Consolidated Financial Statements
Years ended December 31, 2023 and 2022

ATHENE LIFE RE LTD.
TABLE OF CONTENTS

Report of Independent Registered Public Accounting Firm	3
Consolidated Balance Sheets	5
Consolidated Statements of Income (Loss)	7
Consolidated Statements of Comprehensive Income (Loss)	8
Consolidated Statements of Equity	9
Consolidated Statements of Cash Flows	10
Notes to Consolidated Financial Statements	12
Note 1. Business, Basis of Presentation and Significant Accounting Policies	12
Note 2. Adoption of Accounting Pronouncement	22
Note 3. Business Combinations	23
Note 4. Investments	24
Note 5. Derivative Instruments	32
Note 6. Variable Interest Entities	34
Note 7. Fair Value	35
Note 8. Reinsurance	45
Note 9. Deferred Acquisition Costs, Deferred Sales Inducements and Value of Business Acquired	46
Note 10. Long-duration Contracts	46
Note 11. Debt	52
Note 12. Equity	52
Note 13. Income Taxes	53
Note 14. Statutory Requirements	55
Note 15. Related Parties	56
Note 16. Commitments and Contingencies	59
Note 17. Subsequent Events	59
Supplemental Information (Unaudited)	59

Deloitte Ltd.
Corner House
20 Parliament Street
P.O. Box HM 1556
Hamilton HM FX
Bermuda

Tel: + 1 (441) 292 1500
Fax: + 1 (441) 292 0961
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Shareholders of
Athene Life Re Ltd.

Opinion

We have audited the consolidated financial statements of Athene Life Re Ltd. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows, for the years then ended, 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, 2023 and 2022, and the results of its operations and its cash flows for the years then ended 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.

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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 Ltd.

April 26, 2024

ATHENE LIFE RE LTD.
Consolidated Balance Sheets

(In millions)	December 31, 2023	December 31, 2022
Assets		
Investments		
Available-for-sale securities, at fair value (amortized cost: 2023 – $16,444 and 2022 – $10,729; allowance for credit losses: 2023 – $89 and 2022 – $59)	$ 15,632	$ 9,288
Trading securities, at fair value	39	6
Equity securities (portion at fair value: 2023 – $18 and 2022 – $144)	376	545
Mortgage loans, at fair value	365	328
Funds withheld at interest (portion at fair value: 2023 – $(3,379) and 2022 – $(4,847))	24,359	32,880
Derivative assets	397	314
Short-term investments (portion at fair value: 2023 – $69 and 2022 – $40)	69	40
Total investments	41,237	43,401
Cash and cash equivalents	3,412	1,939
Restricted cash	804	381
Investments in related parties		
Available-for-sale securities, at fair value (amortized cost: 2023 – $695 and 2022 – $454; allowance for credit losses: 2023 – $0 and 2022 – $0)	651	406
Trading securities, at fair value	178	129
Equity securities, at fair value	63	—
Investment funds (portion at fair value: 2023 – $0 and 2022 – $0)	386	468
Funds withheld at interest (portion at fair value: 2023 – $(1,906) and 2022 – $(3,742))	65,111	29,582
Accrued investment income (related party: 2023 – $10 and 2022 – $5)	181	99
Deferred acquisition costs, deferred sales inducements and value of business acquired	1,783	256
Goodwill	2,795	2,789
Other assets (related party: 2023 – $295 and 2022 – $22; portion at fair value: 2023 – $824 and 2022 – $431)	4,564	2,687
Assets of consolidated variable interest entities		
Investments		
Trading securities, at fair value	55	113
Mortgage loans, at fair value (related party: 2023 – $358 and 2022 – $342)	421	412
Investment Funds, at fair value (related party: 2023 – $2,380 and 2022 – $1,846)	2,380	1,846
Other investments, at fair value (related party: 2023 – $67 and 2022 – $55)	67	55
Cash and cash equivalents	59	103
Other assets	31	53
Total assets	$ 124,178	$ 84,719

(Continued)

See accompanying notes to consolidated financial statements

ATHENE LIFE RE LTD.
Consolidated Balance Sheets

	December 31,	
(In millions)	2023	2022
Liabilities and Equity		
Liabilities		
Interest sensitive contract liabilities (related party: 2023 – $38,097 and 2022 – $9,287; portion at fair value: 2023 – $2,868 and 2022 – $941)	$ 76,339	$ 50,338
Future policy benefits (related party: 2023 – $27,083 and 2022 – $20,220)	27,364	$ 20,460
Market risk benefits (related party: 2023 – $149 and 2022 – $9; portion at fair value: 2023 – $268 and 2022 – $113)	268	113
Derivative liabilities	479	75
Payables for collateral on derivatives and securities to repurchase	947	971
Other liabilities (related party: 2023 – $246 and 2022 – $236)	564	219
Liabilities of consolidated variable interest entities (related party: 2023 – $2 and 2022 – $3)	12	44
Total liabilities	105,973	72,220
Equity		
Common stock – par value: 2023 – $0.01 per share and 2022 – $0.01 per share; authorized: 2023 – 300,000,000 shares and 2022 – 300,000,000 shares; issued and outstanding: 2023 – 242,300,000 shares and 2022 – 242,300,000 shares	2	2
Additional paid-in capital	13,013	12,617
Retained earnings (accumulated deficit)	900	(1,655)
Accumulated other comprehensive income (loss) (related party: 2023 – $113 and 2022 – $126)	193	33
Total Athene Life Re Ltd. shareholder's equity	14,108	10,997
Noncontrolling interests	4,097	1,502
Total shareholder's equity	18,205	12,499
Total liabilities and equity	$ 124,178	$ 84,719

(Concluded)

See accompanying notes to consolidated financial statements

ATHENE LIFE RE LTD.
Consolidated Statements of Income (Loss)

	Years ended December 31,	
(In millions)	2023	2022
Revenues		
Premiums (related party: 2023 – $7,057 and 2022 – $8,662)	$ 7,132	$ 8,762
Product charges (related party: 2023 – $39 and 2022 – $6)	92	49
Net investment income (related party investment income: 2023 – $1,963 and 2022 – $1,107; related party investment expense: 2023 – $152 and 2022 – $111)	4,127	2,957
Investment related gains (losses) (related party: 2023 – $2,263 and 2022 – $(4,091))	2,461	(8,877)
Change in fair value of investment contracts held at fair value (related party: 2023 – $131 and 2022 – $649)	131	649
Other revenues (related party: 2023 – $1,097 and 2022 – $248)	1,098	247
Revenues of consolidated variable interest entities		
Net investment income (related party investment income: 2023 – $19 and 2022 – $17)	57	15
Investment related gains (losses) (related party: 2023 – $81 and 2022 – $10)	72	17
Total revenues	15,170	3,819
Benefits and expenses		
Interest sensitive contract benefits (related party: 2023 – $1,178 and 2022 – $155)	1,936	410
Future policy and other policy benefits (related party: 2023 – $8,021 and 2022 – $9,217; and remeasurement (gains) losses: 2023 – $(36) and 2022 – $(7))	8,097	9,325
Market risk benefits remeasurement (gains) losses (related party: 2023 – $34 and 2022 – $(2))	47	(66)
Amortization of deferred acquisition costs, deferred sales inducements and value of business acquired	117	15
Policy and other operating expenses (related party: 2023 – $14 and 2022 – $118)	611	384
Total benefits and expenses	10,808	10,068
Income (loss) before income taxes	4,362	(6,249)
Income tax expense (benefit)	440	(644)
Net income (loss)	3,922	(5,605)
Less: Net income (loss) attributable to (from) noncontrolling interests	1,367	(3,950)
Net income (loss) attributable to Athene Life Re Ltd. shareholders	$ 2,555	$ (1,655)

See accompanying notes to consolidated financial statements

ATHENE LIFE RE LTD.
Consolidated Statements of Comprehensive Income (Loss)

	Years ended December 31,	
(In millions)	2023	2022
Net income (loss)	$ 3,922	$ (5,605)
Other comprehensive income (loss), before tax		
Unrealized investment gains (losses) on available for sale securities	1,812	(4,685)
Unrealized gains (losses) on hedging instruments	(1,182)	3,290
Remeasurement gains (losses) on future policy benefits related to discount rate	(945)	3,806
Remeasurement gains (losses) on market risk benefits related to credit risk	(36)	16
Foreign currency translation and other adjustments	28	(31)
Other comprehensive income (loss), before tax	(323)	2,396
Income tax expense (benefit) related to other comprehensive income (loss)	(185)	717
Other comprehensive income (loss)	(138)	1,679
Comprehensive income (loss)	3,784	(3,926)
Less: Comprehensive income (loss) attributable to noncontrolling interests	1,069	(2,304)
Comprehensive income (loss) attributable to Athene Life Re Ltd. shareholders	$ 2,715	$ (1,622)

See accompanying notes to consolidated financial statements

ATHENE LIFE RE LTD.
Consolidated Statements of Equity

(In millions)	Common stock	Additional paid-in capital	Retained earnings	Accumulated other comprehensive income (loss)	Total Athene Life Re Ltd. shareholder's equity	Noncontrolling interests	Total shareholder's equity
Balance at January 1, 2022	$ 2	$ 8,342	$ —	$ —	$ 8,344	$ 2,205	$ 10,549
Net loss	—	—	(1,655)	—	(1,655)	(3,950)	(5,605)
Other comprehensive income	—	—	—	33	33	1,646	1,679
Contribution from parent	—	4,275	—	—	4,275	—	4,275
Contributions from noncontrolling interests	—	—	—	—	—	1,047	1,047
Distributions to noncontrolling interests	—	—	—	—	—	(63)	(63)
Other changes in equity of noncontrolling interests	—	—	—	—	—	617	617
Balance at December 31, 2022	2	12,617	(1,655)	33	10,997	1,502	12,499
Net income	—	—	2,555	—	2,555	1,367	3,922
Other comprehensive loss	—	—	—	160	160	(298)	(138)
Stock-based compensation	—	2	—	—	2	—	2
Contribution from parent	—	335	—	—	335	—	335
Contributions from noncontrolling interests	—	—	—	—	—	996	996
Distributions to noncontrolling interests	—	—	—	—	—	(539)	(539)
Other changes in equity of noncontrolling interests	—	—	—	—	—	1,069	1,069
Subsidiary issuance of equity interests	—	59	—	—	59	—	59
Balance at December 31, 2023	$ 2	$ 13,013	$ 900	$ 193	$ 14,108	$ 4,097	$ 18,205

