



**Resolution Life Holdings ISAC Ltd. - ISA 2023 AS01**

**Consolidated Financial Statements**

**For the Period from August 5, 2024 to December 31, 2024**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of  
Resolution Life Holdings ISAC Ltd. – ISA 2023 AS01

### Opinion

We have audited the financial statements of Resolution Life Holdings ISAC Ltd. – ISA 2023 AS01 (the “Company”), which comprise the balance sheet as of December 31, 2024 and the related statements of operations and comprehensive income (loss), shareholder’s equity, and cash flows, for the period from August 5, 2024 to December 31, 2024, and the related notes to the 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 and the results of its operations and its cash flows for the period from August 5, 2024 to December 31, 2024 in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

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

## INDEPENDENT AUDITOR'S REPORT (Cont'd)

In performing an audit in accordance with GAAS, we:

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

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

**Debitte Ltd.**

April 15, 2025

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**Resolution Life Holdings ISAC Ltd. - ISA 2023 AS01**  
**Consolidated Balance Sheets**  
**December 31, 2024**  
(\$'s in thousands, except par value and share value amounts)

<b>Assets</b>	<b>December 31, 2024</b>
Investments:	
Fixed maturity securities, available-for-sale, at fair value (amortized cost of \$1,698,175)	\$ 1,683,686
Fixed maturity securities, fair value option *	62,780
Investment funds *	867
Mortgage loans, net	49,605
Total investments	1,796,938
Cash and cash equivalents	130,533
Accrued investment income	9,380
<b>Total Assets</b>	<b>\$ 1,936,851</b>
<b>Liabilities and Equity</b>	
Derivative liabilities	\$ 28,021
Investment related payables	8,697
Due to affiliates	5
<b>Total Liabilities</b>	<b>\$ 36,723</b>
<b>Shareholder's Equity</b>	
Common shares, \$1 par value, 1 share authorized, issued and outstanding	\$ — <sup>1</sup>
Preference shares, \$.01 par value; 1,000,000 shares authorized, 200,819 shares issued, and 799,181 shares outstanding	2
Additional paid in capital	2,008,183
Deficit	(93,520)
Accumulated other comprehensive loss	(14,537)
<b>Total Shareholder's Equity</b>	<b>\$ 1,900,128</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>\$ 1,936,851</b>

\* See Note 6 for details of balances associated with Variable Interest Entities (VIE)

<sup>1</sup> Reflects \$1 par value, rounded to zero due to presentation in thousands.

The accompanying notes are an integral part to these financial statements.

**Resolution Life Holdings ISAC Ltd. - ISA 2023 AS01**  
**Consolidated Statements of Operations and Other Comprehensive Loss**  
**For the Period from August 5, 2024 to December 31, 2024**  
**(\$'s in thousands)**

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	<b>For the Period from August 5, 2024 to December 31, 2024</b>
<b>Revenues</b>	
Net investment income	\$ 22,527
Investment related gains, net	14,167
Total revenues	<u>\$ 36,694</u>
<b>Expenses</b>	
Foreign exchange losses	130,214
Total expenses	<u>\$ 130,214</u>
<b>Net Loss</b>	<u><u>\$ (93,520)</u></u>
<b>Net loss</b>	\$ (93,520)
<b>Other Comprehensive Loss</b>	
Change in unrealized investment losses on available- for-sale securities	\$ (4,866)
Foreign currency translation and other adjustments	(9,671)
Other comprehensive loss	<u>\$ (14,537)</u>
<b>Total Comprehensive Loss</b>	<u><u>\$ (108,057)</u></u>

The accompanying notes are an integral part to these financial statements.

