evaluated subsequent events for recognition or disclosure through March 28, 2025, the date these financial statements were available for issuance.

On February 3, 2025, the Company completed the acquisition of Suncorp Group's New Zealand life insurance company, Asteron Life New Zealand (Asteron Life) for \$231m. The acquisition will provide Resolution Life with significant scale and capability in the New Zealand market.

There were no other material events that occurred subsequent to December 31, 2024.

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