See accompanying notes to consolidated financial statements

ATHENE LIFE RE LTD.
Consolidated Statements of Cash Flows

	Years ended December 31,	
(In millions)	2023	2022
Cash flows from operating activities		
Net income (loss)	$ 3,922	$ (5,605)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Amortization of deferred acquisition costs, deferred sales inducements and value of business acquired	117	15
Net amortization (accretion) of net investment premiums, discounts and other	(40)	(9)
Net investment income (related party: 2023 – $32 and 2022 – $(21))	23	(21)
Net recognized (gains) losses on investments and derivatives (related party: 2023 – $72 and 2022 – $(409))	380	(179)
Policy acquisition costs deferred	(1,644)	(233)
Changes in operating assets and liabilities:		
Accrued investment income (related party: 2023 – $(5) and 2022 – $(29))	(82)	(46)
Interest sensitive contract liabilities (related party: 2023 – $(3,329) and 2022 – $322)	4,907	275
Future policy benefits and market risk benefits (related party: 2023 – $1,822 and 2022 – $(1,469))	1,195	(925)
Funds withheld assets (related party: 2023 – $(2,890) and 2022 – $2,264)	(5,929)	13,344
Other assets and liabilities	(773)	(1,129)
Net cash provided by operating activities	2,076	5,487
Cash flows from investing activities		
Sales, maturities and repayments of:		
Available-for-sale securities (related party: 2023 – $119 and 2022 – $377)	$ 2,571	$ 2,321
Trading securities (related party: 2023 – $388 and 2022 – $307)	441	321
Equity securities	56	294
Mortgage loans (related party: 2023 – $0 and 2022 – $153)	125	223
Investment funds (related party: 2023 – $80 and 2022 – $464)	80	737
Derivative instruments and other invested assets (related party: 2023 – $0 and 2022 – $30)	—	426
Short-term investments	115	35
Purchases of:		
Available-for-sale securities (related party: 2023 – $(356) and 2022 – $(365))	(8,519)	(5,999)
Trading securities (related party: 2023 – $(427) and 2022 – $(297))	(457)	(297)
Equity securities	—	(17)
Mortgage loans (related party: 2023 – $0 and 2022 – $(160))	(126)	(194)
Investment funds (related party: 2023 – $(11) and 2022 – $(723))	(11)	(741)
Derivative instruments and other invested assets (related party: 2023 – $(3) and 2022 – $0)	(182)	(254)
Short-term investments	(140)	(90)
Cash settlement of derivatives	252	—
Consolidation of new variable interest entities	—	125
Deconsolidation of previously consolidated entities	—	(218)
Other investing activities, net	88	136
Net cash used in investing activities	(5,707)	(3,192)

(Continued)

See accompanying notes to consolidated financial statements

ATHENE LIFE RE LTD.
Consolidated Statements of Cash Flows

	Years ended December 31,	
(In millions)	2023	2022
Cash flows from financing activities		
Capital contributions from parent	$ 335	$ 19
Net proceeds from notes issued to related parties	448	(798)
Deposits on investment-type policies and contracts (related party: 2023 – $(26) and 2022 – $4,876)	6,126	5,303
Withdrawals on investment-type policies and contracts (related party: 2023 – $15 and 2022 – $(5,018))	(2,192)	(8,048)
Capital contributions from noncontrolling interests of consolidated VIEs	—	21
Capital distributions to noncontrolling interests of consolidated VIEs	—	(3)
Net change in cash collateral posted for derivative transactions and securities to repurchase	(351)	(46)
Capital contributions from noncontrolling interests	996	1,047
Capital distributions to noncontrolling interests	(536)	(63)
Subsidiary issuance of equity interests to noncontrolling interests	632	—
Other financing activities, net	48	328
Net cash provided (used) by financing activities	5,506	(2,240)
Effect of exchange rate changes on cash and cash equivalents	(23)	78
Net increase in cash and cash equivalents	1,852	133
Cash and cash equivalents at beginning of year[1]	2,423	2,290
Cash and cash equivalents at end of year[1]	$ 4,275	$ 2,423
Supplementary information		
Cash paid for taxes	$ (2)	$ (7)
Cash paid for interest	73	(1)
Non-cash transactions		
Deposits on investment-type policies and contracts through reinsurance agreements (related party: 2023 – $27,585 and 2022 – $4,876)	27,672	5,359
Withdrawals on investment-type policies and contracts through reinsurance agreements (related party: 2023 – $2,485 and 2022 – $(5,120))	13,269	8,093
Investments received from settlements on reinsurance agreements	1,063	479
Reduction in investments and other assets and liabilities relating to recapture of reinsurance agreement	—	334
Decrease in invested assets related to funding of notes with related parties	1,184	525
Assets contributed to consolidated VIEs	—	820

[1] *Includes cash and cash equivalents, restricted cash, and cash and cash equivalents of consolidated variable interest entities.*

(Concluded)

See accompanying notes to consolidated financial statements

1. Business, Basis of Presentation and Significant Accounting Policies

Athene Life Re Ltd. (ALRe), a Bermuda exempted company, together with its subsidiaries (collectively, we, our, us, or the Company), is a leading retirement services company, registered as a Class E insurer under the Bermuda Insurance Act 1978, as amended (Insurance Act). We conduct business primarily through our non-U.S. reinsurance subsidiaries, to which ALRe's other insurance subsidiaries and third-party ceding companies directly and indirectly reinsure a portion of their liabilities. The Company also reinsures U.S. pension risk transfer business, funding agreement backed notes and retail business from Athene Annuity Re Ltd. (AARe), a Bermuda exempted company, registered as a Class E insurer under the Insurance Act, on a modified coinsurance (modco) basis.

Restructure - On December 20, 2021, the Company transferred its shares in Apollo International Holdings Ltd. (formerly known as Athene AOG Holding I Ltd.) (AIHL), a Bermuda exempted company, to Athene Holding Ltd. (AHL), as part of the repayment of the $1,206 million loan note and capital contribution between the Company and AHL. The pretax profit of AIHL, including its consolidated subsidiaries, was $865 million for the year ended December 31, 2021.

On December 31, 2021, the Company transferred its shares in Athene USA Corporation (AUSA), an Iowa corporation, to Athene Asset Holding Ltd. (AAH) in connection with the consummation of an agreement and plan of contribution and exchange (Contribution Agreement) and as part of the capital contribution between the Company and AAH. The pretax profit of AUSA, including its consolidated subsidiaries, was $628 million for the year ended December 31, 2021.

On January 3, 2022, following the transactions contemplated by an agreement and plan of contribution and exchange (Contribution Agreement) and the Agreement and Plan of Merger (merger agreement), AAH, entered into an agreement to undergo a series of restructuring transactions (Restructure Agreement), by and among AAH, AUSA, AARe and the Company. Pursuant to the Restructure Agreement, AAH transferred 100% of its shareholding in the Company to AUSA.

On January 4, 2022, immediately following the transfer, AUSA transferred 100% of its shareholding in the Company to AARe. As a result, the Company is wholly owned by AARe.

Subsequently, AARe transferred 100% of its ownership in Athene Annuity Re II Ltd. (AARe II), a Bermuda exempted company, to the Company. As a result, AARe II is a wholly owned subsidiary of the Company.

Consolidation and Basis of Presentation - Our consolidated financial statements include our wholly owned subsidiaries and investees in which we hold a controlling financial interest, including variable interest entities (VIEs). Investees in which we do not hold a controlling financial interest, but have the ability to exercise significant influence over operating and financing decisions, other than investments for which we have elected the fair value option, are accounted for under the equity method. Intercompany balances and transactions have been eliminated.

For entities that are consolidated, but not wholly owned, we allocate a portion of the income or loss and corresponding equity to the owners other than us. We include the aggregate of the income or loss and corresponding equity that is not owned by us in noncontrolling interests in the consolidated financial statements.

We report investments in related parties separately, as further described in the accounting policies that follow.

We have prepared the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (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. Our principal estimates impact:

- fair value of investments;
- impairment of investments and allowances for expected credit losses;
- derivatives valuation, including embedded derivatives;
- future policy benefit reserves;
- market risk benefit assets and liabilities; and
- valuation allowances on deferred tax assets

Additional details around these principal estimates and assumptions are discussed in the significant accounting policies that follow and the related footnote disclosures.

Merger - On January 1, 2022, AHL completed the merger with Apollo Global Management, Inc. (AGM, and together with its subsidiaries other than us or our subsidiaries, Apollo) and is now a direct subsidiary of AGM. We have elected pushdown accounting in which we use AGM's basis of accounting, which reflects the fair market value of our assets and liabilities at the time of the merger, unless otherwise prescribed by US GAAP. See *Note 3 – Business Combination* for further information on the merger.

Long-duration targeted improvements (LDTI) - Effective January 1, 2023, we adopted Accounting Standards Update (ASU) 2018-12, *Financial Services – Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts*. All provisions of the update were applied using a retrospective transition approach, with a transition date of January 1, 2022, the date of the merger with AGM. See *–Adopted Accounting Pronouncements* below and *Note 2 – Adoption of Accounting Pronouncement* for further details.

Summary of Significant Accounting Policies

Investments

Fixed Maturity Securities - Fixed maturity securities includes bonds, collateralized loan obligations (CLO), asset-backed securities (ABS), residential mortgage-backed securities (RMBS), commercial mortgage-backed securities (CMBS) and redeemable preferred stock. We classify fixed maturity securities as available-for-sale (AFS) or trading at the time of purchase and subsequently carry them at fair value. Fair value hierarchy and valuation methodologies are discussed in *Note 7 – Fair Value*. Classification is dependent on a variety of factors including our expected holding period, election of the fair value option and asset and liability matching.