**Resolution Life Holdings ISAC Ltd. - ISA 2023 AS01**  
**Consolidated Statements of Shareholder's Equity**  
**For the Period from August 5, 2024 to December 31, 2024**  
(\$'s in thousands, except par value and share value amounts)

	<u>Common Shares</u>		<u>Preferred Shares</u>		<u>Additional Paid-in Capital</u>	<u>Retained Earnings (Deficit)</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total Shareholder's Equity</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>				
<b>Balance, November 19, 2023 (inception)</b>	—	\$ —	—	\$ —	\$ —	\$ —	\$ —	\$ —
Issuance of capital stock	1	— <sup>1</sup>	—	—	—	—	—	— <sup>1</sup>
<b>Balance, August 5, 2024</b>	1	\$ — <sup>1</sup>	—	\$ —	\$ —	\$ —	\$ —	\$ — <sup>1</sup>
Issuance of preferred stock			200,819	2				2
Additional paid in capital					2,008,183			2,008,183
Net loss						(93,520)		(93,520)
Other comprehensive income							(14,537)	(14,537)
<b>Balance, December 31, 2024</b>	1	\$ — <sup>1</sup>	200,819	\$ 2	\$ 2,008,183	\$ (93,520)	\$ (14,537)	\$ 1,900,128

<sup>1</sup> Reflects \$1 par value, rounded to zero due to presentation in thousands.

The accompanying notes are an integral part to these financial statements.

**Resolution Life Holdings ISAC Ltd. - ISA 2023 AS01**  
**Consolidated Statements of Cash Flows**  
**For the Period from August 5, 2024 to December 31, 2024**  
**(\$'s in thousands)**

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	<b>For the Period from August 5, 2024 to December 31, 2024</b>
<b>Cash flows from operating activities</b>	
Net loss	\$ (93,520)
<i>Adjustments to reconcile net income (loss) to net cash provided by operating activities:</i>	
Accretion of net investment premium and discount	(1,311)
Investment related gains	(9,673)
<i>Changes in assets and liabilities</i>	
Increase in accrued investment income	(9,380)
Increase in investment related payables and due to affiliates	8,702
Net cash used in operating activities	<u>\$ (105,182)</u>
<b>Cash flows from investing activities</b>	
Proceeds from sales, maturities and repayment of:	
Fixed maturities, available-for-sale	\$ 1,019,379
Purchases of:	
Fixed maturities, available-for-sale	(1,380,659)
Fixed maturities, FVO	(62,570)
Investment funds	(1,076)
Commercial mortgage loans	(49,605)
Net changes of cash collateral posted for derivatives transactions	28,021
Net cash used in investing activities	<u>\$ (446,510)</u>
<b>Cash flows from financing activities</b>	
Issuance of ordinary and preferred shares	\$ 2
Capital contributions	682,271
Net cash provided by financing activities	<u>\$ 682,273</u>
Foreign currency effect on cash, cash equivalents and restricted cash	(48)
Net increase in cash, cash equivalents and restricted cash	<u>130,533</u>
<b>Cash, cash equivalents and restricted cash, beginning of period</b>	<u>\$ —</u>
<b>Cash, cash equivalents and restricted cash, end of period</b>	<u><u>\$ 130,533</u></u>
<b>Non-cash transactions</b>	
Capital contribution (non cash)	\$ 1,325,912

The accompanying notes are an integral part to these financial statements.



**1. General**

Resolution Life Holdings ISAC Ltd. – ISA 2023 AS01 (“ISA” or the “Company”) was established on November 19, 2023, as an incorporated segregated account under the Incorporated Segregated Accounts Companies Act 2019 of Bermuda. The ISA is a wholly owned segregated account of Resolution Life Holdings ISAC Ltd., which is a subsidiary of Resolution Re Ltd. (“RRL”), a Bermuda-based Class E long-term insurer.

The ISA issued 1 common share with a par value of \$1 upon formation. Substantive operations commenced on August 5, 2024, when preferred shares were issued to facilitate the capital transfer and financial asset contribution from RRL.

These consolidated financial statements have been prepared in accordance with US GAAP and reflect the financial position and results of operations of the ISA for the period from August 5, 2024 to December 31, 2024.

On December 11, 2024, Nippon Life Insurance Company (“Nippon Life”) announced an agreement to acquire the remaining shares of Resolution Life Group Holdings Ltd. (“RLGH”), the indirect parent of the Company. The transaction is subject to regulatory approvals and is anticipated to be completed in the later half of 2025.

**Use of Estimates**

The preparation of consolidated financial statements according to US GAAP necessitates management's use of estimates and assumptions that impact the reported amounts of assets, liabilities, revenues, and expenses. Actual results may vary from these estimates. Significant areas requiring the use of management's estimates include:

- Fair value of investments
- Impairment of investments and valuation allowances
- Valuation of derivatives

These estimates are pivotal in the determination of the financial condition and results of operations and are periodically reviewed and adjusted as necessary. Further insights into these estimates, their assumptions, and related footnote disclosures are elaborated in the accounting policies section.

**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 when purchased.

**Investments**

Fixed maturity securities include bonds, asset-backed securities (“ABS”), residential mortgage-backed securities (“RMBS”) and commercial mortgage-backed securities (“CMBS”). Fixed maturity securities are designated as available-for-sale (“AFS”), except for those account for using 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) on the Consolidated Balance Sheets. Cash received from calls, principal payments, bond tenders, make-whole payments and cash received from maturities and pay-downs are treated as interest income.

Fair value option securities are stated at estimated fair value and include investments 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 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 Statements of Operations.

Investment funds include non-fixed income, alternative investments structured as limited partnerships or similar entities, such as real estate, real assets, credit, equity, and natural resources. The ISA consolidates investment funds when it is the primary beneficiary under Variable Interest Entity ("VIE") guidance or obtains control through Voting Interest Entity ("VOE") guidance. As of December 31, 2024, no entities were consolidated under VIE or VOE guidance. For unconsolidated investment funds, the ISA applies:

- Equity Method: Recording its share of net income within Net investment income on the Consolidated Statements of Operations, with a reporting lag of no more than three months.
- Fair Value Option (FVO): Recognizing changes in fair value in Investment related gains (losses), net on the Consolidated Statements of Operations.

Mortgage loans consists of commercial mortgage loans ("CMLs"). 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.

Under the Current Expected Credit Losses (CECL) model, the concept of other-than-temporary impairments (OTTI) is integrated into the estimation of expected credit losses, requiring a more forward-looking approach. Accrual of income from fixed maturities is evaluated against expected credit losses, and interest accrual is ceased when significant deterioration in credit quality indicates that full recovery of interest and principal is unlikely. Consistent with CECL, this approach replaces the previous OTTI model, focusing on immediate recognition of credit losses when they are expected, rather than waiting for the impairment to be considered "other-than-temporary." 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.

#### **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 constant yield method giving effect to amortization of premium and accretion of discount. 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.

Recognition of investment income from investment funds is delayed due to the availability of the related consolidated financial statements, which are generally obtained from the partnerships' general partners. As a result, our private equity investments are generally on a three-month delay. In addition, the impact of audit adjustments related to completion of calendar-year financial statement audits of the investees are typically received during the second quarter of each calendar year. Accordingly, our investment income from investment funds for any calendar-year period may not include the complete impact of the change in the underlying net assets for the partnership for that calendar-year period.

Investment related gains (losses), net, include gains and losses on investment sales, adjustments for credit loss expectations under CECL, unrealized gains and losses on equity securities and changes in the fair value of embedded derivatives created as part of Modco arrangements. Realized capital gains and losses on investment sales, including principal payments, are determined on a first in first out ("FIFO") basis, reflecting the immediate financial impact of sales and CECL-adjusted impairment on the Company's investment portfolio.

### **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 quoted market prices or through the use of valuation models.

Derivatives are used to manage the interest rate and currency characteristics of assets or liabilities. Additionally, derivatives may be used to seek to reduce exposure to interest rate and foreign currency risks 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. Cash flows from derivatives are reported in the operating, investing or financing activities sections in the Consolidated Statements of Cash Flows based on the nature and purpose of the derivative. The accounting for derivative transactions follows the nature of the derivative contract, which may require to be treated as settled daily or carried at the estimated fair value on the Company's Consolidated Balance Sheet. The Company offsets the fair value amounts recognized for derivatives executed with the same counterparty under the same master netting agreement.

The fair value of open derivative positions is carried in other invested assets or other liabilities on the Consolidated Balance Sheets. If a derivative is not designated as an accounting hedge or its use in managing risk does not qualify for hedge accounting, changes in the estimated fair value of the derivative are reported in investment related gains (losses), net on the Consolidated Statements of Operations and Comprehensive Income (Loss). The notional amounts specified in the contracts are used to calculate contractual payments under the agreements and are generally not representative of the potential for gain or loss on these contracts.