AFS Securities - AFS securities are held at fair value on the consolidated balance sheets, with unrealized gains and losses, exclusive of allowances for expected credit losses, generally reflected in accumulated other comprehensive income (loss) (AOCI) on the consolidated balance sheets. Unrealized gains or losses relating to identified risks within AFS securities in fair value hedging relationships are reflected in investment related gains (losses) on the consolidated statements of income (loss).

Trading Securities - We elected the fair value option for certain fixed maturity securities. These fixed maturity securities are classified as trading, with changes to fair value included in investment related gains (losses) on the consolidated statements of income (loss). Although the securities are classified as trading, the trading activity related to these investments is primarily focused on asset and liability matching activities and is not intended to be an income strategy based on active trading. As such, the activity related to these investments on the consolidated statements of cash flows is classified as investing activities.

We generally record security transactions on a trade date basis, with any unsettled trades recorded in other assets or other liabilities on the consolidated balance sheets. Bank loans, private placements and investment funds are recorded on settlement date basis.

Equity Securities - Equity securities includes common stock, mutual funds and non-redeemable preferred stock. Equity securities with readily determinable fair values are carried at fair value with subsequent changes in fair value recognized in net income. We elected to account for certain equity securities without readily determinable fair values that do not qualify for the practical expedient to estimate fair values based on net asset value (NAV) per share (or its equivalent) at cost less impairment, subject to adjustments based on observable price changes in orderly transactions for identical or similar investments of the same issuer.

Purchased Credit Deteriorated (PCD) Investments - We purchase certain structured securities, primarily RMBS, which upon our assessment have been determined to meet the definition of PCD investments. Additionally, structured securities classified as beneficial interests follow the initial measurement guidance for PCD investments if there is a significant difference between contractual cash flows adjusted for expected prepayments and expected cash flows at the date of recognition. The initial allowance for credit losses for PCD investments is recorded through a gross-up adjustment to the initial amortized cost. For structured securities classified as beneficial interests, the initial allowance is calculated as the present value of the difference between contractual cash flows adjusted for expected prepayments and expected cash flows at the date of recognition. The non-credit purchase discount or premium is amortized into investment income using the effective interest method. The credit discount, represented by the allowance for expected credit losses, is remeasured each period following the policies for measuring credit losses described in the *Credit Losses – Available-for-Sale Securities* section below.

Mortgage Loans - We elect the fair value option on our mortgage loan portfolio. Interest income is accrued on the principal amount of the loan based on its contractual interest rate. We accrue interest on loans until it is probable we will not receive interest, or the loan is 90 days past due unless guaranteed by US government-sponsored agencies. Interest income and prepayment fees are reported in net investment income on the consolidated statements of income (loss). Changes in the fair value of the mortgage loan portfolio are reported in investment related gains (losses) on the consolidated statements of income (loss).

Investment Funds - We invest in certain non-fixed income, alternative investments in the form of limited partnerships or similar legal structures (investment funds). For investment funds in which we do not hold a controlling financial interest, and therefore are not required to consolidate, we typically account for these investments using the equity method, where the cost is recorded as an investment in the fund, or we have elected the fair value option. Adjustments to the carrying amount reflect our pro rata ownership percentage of the operating results as indicated by NAV in the investment fund financial statements, which can be on a lag of up to three months when investee information is not received in a timely manner.

We record our proportionate share of investment fund income within net investment income on the consolidated statements of income (loss). Contributions paid or distributions received by us are recorded directly to the investment fund balance as an increase to carrying value or as a return of capital, respectively.

Funds Withheld at Interest - Funds withheld at interest represents a receivable for amounts contractually withheld by ceding companies in accordance with funds withheld coinsurance (funds withheld) and modified coinsurance (modco) reinsurance agreements in which we are the

reinsurer. Generally, assets equal to statutory reserves are withheld and legally owned by the ceding company, and any excess or shortfall is settled periodically. The underlying agreements contain embedded derivatives as discussed below.

Short-term Investments - Short-term investments consist of financial instruments with maturities of greater than three months but less than twelve months when purchased. Short-term debt securities are accounted for as trading or AFS consistent with our policies for those investments. Short-term loans are carried at amortized cost. Fair values are determined consistent with methodologies described in *Note 7 – Fair Value* for the respective investment type.

Other Investments - Other investments include, but are not limited to, term loans collateralized by mortgages on residential and commercial real estate and other uncollateralized loans. Effective January 1, 2022, we elected the fair value option on these loans.

Interest income is accrued on the principal amount of the loan based on its contractual interest rate. We accrue interest on loans until it is probable we will not receive interest or the loan is 90 days past due. We recorded amortization of premiums and discounts using the effective interest method and contractual cash flows on the underlying loan. Interest income, amortization of premiums and discounts, and prepayment and other fees are included in net investment income on the consolidated statements of income (loss). Changes in fair value are included in investment related gains (losses) on the consolidated statements of income (loss).

Securities Repurchase and Reverse Repurchase Agreements - Securities repurchase and reverse repurchase transactions involve the temporary exchange of securities for cash or other collateral of equivalent value, with agreement to redeliver a like quantity of the same or similar securities at a future date and at a fixed and determinable price. We evaluate transfers of securities under these agreements to repurchase or resell to determine whether they satisfy the criteria for accounting treatment as secured borrowing or lending arrangements. Agreements not meeting the criteria would require recognition of the transferred securities as sales or purchases, with related forward repurchase or resale commitments. All of our securities repurchase transactions are accounted for as secured borrowings and are included in payables for collateral on derivatives and securities to repurchase on the consolidated balance sheets. Earnings from investing activities related to the cash received under our securities repurchase arrangements are included in net investment income on the consolidated statements of income (loss). The associated borrowing cost is included in policy and other operating expenses on the consolidated statements of income (loss). The investments purchased in reverse repurchase agreements, which represent collateral on a secured lending arrangement, are not reflected in our consolidated balance sheets; however, the secured lending arrangement is recorded as a short-term investment for the principal amount loaned under the agreement.

Investment Income - We recognize investment income as it accrues or is legally due, net of investment management and custody fees. Investment income on fixed maturity securities includes coupon interest, as well as the amortization of any premium and the accretion of any discount. Investment income on equity securities represents dividend income and preferred coupon interest. Realized gains and losses on sales of investments are included in investment related gains (losses) on the consolidated statements of income (loss). Realized gains and losses on investments sold are determined based on a first-in first-out method.

Credit Losses - Assets Held at Amortized Cost and Off-Balance Sheet Credit Exposures - We establish an allowance for expected credit losses at the time of purchase for assets held at amortized cost, which primarily historically included our residential and commercial mortgage loan portfolios, but also includes certain other loans and reinsurance assets. The allowance for expected credit losses represents the portion of the asset's amortized cost basis that we do not expect to collect due to credit losses over the asset's contractual life, considering past events, current conditions, and reasonable and supportable forecasts of future economic conditions or macroeconomic forecasts. We use a quantitative probability of default and loss given default methodology to develop our estimate of expected credit loss. We develop the estimate on a collective basis factoring in the risk characteristics of the assets in the portfolio. If an asset does not share similar risk characteristics with other assets, the asset is individually assessed.

Allowance estimates are highly dependent on expectations of future economic conditions and macroeconomic forecasts, which involve significant judgment and subjectivity. We use quantitative modeling to develop the allowance for expected credit losses. Key inputs into the model include data pertaining to the characteristics of the assets, historical losses and current market conditions. Additionally, the model incorporates management’s expectations around future economic conditions and macroeconomic forecasts over a reasonable and supportable forecast period, after which the model reverts to historical averages. These inputs, the reasonable and supportable forecast period, and reversion to historical average technique are subject to a formal governance and review process by management. Additionally, management considers qualitative adjustments to the model output to the extent that any relevant information regarding the collectability of the asset is available and not already considered in the quantitative model. If we determine that a financial asset has become collateral dependent, which we determine to be the point at which foreclosure is probable, the allowance is measured as the difference between amortized cost and the fair value of the collateral, less any expected costs to sell.

The initial allowance for assets held at amortized cost other than for PCD investments, and subsequent changes in the allowance including PCD investments, are recorded through the provision for credit losses within investment related gains (losses) on the consolidated statements of income (loss). The provision for credit losses for reinsurance assets held at amortized cost is recorded through policy and other operating expenses on the consolidated statements of income (loss).

We limit accrued interest income on loans to 90 days of interest. Once a loan becomes 90 days past due, the loan is put on non-accrual status and any accrued interest is written off. Once a loan is on non-accrual status, we first apply any payments received to the principal of the loan, and once the principal is repaid, we include amounts received in net investment income. We have elected to present accrued interest receivable separately in accrued investment income on the consolidated balance sheets. We have also elected the practical expedient to exclude the accrued interest receivable from the amortized cost balance used to calculate the allowance given our policy to write off such balances in a timely manner. Any write-off of accrued interest is recorded through a reversal of net investment income on the consolidated statements of income (loss).

Upon determining that all or a portion of the amortized cost of an asset is uncollectible, which is generally when all efforts for collection are exhausted, the amortized cost is written off against the existing allowance. Any write off in excess of the existing allowance is recorded through the provision for credit losses within investment related gains (losses) on the consolidated statements of income (loss).

We also have certain off-balance sheet credit exposures for which we establish a liability for expected credit losses. These exposures primarily relate to commitments to fund commercial or residential mortgage loans that are not unconditionally cancellable. The methodology for estimating the liability for these credit exposures is consistent with that described above, with the additional consideration pertaining to the probability of funding. At the time the commitment expires or is funded, the liability is reversed and an allowance for expected credit losses is established, as applicable. The liability for off-balance sheet credit exposures is included in other liabilities on the consolidated balance sheets. The establishment of the initial liability and all subsequent changes are recorded through the provision for credit losses within investment related gains (losses) on the consolidated statements of income (loss).

Credit Losses - Available-for-Sale Securities - We evaluate AFS securities with a fair value that has declined below amortized cost to determine how the decline in fair value should be recognized. If we determine, based on the facts and circumstances related to the specific security, that we intend to sell a security or it is more likely than not that we would be required to sell a security before the recovery of its amortized cost, any existing allowance for expected credit losses is reversed and the amortized cost of the security is written down to fair value. If neither of these conditions exist, we evaluate whether the decline in fair value has resulted from a credit loss or other factors.

For non-structured AFS securities, we qualitatively consider relevant facts and circumstances in evaluating whether a decline below fair value is credit-related. Relevant facts and circumstances include but are not limited to: (1) the extent to which the fair value is less than amortized cost; (2) changes in agency credit ratings, (3) adverse conditions related to the security's industry or geographical area, (4) failure to make scheduled payments, and (5) other known changes in the financial condition of the issuer or quality of any underlying collateral or credit enhancements. For structured AFS securities meeting the definition of beneficial interests, the qualitative assessment is bypassed, and any securities having experienced a decline in fair value below amortized cost move directly to a quantitative analysis.

If upon completion of this analysis it is determined that a potential credit loss exists, an allowance for expected credit losses is established equal to the amount by which the present value of expected cash flows is less than amortized cost, limited by the amount by which fair value is less than amortized cost. A non-structured security's cash flow estimates are derived from scenario-based outcomes of expected corporate restructurings or the disposition of assets using security-specific facts and circumstances including timing, security interests and loss severity. A structured security's cash flow estimates are based on security-specific facts and circumstances that may include collateral characteristics, expectations of delinquency and default rates, loss severity, prepayments and structural support, including subordination and guarantees. The expected cash flows are discounted at the effective interest rate implicit to the security at the date of purchase or the current yield to accrete a structured security. For securities with a contractual interest rate that varies based on changes in an independent factor, such as an index or rate, the effective interest rate is calculated based on the factor as it changes over the life of the security. Inherently under the discounted cash flow model, both the timing and amount of expected cash flows affect the measurement of the allowance for expected credit losses.

The allowance for expected credit losses is remeasured each period for the passage of time, any change in expected cash flows, and changes in the fair value of the security. All impairments, whether intent or requirement to sell or credit-related, are recorded through a charge to the provision for credit losses within investment related gains (losses) on the consolidated statements of income (loss). All changes in the allowance for expected credit losses are recorded through the provision for credit losses within investment related gains (losses) on the consolidated statements of income (loss).

We have elected to present accrued interest receivable separately in accrued investment income on the consolidated balance sheets. We have also elected the practical expedient to exclude the accrued interest receivable from the amortized cost balance used to calculate the allowance for expected credit losses, as we have a policy to write off such balances in a timely manner, when they become 90 days past due. Any write-off of accrued interest is recorded through a reversal of net investment income on the consolidated statements of income (loss).

Upon determining that all or a portion of the amortized cost of an asset is uncollectible, which is generally when all efforts for collection are exhausted, the amortized cost is written off against the existing allowance. Any write off in excess of the existing allowance is recorded through the provision for credit losses within investment related gains (losses) on the consolidated statements of income (loss).

Derivative Instruments - We invest in derivatives to hedge the risks experienced in our ongoing operations, such as equity, interest rate and cash flow risks, or for other risk management purposes, which primarily involve managing liability risks associated with our indexed annuity products and reinsurance agreements. Derivatives are financial instruments with values that are derived from interest rates, foreign exchange rates, financial indices or other combinations of an underlying and notional. Derivative assets and liabilities are carried at fair value on the consolidated balance sheets. We elect to present any derivatives subject to master netting provisions as a gross asset or liability and gross of

collateral. Disclosures regarding balance sheet presentation of derivatives subject to master netting agreements are discussed in *Note 5 – Derivative Instruments*. We may designate derivatives as cash flow, fair value or net investment hedges.

Hedge Documentation and Hedge Effectiveness - To qualify for hedge accounting, at the inception of the hedging relationship, we formally document our designation of the hedge as a cash flow, fair value or net investment hedge and our risk management objective and strategy for undertaking the hedging transaction. In this documentation, we identify how the hedging instrument is expected to hedge the designated risks related to the hedged item and the method that will be used to retrospectively and prospectively assess the hedge effectiveness and the method which will be used to measure ineffectiveness. A derivative designated as a hedging instrument must be assessed as being highly effective in offsetting the designated risk of the hedged item. Hedge effectiveness is formally assessed at inception and periodically throughout the life of the hedge accounting relationship.

For a cash flow hedge, all changes in the fair value of the hedging derivative are reported within AOCI and the related gains or losses on the derivative are reclassified into the consolidated statements of income (loss) when the cash flows of the hedged item affect earnings.

For a fair value hedge, changes in the fair value of the hedging derivative and changes in the fair value of the hedged item related to the designated risk being hedged are reported on the consolidated statements of income (loss) according to the nature of the risk being hedged. Additionally, changes in the fair value of amounts excluded from the assessment of effectiveness are recorded in AOCI and amortized into income over the life of the hedge accounting relationship.

For a net investment hedge, changes in the fair value of the hedging derivative are reported within AOCI to offset the translation adjustments for subsidiaries with functional currencies other than US dollar.

We discontinue hedge accounting prospectively when: (1) we determine the derivative is no longer highly effective in offsetting changes in the estimated cash flows or fair value of a hedged item; (2) the derivative expires, is sold, terminated, or exercised; or (3) the derivative is de-designated as a hedging instrument. When hedge accounting is discontinued, the derivative continues to be carried on the consolidated balance sheets at fair value, with changes in fair value recognized in investment related gains (losses) on the consolidated statements of income (loss).

For a derivative not designated as a hedge, changes in the derivative's fair value and any income received or paid on derivatives at the settlement date are included in investment related gains (losses) on the consolidated statements of income (loss).

Embedded Derivatives - We issue and reinsure products, primarily indexed annuity products, or purchase investments that contain embedded derivatives. If we determine the embedded derivative has economic characteristics not clearly and closely related to the economic characteristics of the host contract, and a separate instrument with the same terms would qualify as a derivative instrument, the embedded derivative is bifurcated from the host contract and accounted for separately, unless the fair value option is elected on the host contract. Under the fair value option, bifurcation of the embedded derivative is not necessary as the entire contract is carried at fair value with all related gains and losses recognized in investment related gains (losses) on the consolidated statements of income (loss). Embedded derivatives are carried on the consolidated balance sheets at fair value in the same line item as the host contract.

Fixed indexed annuity, index-linked variable annuity and indexed universal life insurance contracts allow the policyholder to elect a fixed interest rate return or an equity market component for which interest credited is based on the performance of certain equity market indices. The equity market option is an embedded derivative. The benefit reserve is equal to the sum of the fair value of the embedded derivative and the host (or guaranteed) component of the contracts. The fair value of the embedded derivatives represents the present value of cash flows attributable to the indexed strategies. The embedded derivative cash flows are based on assumptions for future policy growth, which include assumptions for expected index credits on the next policy anniversary date, future equity option costs, volatility, interest rates and policyholder behavior assumptions including lapses and the use of benefit riders. The embedded derivative cash flows are discounted using a rate that reflects our own credit rating. The host contract is established at contract inception as the initial account value less the initial fair value of the embedded derivative and accreted over the policy's life. Contracts acquired through a business combination which contain an embedded derivative are re-bifurcated as of the acquisition date. Changes in the fair value of embedded derivatives associated with fixed indexed annuities, index-linked variable annuities and indexed universal life insurance contracts are included in interest sensitive contract benefits on the consolidated statements of income (loss).

Additionally, reinsurance agreements written on a funds withheld or modco basis contain embedded derivatives. We have determined that the right to receive or obligation to pay the total return on the assets supporting the funds withheld at interest or funds withheld liability, respectively, represents a total return swap with a floating rate leg. The fair value of embedded derivatives on funds withheld and modco agreements is computed as the unrealized gain (loss) on the underlying assets and is included within funds withheld at interest for assumed agreements, and for ceded agreements the funds withheld liability is included in other liabilities on the consolidated balance sheets. The change in the fair value of the embedded derivatives is recorded in investment related gains (losses) on the consolidated statements of income (loss). Assumed and ceded earnings from funds withheld at interest, funds withheld liability and changes in the fair value of embedded derivatives are reported in operating activities on the consolidated statements of cash flows. Contributions to and withdrawals from funds withheld at interest and funds withheld liability are reported in operating activities on the consolidated statements of cash flows.

Variable Interest Entities - 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 stockholders is a VIE. The determination as

to whether an entity qualifies as a VIE depends on the facts and circumstances surrounding each entity and may require significant judgment. Our investment funds typically qualify as VIEs and are evaluated for consolidation under the VIE model.

We are required to consolidate a VIE if we are the primary beneficiary, defined as the variable interest holder with both the power to direct the activities that most significantly impact the VIE's economic performance and rights to receive benefits or obligations to absorb losses that could be potentially significant to the VIE. We determine whether we are the primary beneficiary of an entity based on a qualitative assessment of the VIE's capital structure, contractual terms, nature of the VIE's operations and purpose and our relative exposure to the related risks of the VIE. Since affiliates of AGM, a related party under common control, are the decision makers in certain of the investment funds and securitization vehicles, we and a member of our related party group may together have the characteristics of the primary beneficiary of an investment fund. In this situation, we have concluded we consolidate the VIE when we have significant economic exposure to the entity. We reassess the VIE and primary beneficiary determinations on an ongoing basis.

For entities that we do not consolidate but can exercise significant influence over the entities' operating and financing decisions, we record our investment under the equity method. If we do not consolidate and do not have significant influence, generally on investment funds in which we own a less than 3% interest, we elect the fair value option.

See *Note 6 – Variable Interest Entities* for discussion of our interest in entities that meet the definition of a VIE.