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

Other assets consist primarily of receivables resulting from sales of securities that had not yet settled at the balance sheet date. Accrued expenses and other liabilities consist primarily of accrued expenses and payables resulting from purchases of securities that had not yet been settled at the balance sheet date.

### **Foreign Exchange**

The Company's functional currency is the U.S. dollar. The Company's obligations are denominated in Japanese Yen and U.S. dollars. Strengthening or weakening of the Japanese Yen spot rates compared to U.S. dollar spot rate impacts the Company's total Shareholder's Equity.

Monetary assets and liabilities denominated in currencies other than the functional currency of the Company are revalued into the Company's functional currency at the prevailing exchange rate on the balance sheet date. Revenues and expenses denominated in a currency other than the Company's functional currency are translated at average rates of exchange for the relevant period. All changes in foreign exchange rates, with the exception of non-U.S. dollar AFS investments, are recognized in our Consolidated Statements of Operations and Comprehensive Income (Loss). Changes in foreign exchange rates relating to non-U.S. dollar AFS investments are recorded in AOCI in Shareholder's Equity.

### **Variable Interest Entities ("VIEs")**

A VIE describes a legal structure where control over a legal entity may be demonstrated through means other than voting rights. The legal entity usually does not have sufficient equity to finance its activities without additional financial support, or in which the equity investors do not have the characteristics typically afforded to common shareholders. The determination as to whether an entity qualifies as a VIE depends on the facts and circumstances surrounding each entity and may require significant judgement.

The Company assesses whether a legal entity is a VIE on the date at which the Company becomes involved with the legal entity. This assessment is performed based on the circumstances on that date and subsequently re-assessed if there have been significant changes to the contractual arrangements.

Where the Company has determined that it has a variable interest in a legal entity, the Company will conclude it is the primary beneficiary if: (i) the Company has the power to direct the activities of the VIE that most significantly impact the VIE's economic performance; and, (ii) the Company has an obligation to absorb losses or the right to receive benefits from the VIE, that could potentially be significant to the VIE. Typically, only one entity is expected to be the primary beneficiary although more than one entity is obliged to absorb losses or receive benefits.

## **3. 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 were as follows:

<b>December 31, 2024</b>				
<i>(\$ in thousands)</i>	<b>Amortized Cost</b>	<b>Gross Unrealized Gains</b>	<b>Gross Unrealized Losses</b>	<b>Fair Value</b>
<b>Fixed maturity securities -AFS</b>				
U.S. government	\$ 28,021	\$ —	\$ (1,341)	\$ 26,681
Foreign government	22,574	30	(1,045)	21,559
Corporate	616,702	2,329	(14,765)	604,266
Asset backed securities	571,544	979	(885)	571,638
Commercial mortgage-backed securities	459,335	2,251	(2,042)	459,544
<b>Total fixed maturity securities - AFS</b>	<b>\$ 1,698,175</b>	<b>\$ 5,588</b>	<b>\$ (20,077)</b>	<b>\$ 1,683,686</b>

The net unrealized gains on Fixed maturity securities included in accumulated other comprehensive income for the period from August 5, 2024 to December 31, 2024 amounted to \$(14,489).

### Unrealized Investment Gains and Losses

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

December 31, 2024	Less than 12 months		Greater than 12 months		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
<i>(in thousands)</i>						
<b>Fixed maturity securities</b>						
U.S. government	\$ 26,681	\$ (1,341)	\$ —	\$ —	\$ 26,681	\$ (1,341)
Foreign government	21,559	(1,045)	—	—	21,559	(1,045)
Corporate	556,398	(14,765)	—	—	556,398	(14,765)
Asset backed securities	273,336	(885)	—	—	273,336	(885)
Commercial mortgage-backed securities	151,381	(2,042)	—	—	151,381	(2,042)
<b>Total fixed maturity securities</b>	<b>\$1,029,355</b>	<b>\$ (20,077)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$1,029,355</b>	<b>\$ (20,077)</b>

As at December 31, 2024, the Company has 255 securities classified as available-for-sale less than 12 months, and nil as greater than 12 months.