Goodwill - Goodwill represents the excess of cost over the fair value of identifiable net assets of an acquired business. Goodwill is tested annually for impairment or more frequently if circumstances indicate impairment may have occurred. The impairment test is performed at the reporting unit level. Goodwill on the consolidated balance sheets includes the impacts of foreign currency translation.

We performed our annual goodwill impairment test as of October 1, 2023 and did not identify any impairment. See *Note 3 – Business Combination* for disclosure regarding the goodwill recorded related to the merger with AGM.

Reinsurance - We assume insurance and investment contracts under coinsurance, funds withheld and modco. We follow reinsurance accounting for transactions that provide indemnification against loss or liability relating to insurance risk (risk transfer). To meet risk transfer requirements, a reinsurance agreement must transfer insurance risk arising from uncertainties about both underwriting and timing risks. Cessions under reinsurance do not discharge our obligations as the primary insurer, unless the requirements of assumption reinsurance have been met. We generally have the right of offset on reinsurance contracts, but have elected to present reinsurance settlement amounts due to and from us on a gross basis.

For assets under reinsurance agreements, we generally apply the same measurement guidance for our directly issued or assumed contracts. Effective January 1, 2022, for reinsurance of in-force contracts that pass risk transfer, the issue year used for the purpose of measuring the reinsurance recoverable is dependent on the effective date of the reinsurance agreement, which may differ from the issue year for the direct or assumed contract. The issue year informs the locked-in discount rate used for the purposes of interest accretion. This may result in different discount rates used for the direct or assumed reserves when reinsuring an in-force block of insurance contracts. For flow reinsurance of insurance contracts that pass risk transfer, the contracts have the same cash flow assumptions as the direct or assumed contracts when the terms are consistent between those respective contracts. When we recognize an immediate loss due to the present value of future benefits and expenses exceeding the present value of future gross premiums, a gain is recognized on the corresponding reinsurance recoverable to the extent it does not result in gain recognition at treaty inception. Likewise, where the direct or assumed reserve has been floored to zero, the corresponding reinsurance recoverable will be consistently set to zero. See *Future Policy Benefits* below for further information.

For all periods, accounting for reinsurance requires the use of assumptions, particularly related to the future performance of the underlying business and the potential impact of counterparty credit risks. We attempt to minimize our counterparty credit risk through the structuring of the terms of our reinsurance agreements, including the use of trusts, and monitor credit ratings of counterparties for signs of declining credit quality. We periodically compare actual and anticipated experience to the assumptions used to establish reinsurance assets and liabilities. See *Note 8 – Reinsurance* for more information.

Assets and liabilities assumed under coinsurance, funds withheld, or modco are presented gross on the consolidated balance sheets. For investment contracts, the change in the direct or assumed reserves are presented net in interest sensitive contract benefits on the consolidated statements of income (loss). For insurance contracts, the change in the direct or assumed reserves and benefits are presented net in future policy and other policy benefits on the consolidated statements of income (loss), except from January 1, 2022, any changes related to the discount rate are presented net in other comprehensive income (loss) (OCI) on the consolidated statements of comprehensive income (loss). Also effective from January 1, 2022, for market risk benefits, the change in the direct or assumed reserves are presented net in market risk benefits remeasurement (gains) losses on the consolidated statements of income (loss), except for changes related to instrument-specific credit risk on direct and assumed contracts which are presented net in OCI on the consolidated statements of comprehensive income (loss).

For the reinsurance of existing in-force blocks that transfer significant insurance risk, the difference between the assets received or paid and the liabilities assumed represents the net cost of reinsurance at the inception of the reinsurance agreement. The net cost of reinsurance is amortized on a basis consistent with the methodologies and assumptions used to amortize deferred acquisition costs (DAC) and deferred sales inducements (DSI), or on a consistent basis with deferred profit liability dependent upon the nature of the underlying contract.

Cash and Cash Equivalents - Cash and cash equivalents include deposits and short-term highly liquid investments with an original maturity of less than 90 days from the date of acquisition. Amounts included are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

Restricted Cash - Restricted cash primarily consists of cash and cash equivalents held in funds in trust as part of certain coinsurance agreements to secure statutory reserves and liabilities of the coinsured parties. Restricted cash is reported separately on the consolidated balance sheets, but is included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period amounts shown on the consolidated statements of cash flows.

Investments in Related Parties - Investments in related parties and associated earnings, other comprehensive income and cash flows are separately identified on the consolidated financial statements and accounted for consistently with the policies described above for each category of investment. Investments in related parties are primarily comprised of investments over which Apollo can exercise significant influence.

Deferred Acquisition Costs, Deferred Sales Inducements and Value of Business Acquired

Deferred Acquisition Costs and Deferred Sales Inducements - Costs related directly to the successful acquisition of new, or the renewal of existing, insurance or investment contracts are deferred. These costs consist of commissions and policy issuance costs, as well as sales inducements credited to policyholder account balances, and are included in deferred acquisition costs, deferred sales inducements and value of business acquired on the consolidated balance sheets. These costs are not capitalized until they are incurred.

Deferred costs related to universal life-type policies and investment contracts with significant revenue streams from sources other than investment of the policyholder funds are grouped into cohorts based on issue year and contract type and amortized on a constant level basis over the expected term of the related contracts. The cohorts and assumptions used for the amortization of deferred costs are consistent with those used in estimating the related liabilities for these contracts. The constant level basis generally is the initial premium or deposit and is projected based on assumptions related to policyholder behavior, including lapses and mortality, over the expected term of the contracts. Each reporting period, we replace expected experience with actual experience to determine the related amortization expense. Changes to projected experience are recognized in amortization expense prospectively over the remaining contract term. Amortization of DAC and DSI is included in amortization of deferred acquisition costs, deferred sales inducements and value of business acquired on the consolidated statements of income (loss).

Deferred costs related to investment contracts without significant revenue streams from sources other than investment of the policyholder funds are amortized using the effective interest method. The effective interest method amortizes the deferred costs by discounting the future liability cash flows at a break-even rate. The break-even rate is solved for such that the present value of future liability cash flows is equal to the net liability at the inception of the contract. The deferred costs represent the difference between the net and gross liability and the change relates to amortization for the period.

Value of Business Acquired - We establish VOBA for blocks of insurance contracts acquired through the acquisition of insurance entities and through application of pushdown accounting. We record the fair value of the liabilities assumed in two components: reserves and VOBA. Reserves are established using our best estimate assumptions as of the business combination date. VOBA is the difference between the fair value of the liabilities and the reserves. VOBA can be either positive or negative and is amortized in relation to respective policyholder liabilities. Significant assumptions that impact VOBA amortization are consistent with those that impact the measurement of policyholder liabilities. We perform periodic tests to determine if positive VOBA remains recoverable. If we determine that positive VOBA is not recoverable, we would record a cumulative charge to the current period. Any negative VOBA is recorded to the same financial statement line on the consolidated balance sheets as the associated reserves. Positive VOBA is recorded in deferred acquisition costs, deferred sales inducements and value of business acquired on the consolidated balance sheets.

Prior to the application of pushdown accounting, VOBA associated with investment contracts without significant revenue streams from sources other than investment of the policyholder funds was amortized using the effective interest method. VOBA associated with immediate annuity contracts classified as long duration contracts was amortized at a constant rate in relation to net policyholder liabilities. For universal life-type policies and investment contracts with significant revenue streams from sources other than investment of policyholder funds, VOBA was amortized in relation to the present value of estimated gross profits using methods consistent with those used to amortize DAC and DSI. Negative VOBA was amortized at a constant rate in relation to applicable net policyholder liabilities.

See *Note 9 – Deferred Acquisition Costs, Deferred Sales Inducements and Value of Business Acquired* for further information.

Investment Contracts Held at Fair Value - For investment contracts, we have elected to apply the fair value option. We used an actuarial appraisal method to measure the fair value of the investment contracts. An actuarial appraisal method is based on the value of projected profits (net of required capital) using market-based assumptions. The significant unobservable inputs used in the actuarial appraisal method are the valuation rate, cost of capital rate, required capital percentage and return on net invested assets. Investment contracts held at fair value are included in other assets on the balance sheets. Investment contracts carried at fair value that were in a liability position were recorded in other liabilities on the balance sheets.

Interest Sensitive Contract Liabilities - Universal life-type policies and investment contracts include traditional deferred annuities, indexed annuities consisting of fixed indexed and index-linked variable annuities in the accumulation phase, funding agreements, immediate annuities without significant mortality risk (which include pension group annuities without life contingencies), universal life insurance, and other investment contracts inclusive of assumed endowments without significant mortality risk. We carry liabilities for traditional deferred annuities, indexed annuities, funding agreements and universal life insurance at the account balances without reduction for potential surrender or withdrawal charges. Liabilities for immediate annuities without significant mortality risk are calculated as the present value of future liability cash flows and policy maintenance expenses discounted at contractual interest rates. For a discussion regarding our indexed products, refer above to the embedded derivative discussion. Certain of our contracts are offered with additional contract features that meet the definition of a market risk benefit. See –*Market Risk Benefits* below for further information.

Unearned revenue liabilities are established when amounts are assessed against the policyholder for services to be provided in future periods. These balances are amortized consistent with the methodologies and assumptions used to amortize DAC and DSI.

Changes in interest sensitive contract liabilities, excluding deposits and withdrawals, are recorded in interest sensitive contract benefits or product charges on the consolidated statements of income (loss).

Future Policy Benefits - We issue contracts classified as long-duration, which include term and whole life, accident and health, disability, and deferred and immediate annuities with life contingencies (which include pension group annuities with life contingencies).

Liabilities for nonparticipating long-duration contracts are established as the estimated present value of benefits we expect to pay to or on behalf of the policyholder and related expenses less the present value of the net premiums to be collected, referred to as the net premium ratio. The contracts are grouped into cohorts based on issue year and contract type, with an exception for pension group annuities, which are generally assessed at the group annuity contract level. Contracts with different issuance years are not combined. Contracts acquired in a business combination are grouped into a single cohort by contract type, except for pension group annuities, which follow the group annuity contract level.

Liabilities for nonparticipating long-duration contracts are established using accepted actuarial valuation methods which require the use of assumptions related to discount rate, expenses, longevity, mortality, morbidity, persistency and other policyholder behavior. We base certain key assumptions, such as longevity, mortality and morbidity, on industry standard data adjusted to align with actual company experience, if needed. We have elected to use expense assumptions that are locked in at issuance for each cohort. All other cash flow assumptions are established at contract issuance and reviewed annually or more frequently if actual experience suggests a revision is necessary. The effects of changes in cash flow assumptions impacting the net premium ratio are recorded as remeasurement changes in the period in which they are made. As cash flow assumptions are reviewed at least annually, there is no provision for adverse deviation included within the liability.

Actual experience is recognized in the period in which the experience arises. Actual experience is then incorporated into the net premium ratio for all products and cohorts on a quarterly basis. When the net premium ratio is revised, whether to incorporate actual experience each reporting period or for the review of cash flow assumptions, the liability is recalculated as of the beginning of the period, discounted at the original contract issuance discount rate, and compared with the carrying amount of the liability as of the same date to determine the current period change. The current period change in the liability is recognized as a remeasurement gain or loss.

To the extent the present value of future benefits and expenses exceeds the present value of gross premiums, we will cap the net premium ratio at 100% by increasing the corresponding liability and recognizing an immediate loss through the consolidated statements of income (loss). The liability is never recorded at an amount less than zero for the cohort.

The liability for nonparticipating long-duration contracts is discounted using an upper-medium grade fixed income instrument yield aligned to the characteristics of the liability, including the duration and currency of the underlying cash flows. In determining reference portfolio of instruments, we have used a single A equivalent level rate and maximized the use of observable data to the extent possible for the duration of our liabilities. The discount rate is required to be updated at the end of each reporting period for the remeasurement of the liability but is locked-in for each cohort for the purpose of interest accretion expense.

Changes in the value of the liability for nonparticipating long-duration contracts due to changes in the discount rate are recognized as a component of OCI on the consolidated statements of comprehensive income (loss). Changes in the liability for the remeasurement gains or losses and all other changes in the liability are recorded in future policy and other policy benefits on the consolidated statements of income (loss).

Market Risk Benefits - Effective January 1, 2022, market risk benefits represent contracts or contract features that both provide protection to the contract holder from, and expose the insurance entity to, other-than-nominal capital market risk. Our deferred annuity contracts contain guaranteed lifetime withdrawal benefit (GLWB) and guaranteed minimum death benefit (GMDB) riders that meet the criteria for, and are classified as, market risk benefits.

Market risk benefits are measured at fair value at the contract level and may be recorded as a liability or an asset, which are included in market risk benefits or other assets, respectively, on the consolidated balance sheets. Multiple market risk benefits on a contract are treated as a single, compound market risk benefit. At contract inception, we assess the fees and assessments that are collectible from the policyholder and allocate them to the extent they are attributable to the market risk benefit. These attributed fees are used in the valuation of the market risk benefits and are never negative or exceed total explicit fees collectible from the policyholder. If the fees are sufficient to cover the projected benefits, a non-option based valuation model is used. If the fees are insufficient to cover the projected benefits, an option-based valuation model is used to compute the market risk benefit liability at contract inception, with an equal and offsetting adjustment recognized in interest sensitive contract liabilities.

Changes in fair value of market risk benefits are recorded in market risk benefits remeasurement (gains) losses on the consolidated statements of income (loss), excluding portions attributed to changes in instrument-specific credit risk, which are recorded in OCI on the consolidated statements of comprehensive income (loss).

Upon annuitization of the contract or the extinguishment of the account balance, the market risk benefit, related annuity contract and unamortized deferred costs are derecognized, including amounts within AOCI. A payout annuity is then established for GLWBs.

Foreign Currency - The accounts of foreign-based subsidiaries and equity method investments are measured using their functional currency. Revenue and expenses of these subsidiaries are translated into US dollars at the average exchange rate for the period. Assets and liabilities are translated at the exchange rate as of the end of the reporting period. For the equity method investments, our proportionate share of the investee's income is translated into US dollars at the average exchange rate for the period and our investment is translated using the exchange rate as of the end of the reporting period. The resulting translation adjustments are included in equity as a component of AOCI. Gains or losses arising from transactions denominated in a currency other than the functional currency of the entity that is party to the transaction are included in net income. The impacts of any non-US dollar denominated AFS securities are included in AOCI along with the change in its fair value unless in a fair value hedging relationship as discussed in *–Derivative Instruments* above.

Recognition of Revenues and Related Expenses - Revenues for universal life-type policies and investment contracts, including surrender and market value adjustments, costs of insurance, policy administration, GMDB, GLWB and no-lapse guarantee charges, are earned when assessed against policyholder account balances during the period. Interest credited to policyholder account balances and the change in fair value of embedded derivatives within fixed indexed annuity contracts is included in interest sensitive contract benefits on the consolidated statements of income (loss).

Premiums for long-duration contracts, including products with fixed and guaranteed premiums and benefits, are recognized as revenue when due from policyholders. When premiums are due over a significantly shorter period than the period over which benefits are provided, a deferred profit liability is established equal to the excess of the gross premium over the net premium. The deferred profit liability is recognized in future policy benefits on the consolidated balance sheets and amortized into income in relation to either applicable policyholder liabilities for immediate annuities with life contingencies (which includes pension group annuities) or insurance in-force for whole life products through future policy and other policy benefits on the consolidated statements of income (loss).

When the net premium ratio for the corresponding future policy benefit is updated for actual experience and changes to projected cash flow assumptions, the deferred profit liability is retrospectively recalculated from the contract issuance date through the beginning of the current reporting period. The revised deferred profit liability is compared to the beginning of the period carrying amount to determine the change to be recognized as a remeasurement gain or loss within future policy and other policy benefits on the consolidated statements of income (loss). Unlike the related future policy benefit, the deferred profit liability will not be remeasured for changes in discount rates each reporting period. Negative VOBA balances associated with payout contracts involving life contingencies, including pension group annuities, are accounted for in a manner similar to the deferred profit liability.

Income Taxes - We compute income taxes using the asset and liability method, under which deferred income taxes are provided for the temporary differences between the financial statement carrying amounts and the tax basis of our assets and liabilities using estimated tax rates expected to be in effect for the year in which the differences are expected to reverse. Such temporary differences are primarily due to the tax basis of reserves, DAC, VOBA, unrealized investment gains/losses, reinsurance related differences, embedded derivatives and net operating loss carryforwards. Changes in deferred income tax assets and liabilities associated with components of OCI are recorded directly to OCI. Deferred income taxes related to investments in our corporate foreign subsidiaries are computed using an outside basis approach. We record deferred taxes for those components of the outside basis difference, which are expected to reverse in the foreseeable future, without limitation to the overall outside basis difference. We evaluate the likelihood of realizing the benefit of our deferred tax assets and may record a valuation allowance if, based on all available evidence, we determine that it is more likely than not that some portion of the tax benefit will not be realized. We adjust the valuation allowance if, based on our evaluation, there is a change in the amount of deferred income tax assets that are deemed more-likely-than-not to be realized. Changes in deferred tax assets and liabilities attributable to changes in enacted income tax rates are recorded through net income in the period of enactment. We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the relevant taxing authorities, based on the technical merits of our position. For those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. We recognize any income tax interest and penalties in income tax expense.

On December 27, 2023, the Government of Bermuda enacted the Corporate Income Tax Act 2023 (Bermuda CIT). Under US GAAP Accounting Standard Codification (ASC) 740, the effects of new tax legislation must be recognized as a component of income tax expense in the period in which the law is enacted. Beginning in 2025, the Company and all its Bermuda subsidiaries will be included in the Bermuda Constituent Entity Group return of AARe. Opening deferred taxes were allocated to the Company and its Bermuda subsidiaries under the "benefits-for-loss" method. Under this method, the Company and all its Bermuda subsidiaries are assumed to file a separate return with the taxing authority, thereby reporting their opening tax benefit or expense as if the Company and its Bermuda subsidiaries were each a separate taxpayer, except that net operating losses (or other current or deferred tax attributes) are characterized as realized (or realizable) by the Company and its Bermuda subsidiaries when those tax attributes are realized (or realizable) by the consolidated return group, even if the Company or its Bermuda subsidiaries would not otherwise have realized the attributes on a stand-alone basis.

Recently Issued Accounting Pronouncements

Income Taxes - Improvements to Income Tax Disclosures (ASU 2023-09)

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. The guidance is effective for us for annual periods beginning in 2025. Early adoption is permitted. We are currently evaluating the impact of this guidance on our consolidated financial statements.

Business Combinations - Joint Venture Formations (ASU 2023-05)

The amendments in this update address how a joint venture initially recognizes and measures contributions received at its formation date. The amendments require a joint venture to apply a new basis of accounting upon formation and to initially recognize its assets and liabilities at fair value. The guidance is effective prospectively for all joint ventures formed on or after January 1, 2025, while retrospective application may be elected for a joint venture formed before the effective date. Early adoption is permitted. We are currently evaluating the impact of this guidance on our consolidated financial statements.

Adopted Accounting Pronouncements

Investments Equity Method and Joint Ventures (Accounting Standards Update (ASU) 2023-02)

The amendments in this update introduce the option of applying the proportional amortization method (PAM) to account for investments made primarily for the purpose of receiving income tax credits or other income tax benefits when certain requirements are met. Currently, PAM only applies to low-income housing tax credit (LIHTC) investments. We early adopted this guidance on October 1, 2023, and there was no impact on our consolidated financial statements upon adoption.

Insurance - Targeted Improvements to the Accounting for Long-Duration Contracts (ASU 2020-11, ASU 2019-09, ASU 2018-12)

These updates amend four key areas pertaining to the accounting and disclosures for long-duration insurance and investment contracts.