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.

### 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, there were no allowances for credit losses.

### **Scheduled Maturities**

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

<i>(\$ in thousands)</i>	<b>Amortized Cost</b>	<b>Fair Value</b>
<b>Fixed maturity securities - AFS</b>		
Due within one year	\$ —	\$ —
Due after one year through five years	135,786	130,649
Due after five years through ten years	176,691	174,366
Due after ten years	354,820	347,490
Subtotal	\$ 667,297	\$ 652,505
Structured securities (ABS, RMBS, CMBS)	1,030,878	1,031,181
<b>Total fixed maturities – AFS</b>	<b>\$ 1,698,175</b>	<b>\$ 1,683,686</b>

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.

### **Commercial Mortgage Loans**

As of December 31, 2024, the Company holds \$49,605 in commercial mortgage loans (CMLs). These loans were originated in late December 2024, and as a result, no CML balances existed in prior periods. Accordingly, prior-year comparative data has been omitted from the tables below. Due to the late origination of these loans, no credit losses or write-offs were recorded as of year-end, and no allowance for credit losses was recognized under ASC 326.

The following tables present commercial mortgage loans by year of origination and Loan-to-value (LTV) ratio as of December 31, 2024:

**As of December 31, 2024**

#### **Loan-to-Value Ratios**

<b>Year of origination</b>	<b>0-50%</b>	<b>51-60%</b>	<b>61-70%</b>	<b>71-80%</b>	<b>&gt;80%</b>	<b>&gt;100%</b>	<b>Total</b>
2024	\$ -	\$ 49,605	\$ -	\$ -	\$ -	\$ -	\$ 49,605

**Resolution Life Holdings ISAC Ltd. - ISA 2023 AS01**  
**Notes to the Consolidated Financial Statements**  
(\$'s in thousands)

The following tables present commercial mortgage loans by year of origination and Debt service coverage (DSC) ratio as of December 31, 2024:

**As of December 31, 2024**

U.S. Territory			
Year of origination	No Single Geography		Total
2024	\$	49,605	\$ 49,605

The following tables present the mortgage loans by year of origination and property type as of December 31, 2024:

**As of December 31, 2024**

Year of origination	Retail	Industrial	Apartments	Office	Hotel/ Motel	Other	Mixed use	Total
2024	\$-	\$-	\$-	\$-	\$-	\$ 49,605	\$-	\$ 49,605

**Investment Funds**

The investment fund portfolio consists of funds that employ various strategies and include 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 6 – 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:

	December 31, 2024	
	Carrying Value	Maximum Loss Exposure
(\$ in thousands)		
<b>Ownership Percentage</b>		
50% - 99%	\$ -	\$ -
3% - 49%	867	867
Less than 3%	-	-
<b>Fair value investment funds</b>	<u>\$ 867</u>	<u>\$ 867</u>

**Net Investment Income**

Net investment income for the period from August 5, 2024 to December 31, 2024 were as follows:

	For the Period from August 5, 2024 to December 31, 2024	
(\$ in thousands)		
Fixed maturity securities, available for sale	\$	22,291
Fixed maturity securities, fair value option		31
Investment funds		204
<b>Net investment income</b>	<u>\$</u>	<u>22,527</u>

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

Investment related gains (losses) for the period from August 5, 2024 to December 31, 2024 were as follows:

	<b>For the Period from August 5, 2024 to December 31, 2024</b>
<i>(\$ in thousands)</i>	
Fixed maturity securities, available for sale	\$ 9,671
Fixed maturity securities, fair value option	
Change in estimated fair value	211
Investment funds	(209)
Derivatives	
Derivatives - Investment related gains (losses)	4,494
Derivatives - derivative change	—
<b>Investment related gains (losses), net</b>	<b>\$ 14,167</b>

Proceeds from sales of fixed maturities and gross realized investment gains and losses for the period from August 5, 2024 to December 31, 2024 were as follows:

	<b>For the Period from August 5, 2024 to December 31, 2024</b>
<i>(\$ in thousands)</i>	
<b>Fixed maturity securities, available for sale</b>	
Proceeds from sales	\$ 1,019,379
Gross investment gains from sales	19,338
Gross investment losses from sales	(9,666)

**4. 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. 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 5 – Fair Value 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 are used by the Company to reduce 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.