- The update requires cash flow assumptions used to measure the liability for future policy benefits to be updated at least annually and no longer allows a provision for adverse deviation. The remeasurement of the liability associated with the update of assumptions is required to be recognized in net income. Loss recognition testing is eliminated for traditional and limited-payment contracts. The update also requires the discount rate used in measuring the liability to be an upper-medium grade fixed income instrument yield, which is to be updated at each reporting date. The change in liability due to changes in the discount rate is to be recognized in other comprehensive income.
- The update simplifies the amortization of DAC and other balances amortized in proportion to premiums, gross profits or gross margins, requiring such balances to be amortized on a constant level basis over the expected term of the contracts. Deferred costs are required to be written off for unexpected contract terminations but are not subject to impairment testing.
- The update requires certain contract features meeting the definition of market risk benefits to be measured at fair value. Among the features included in this definition are GLWB and GMDB riders attached to our annuity products. The change in fair value of the market risk benefits is to be recognized in net income, excluding the portion attributable to changes in instrument-specific credit risk which is recognized in other comprehensive income.
- The update also introduces disclosure requirements around the liability for future policy benefits, policyholder account balances, market risk benefits, separate account liabilities and deferred acquisition costs. This includes disaggregated rollforwards of these balances and information about significant inputs, judgments, assumptions and methods used in their measurement.

We adopted LDTI as of January 1, 2023 and, for all provisions of the update, applied a retrospective transition approach using a transition date of January 1, 2022, the date of the merger with AGM. At the merger date, VOBA balances were established as the difference between the fair value of the liabilities and the reserves established as of this date. Upon transition to LDTI, the liability for future policy benefits and contractual features that meet the criteria for market risk benefits were adjusted to conform to LDTI, with an offsetting adjustment made to positive or negative VOBA. No adjustments were recorded to AOCI or retained earnings (accumulated deficit) as of the transition date. See *Note 2 – Adoption of Accounting Pronouncement* for the effects of LDTI adoption on our 2022 consolidated financial statements.

ATHENE LIFE RE LTD.
Notes to Consolidated Financial Statements

Reference Rate Reform (Topic 848) (ASU 2022-06, ASU 2021-01, ASU 2020-04)

We adopted ASU 2020-04 and ASU 2021-01 and elected to apply certain of the practical expedients related to contract modifications, hedge accounting relationships, and derivative modifications pertaining to discounting, margining, or contract price alignment. The main purpose of the practical expedients is to ease the administrative burden of accounting for contracts impacted by reference rate reform, and these elections did not have, and are not expected to have, a material impact on the consolidated financial statements. ASU 2022-06 amended and deferred the sunset date of Topic 848 from December 31, 2022, to December 31, 2024, after which we will no longer be permitted to apply the expedients provided in Topic 848. We will continue to evaluate the impact of reference rate reform on contract modifications and hedging relationships.

Fair Value Measurement - Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions (ASU 2022-03)

This amendment clarifies guidance that a restriction that is a characteristic of the holding entity, rather than a characteristic of the equity security itself, should not be considered in its fair value measurement. As a result, we are required to measure the fair value of equity securities subject to contractual restrictions attributable to the holding entity on the basis of the market price of the same equity security without those contractual restrictions. Companies are not permitted to recognize a contractual sale restriction attributable to the holding entity as a separate unit of account. The guidance also requires disclosures for these equity securities. We early adopted this update effective July 1, 2023. The adoption of this update was applied on a prospective basis and did not have a material effect on our consolidated financial statements.

2. Adoption of Accounting Pronouncement

The schedules following provide the transition disclosures and effect of our LDTI adoption on the 2022 consolidated financial statements. See *Note 10 – Long-duration Contracts* for further disclosures.

The following table summarizes future policy benefits and changes to the liability:

(In millions)	Indexed annuities	Payout annuities	Reconciling items[1]	Total
Balance as of January 1, 2022	$ 166	$ 14,558	$ 1,855	$ 16,579
Change in discount rate assumptions	—	924	—	924
Adjustment for removal of balances related to market risk benefits	(166)	—	—	(166)
Adjustment for offsetting balance in negative VOBA[2]	—	—	(946)	(946)
Adjusted balance as of January 1, 2022	$ —	$ 15,482	$ 909	$ 16,391

[1] *Reconciling items primarily include negative VOBA associated with our liability for future policy benefits.*

[2] *Uneliminated adjustments were recorded to positive VOBA within deferred acquisition costs, deferred sales inducements and value of business acquired on the consolidated balance sheets.*

Adjustments to the deferred profit liability were not required as these balances were set to zero on the merger date. Since the liability for future policy benefits was measured at fair value on the merger date, there were no instances upon transition in which net premiums exceeded gross premiums which would have required an immediate loss to be recognized in net income.

The following table presents the net liability position of market risk benefits:

(In millions)	Indexed annuities
Balance as of January 1, 2022	$ —
Adjustment for addition of existing balances[1]	166
Adjustment to positive VOBA due to fair value adjustment for market risk benefits[2]	(4)
Adjustment to negative VOBA due to fair value adjustment for market risk benefits[3]	(22)
Adjusted balance as of January 1, 2022	$ 140

[1] *Previously recorded within future policy benefits on the consolidated balance sheets.*

[2] *Previously recorded within deferred acquisition costs, deferred sales inducements and value of business acquired on the consolidated balance sheets.*

[3] *Previously recorded within interest sensitive contract liabilities on the consolidated balance sheets.*

The following table represents market risk benefits by asset and liability positions:

(In millions)	Asset[1]	Liability	Net liability
Indexed annuities	$ 35	$ 175	$ 140
Adjusted balance as of January 1, 2022	$ 35	$ 175	$ 140

[1] *Included in other assets on the consolidated balance sheets.*

The following table summarizes the change in deferred acquisition costs, deferred sales inducements and value of business acquired:

(In millions)	VOBA	
Balance as of January 1, 2022	$	62
Change in discount rate assumptions for future policy benefits		(21)
Fair value adjustment of market risk benefits		(4)
Adjusted balance as of January 1, 2022	$	37

3. Business Combination

At the closing of the AHL merger with AGM, each issued and outstanding AHL Class A common share (other than shares held by Apollo, the Apollo Operating Group (AOG) or the respective direct or indirect wholly owned subsidiaries of AHL or the AOG) was converted automatically into 1.149 shares of AGM common shares and any cash paid in lieu of fractional AGM common shares. In connection with the merger, AGM issued to AHL Class A common shareholders 158.2 million AGM common shares in exchange for 137.6 million AHL Class A common shares that were issued and outstanding as of the acquisition date, exclusive of the 54.6 million shares previously held by Apollo immediately before the acquisition date.

The consideration was calculated based on historical AGM's December 31, 2021 closing share price multiplied by the AGM common shares issued in the share exchange, as well as the fair value of stock-based compensation awards replaced, fair value of warrants converted to AGM common shares and other equity consideration, and effective settlement of pre-existing relationships and other consideration.

Pushdown accounting

As part of pushdown accounting, the goodwill recorded at AHL was allocated to ALRe based on the Company's net identifiable assets relative to AHL's consolidated net identifiable assets. This has resulted in $2,801 million goodwill recognized at January 1, 2022, and an assumed purchase price allocation of $10,549 million.

Goodwill is primarily attributable to the scale, skill sets, operations, and synergies that can be achieved subsequent to the merger. The goodwill recorded is not expected to be deductible for tax purposes. Goodwill on the consolidated balance sheets includes the impacts of foreign currency translation.

The following represents the calculation of goodwill and fair value amounts recognized:

(In millions)	**Fair value and goodwill calculation**	
Purchase Price	$	10,549
Assets		
Investments		74,240
Cash and cash equivalents		1,757
Restricted cash		533
Investment in related parties		2,824
VOBA		37
Other assets		1,993
Estimated fair value of total assets acquired by AGM		81,384
Interest sensitive contract liabilities		51,112
Future policy benefits		16,391
Market risk benefits		175
Payables for collateral on derivatives and securities to repurchase		1,016
Other liabilities		4,942
Estimated fair value of total liabilities assumed by AGM		73,636
Identifiable net assets		7,748
Goodwill attributable to ALRe	$	2,801

Included within the above are final amounts for (1) VOBA, (2) interest sensitive contract liabilities, (3) future policy benefits, and (4) other assets and other liabilities for the portion of our net assets AGM acquired relating to other identifiable intangible assets and deferred taxes, based on the availability of data as of the date the financial statements were available to be issued.

ATHENE LIFE RE LTD.
Notes to Consolidated Financial Statements

The fair value and weighted average estimated useful life of VOBA consists of the following:

	Fair value *(in millions)*	Weighted average useful life *(in years)*
VOBA	$ 37	5.72
Total	$ 37	

4. Investments

AFS Securities - The following table represents the amortized cost, allowance for credit losses, gross unrealized gains and losses and fair value of our AFS investments by asset type:

	December 31, 2023				
(In millions)	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS securities					
US government and agencies	$ 1,242	$ —	$ —	$ (249)	$ 993
US state, municipal and political subdivisions	101	—	—	(21)	80
Foreign governments	113	—	—	(22)	91
Corporate	9,610	(22)	247	(604)	9,231
CLO	2,102	—	16	(49)	2,069
ABS	1,298	(1)	21	(43)	1,275
CMBS	317	—	4	(18)	303
RMBS	1,661	(66)	58	(63)	1,590
Total AFS securities	16,444	(89)	346	(1,069)	15,632
AFS securities – related party					
Corporate	274	—	—	(31)	243
CLO	252	—	4	(4)	252
ABS	169	—	1	(14)	156
Total AFS securities – related party	695	—	5	(49)	651
Total AFS securities including related party	$ 17,139	$ (89)	$ 351	$ (1,118)	$ 16,283