Where appropriate the Company treats outstanding interest rate swaps as settled to market and therefore, has no open fair value at the balance sheet date. As at December 31, 2024 swaps with a notional value of \$1.4 million were treated as settled to market.



### **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 U.S. dollars at a specified exchange rate. The maturities of these forwards correspond with the future periods in which the non-U.S. dollar-denominated earnings are expected to be generated.

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.

Where appropriate the Company treats outstanding currency forwards as settled to market and therefore has no open fair value at the balance sheet date. As at December 31, 2024 swaps with a notional value of \$1.4 million, were treated as settled to market.

The table below provides a summary of the gross notional amount and fair value of derivative contracts, excluding embedded derivatives and associated reinsurance recoverables. The fair value amounts below represent the value of derivative contracts prior to taking into account the netting effects of master netting agreements and cash collateral.

	December 31, 2024		
	Notional	Gross Fair Value	
		Assets	Liabilities
<i>(\$ in thousands)</i>			
<b>Derivatives Not Designated as Hedging Instruments</b>			
Foreign currency forwards	\$ 1,408,824	\$ —	\$ (28,021)
Interest rate swaps	1,396,819	—	—
<b>Total derivatives not designated as hedging instruments</b>	<b>\$ 2,805,643</b>	<b>\$ —</b>	<b>\$ (28,021)</b>

The cumulative net (losses) gains recognized in the Consolidated Statements of Operations and Other Comprehensive Loss for changes in the fair value and of derivative instruments for the period from August 5, 2024 to December 31, 2024 were as follows:

<i>(\$ in thousands)</i>	<b>Consolidated Statement of Operations and Comprehensive Loss Line</b>	<b>For the Period from August 5, 2024 to December 31, 2024</b>
<b>Derivative Instruments</b>		
Interest rate swap agreements	Investment related gains, net	\$ 4,494
Interest rate swap agreements	Foreign exchange losses	(46)
Foreign currency forwards	Foreign exchange losses	(91,694)

## **5. 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.

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.

The index-crediting feature in the reinsured fixed indexed annuity ("FIA") 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. The cash flow estimates are produced by market implied assumptions. These derivatives are classified as Level 3 liabilities in the fair value hierarchy.

When fair value determinations are expected to be more variable, the Company validates them through reviews by members of management who have relevant expertise and who are independent of those charged with executing investment transactions. The Company's assets and liabilities measured at fair value on a recurring basis as of December 31, 2024 were as follows.

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**Notes to the Consolidated Financial Statements**  
(\$'s in thousands)

(\$ in thousands)	Level 1	Level 2	Level 3	Total
<b>Fixed maturity securities, available for sale</b>				
U.S. government	\$ 26,681	\$ —	\$ —	\$ 26,681
Foreign government	—	21,559	—	21,559
Corporate	—	604,266	—	604,266
Asset backed securities	—	541,172	30,466	571,638
Commercial mortgage-backed securities	—	459,544	—	459,544
<b>Total fixed maturity securities, available for sale</b>	<b>\$ 26,681</b>	<b>\$ 1,626,540</b>	<b>\$ 30,466</b>	<b>\$ 1,683,686</b>
Cash and cash equivalents	130,533	—	—	130,533
Fixed maturity securities, FVO	—	—	62,780	62,780
Investment funds	—	—	867	867
<b>Total assets measured at fair value</b>	<b>\$ 157,214</b>	<b>\$ 1,626,540</b>	<b>\$ 94,113</b>	<b>\$ 1,877,866</b>
<b>Liabilities</b>				
Derivative liabilities	\$ —	\$ 28,021	\$ —	\$ 28,021
<b>Total liabilities measured at fair value</b>	<b>\$ —</b>	<b>\$ 28,021</b>	<b>\$ —</b>	<b>\$ 28,021</b>

**Level 3 Fair Value Measurements**

The change in fair value measurement of assets and liabilities categorized with Level 3 of the fair value hierarchy during the period ended December 31, 2024 is as follows:

For the Period from August 5, 2024 to December 31, 2024	Investment related gains/(losses) included in net income				
(\$ in thousands)	Beginning Balance	Issues	Net income	Settlements	Ending Balance
<b>Assets</b>					
Asset backed securities	\$ —	\$ 30,466	\$ —	\$ —	\$ 30,466
Fixed maturities, FVO	—	62,780	—	—	62,780
Investment funds	—	867	—	—	867
<b>Total Level 3 assets</b>	<b>\$ —</b>	<b>\$ 94,113</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 94,113</b>

**Fair Value Valuation Methods** – we used the following valuation methods and assumptions to estimate fair value:

**Publicly traded fixed maturity securities**

The fair values of the Company's public fixed maturity securities are generally based on prices obtained from independent pricing services. Prices for each security are generally sourced from multiple pricing vendors, and a vendor hierarchy is maintained by asset type based on historical pricing experience and vendor expertise. The Company ultimately uses the price from the pricing service highest in the vendor hierarchy based on the respective asset type. The pricing hierarchy is updated for new financial products and recent pricing experience with various vendors. Consistent with the fair value hierarchy described above, securities with validated quotes from pricing services are generally reflected within Level 2, as they are primarily based on observable pricing for similar assets and/or other market observable inputs. U.S. Treasury securities are included within Level 1 due to the market activity. Typical inputs used by these pricing services include but are not limited to, reported trades, benchmark yields, issuer spreads, bids,

offers, and/or estimated cash flow, prepayment speeds, and default rates. If the pricing information received from third party pricing services is deemed not reflective of market activity or other inputs observable in the market, the Company may challenge the price through a formal process with the pricing service or classify the securities as Level 3. If the pricing service updates the price to be more consistent with the presented market observations, the security remains within Level 2.

Indicative broker quotes are also used to determine fair value in circumstances where vendor pricing is not available, or where the Company ultimately concludes that pricing information received from independent pricing services is not reflective of market activity. If the Company concludes the values from both pricing services and brokers are not reflective of market activity, it may override the information with an internally developed valuation. Pricing service overrides, internally-developed valuations and indicative broker quotes are generally included in Level 3 in the fair value hierarchy.

#### **Non-publicly traded fixed maturity securities**

Privately placed fixed maturity securities are priced based on the credit quality and duration of comparable marketable securities, which may be securities of another issuer with similar characteristics. The valuation models used by the investment managers to price these securities consider the current level of risk-free interest rates, corporate spreads, credit quality of the issuer and cash flow characteristics of the security, the net worth of the borrower and value of the collateral.

## **6. Variable Interest Entities**

The Company has invested in legal entities that are VIEs. 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.

#### *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:

	December 31, 2024		
	Carrying Value	Total Assets	Total Liabilities
<i>(\$ in thousands)</i>			
Investment funds	\$ -	\$ -	\$ -
Fixed maturity securities, FVO	62,780	62,780	\$ -
<b>Total Consolidated VIEs</b>	<b>\$ 62,780</b>	<b>\$ 62,780</b>	<b>\$ -</b>

*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:

(\$ in thousands)	Balance Sheet Line	December 31, 2024	
		Carrying Value	Maximum Loss Exposure
Other investments	Investment funds	\$ 867	\$ 867
Residual debt tranches	Fixed maturity securities, available-for-sale, at fair value	30,466	30,466
<b>Total non-consolidated VIEs</b>		<b>\$ 31,333</b>	<b>\$ 31,333</b>

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.

**7. Related Parties**

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

(\$ in thousands)	December 31, 2024
<b>Payables/ Due to affiliates</b>	
Resolution Re Ltd.	\$ 5
<b>Total due to affiliates</b>	<b>\$ 5</b>

**8. Subsequent events**

The Company's activities and financial position from the balance sheet date up until April 15, 2025, have been reviewed. Based on this review, we report that there have been no significant events that would require adjustment to the consolidated financial statements or require disclosure in the notes.