	December 31, 2022				
(In millions)	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS securities					
US government and agencies	$ 1,237	$ —	$ —	$ (255)	$ 982
US state, municipal and political subdivisions	83	—	—	(26)	57
Foreign governments	98	(22)	—	(15)	61
Corporate	4,607	(14)	17	(783)	3,827
CLO	2,171	(2)	3	(157)	2,015
ABS	890	—	8	(84)	814
CMBS	476	—	2	(21)	457
RMBS	1,167	(21)	12	(83)	1,075
Total AFS securities	10,729	(59)	42	(1,424)	9,288
AFS securities – related party					
Corporate	196	—	—	(23)	173
CLO	171	—	—	(17)	154
ABS	87	—	—	(8)	79
Total AFS securities – related party	454	—	—	(48)	406
Total AFS securities including related party	$ 11,183	$ (59)	$ 42	$ (1,472)	$ 9,694

The amortized cost and fair value of AFS securities, including related parties, are shown by contractual maturity below:

	December 31, 2023	
(In millions)	Amortized Cost	Fair Value
AFS securities		
Due in one year or less	$ 68	$ 68
Due after one year through five years	2,057	2,024
Due after five years through ten years	4,075	3,927
Due after ten years	4,866	4,376
CLO, ABS, CMBS and RMBS	5,378	5,237
Total AFS securities	16,444	15,632
AFS securities – related party		
Due after one year through five years	109	106
Due after ten years	165	137
CLO and ABS	421	408
Total AFS securities – related party	695	651
Total AFS securities including related party	$ 17,139	$ 16,283

Actual maturities can differ from contractual maturities as borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

Unrealized Losses on AFS Securities - The following summarizes the fair value and gross unrealized losses for AFS securities, including related parties, for which an allowance for credit losses has not been recorded, aggregated by asset type and length of time the fair value has remained below amortized cost:

	December 31, 2023					
	Less than 12 months		12 months or more		Total	
(In millions)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
AFS securities						
US government and agencies	$ 92	$ (2)	$ 843	$ (247)	$ 935	$ (249)
US state, municipal and political subdivisions	12	(1)	56	(20)	68	(21)
Foreign governments	7	—	60	(22)	67	(22)
Corporate	838	(43)	3,081	(560)	3,919	(603)
CLO	119	—	1,156	(47)	1,275	(47)
ABS	82	(2)	340	(37)	422	(39)
CMBS	4	—	82	(15)	86	(15)
RMBS	100	(2)	369	(35)	469	(37)
Total AFS securities	1,254	(50)	5,987	(983)	7,241	(1,033)
AFS securities – related party						
Corporate	137	(27)	37	(4)	174	(31)
CLO	19	—	97	(4)	116	(4)
ABS	1	—	87	(11)	88	(11)
Total AFS securities – related party	157	(27)	221	(19)	378	(46)
Total AFS securities including related party	$ 1,411	$ (77)	$ 6,208	$ (1,002)	$ 7,619	$ (1,079)

ATHENE LIFE RE LTD.
Notes to Consolidated Financial Statements

	December 31, 2022					
	Less than 12 months		12 months or more		Total	
(In millions)	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
AFS securities						
US government and agencies	$ 952	$ (255)	$ —	$ —	$ 952	$ (255)
US state, municipal and political subdivisions	56	(26)	—	—	56	(26)
Foreign governments	49	(15)	—	—	49	(15)
Corporate	3,637	(782)	—	—	3,637	(782)
CLO	1,754	(153)	—	—	1,754	(153)
ABS	741	(78)	—	—	741	(78)
CMBS	169	(20)	—	—	169	(20)
RMBS	517	(56)	—	—	517	(56)
Total AFS securities	7,875	(1,385)	—	—	7,875	(1,385)
AFS securities – related party						
Corporate	173	(23)	—	—	173	(23)
CLO	154	(17)	—	—	154	(17)
ABS	79	(8)	—	—	79	(8)
Total AFS securities – related party	406	(48)	—	—	406	(48)
Total AFS securities including related party	$ 8,281	$ (1,433)	$ —	$ —	$ 8,281	$ (1,433)

The following summarizes the number of AFS securities that were in an unrealized loss position, including related parties, for which an allowance for credit losses has not been recorded:

	December 31, 2023	
	Unrealized loss position	Unrealized loss position 12 months or more
AFS securities	1,452	1,180
AFS securities – related party	24	19

The unrealized losses on AFS securities can primarily be attributed to changes in market interest rates since the application of pushdown accounting or acquisition. We did not recognize the unrealized losses in income, unless as required for hedge accounting, as we intend to hold these securities and it is not more likely than not we will be required to sell a security before the recovery of its amortized cost.

Allowance for Credit Losses - The following table summarizes the activity in the allowance for credit losses for AFS securities by asset type:

	Year ended December 31, 2023						
		Additions		Reductions			
(In millions)	Beginning Balance	Initial credit losses	Initial credit losses on PCD securities	Securities sold during the period	Securities intended to be sold prior to recovery of amortized cost basis	Additions (reductions) to previously impaired securities	Ending Balance
AFS securities							
Foreign governments	$ 22	$ —	$ —	$ (22)	$ —	$ —	$ —
Corporate	14	5	—	—	—	3	22
CLO	2	—	—	(1)	—	(1)	—
ABS	—	1	—	—	—	—	1
CMBS	—	2	—	—	—	(2)	—
RMBS	21	1	54	(9)	—	(1)	66
Total AFS securities	$ 59	$ 9	$ 54	$ (32)	$ —	$ (1)	$ 89

ATHENE LIFE RE LTD.
Notes to Consolidated Financial Statements

	Year Ended December 31, 2022						
		Additions		Reductions			
(In millions)	January 1, 2022	Initial credit losses	Initial credit losses on PCD securities	Securities sold during the period	Securities intended to be sold prior to recovery of amortized cost basis	Additions (reductions) to previously impaired securities	Ending Balance
AFS securities							
Foreign governments	$ —	$ 30	$ —	$ —	$ —	$ (8)	$ 22
Corporate	—	15	—	—	(1)	—	14
CLO	—	6	—	—	—	(4)	2
ABS	—	1	—	—	—	(1)	—
CMBS	—	1	—	(1)	—	—	—
RMBS	16	12	3	(8)	—	(2)	21
Total AFS securities	16	65	3	(9)	(1)	(15)	59
AFS securities – related party, CLO	—	1	—	—	—	(1)	—
Total AFS securities including related party	$ 16	$ 66	$ 3	$ (9)	$ (1)	$ (16)	$ 59

Net Investment Income - Net investment income by asset class consists of the following:

	Years ended December 31,	
(In millions)	2023	2022
AFS securities	$ 690	$ 362
Trading securities	12	16
Equity securities	3	18
Mortgage loans	19	15
Investment funds	(9)	70
Funds withheld at interest	3,347	2,536
Other	220	52
Investment revenue	4,282	3,069
Investment expenses	(155)	(112)
Net investment income	$ 4,127	$ 2,957

Investment Related Gains (Losses) - Investment related gains (losses) by asset class consists of the following:

	Years ended December 31,	
(In millions)	2023	2022
AFS securities[1]		
Gross realized gains on investment activity	$ 69	$ 108
Gross realized losses on investment activity	(109)	(161)
Net realized investment losses on AFS securities	(40)	(53)
Net recognized investment gains (losses) on trading securities	2	(6)
Net recognized investment losses on equity securities	(7)	(12)
Net realized investment gains (losses) on mortgage loans	15	(26)
Derivative gains (losses)	2,688	(9,251)
Provision for credit losses	(27)	(49)
Other gains (losses)	(170)	520
Investment related gains	$ 2,461	$ (8,877)

[1] *Includes the effects of recognized gains or losses on AFS securities associated with designated hedges.*

Proceeds from sales of AFS securities were $2,196 million and $1,645 million for the years ended December 31, 2023 and 2022, respectively.

ATHENE LIFE RE LTD.
Notes to Consolidated Financial Statements

The following table summarizes the change in unrealized gains (losses) on trading and equity securities, including related parties we held as of the respective year end:

	Years ended December 31,	
(In millions)	2023	2022
Trading securities	$ 1	$ (3)
Trading securities – related party	2	—
Equity securities	1	(1)
Equity securities – related party	(10)	—

Repurchase Agreements - The following table summarizes the maturities of our repurchase agreements:

	December 31,	
(In millions)	2023	2022
Less than 30 days	$ 686	$ 608
30-90 days	—	100
Payables for repurchase agreements	$ 686	$ 708

The following table summarizes the securities pledged as collateral for repurchase agreements:

	Years ended December 31,			
	2023		2022	
(In millions)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
AFS Securities				
US government and agencies	$ —	$ —	$ 936	$ 721
Corporate	906	738	—	—
Total securities pledged under repurchase agreements	$ 906	$ 738	$ 936	$ 721

Mortgage Loans, including related parties and consolidated VIEs - Mortgage loans includes both commercial and residential loans. In connection with the merger, we elected the fair value option on our mortgage loan portfolio. See *Note 7 – Fair Value* for further fair value option information. The following represents the mortgage loan portfolio, with fair value option loans presented at unpaid principal balance:

	December 31,	
(In millions)	2023	2022
Commercial mortgage loans	$ 439	$ 422
Commercial mortgage loans under development	35	—
Total commercial mortgage loans	474	422
Market to fair value	(27)	(21)
Commercial mortgage loans	447	401
Residential mortgage loans	387	391
Market to fair value	(48)	(52)
Residential mortgage loans	339	339
Mortgage loans	$ 786	$ 740

We primarily invest in commercial mortgage loans on income producing properties including office and retail buildings, apartments, hotels and industrial properties. We diversify the commercial mortgage loan portfolio by geographic region and property type to reduce concentration risk. We evaluate mortgage loans based on relevant current information to confirm if properties are performing at a consistent and acceptable level to secure the related debt.

ATHENE LIFE RE LTD.
Notes to Consolidated Financial Statements

The distribution of commercial mortgage loans, including those under development, by property type and geographic region, is as follows:

	December 31,			
	2023		2022	
(In millions, except percentages)	Net Carrying Value	Percentage of Total	Net Carrying Value	Percentage of Total
Property type				
Apartment	$ 6	1.3 %	$ —	— %
Retail	54	12.1 %	59	14.7 %
Other commercial	387	86.6 %	342	85.3 %
Total commercial mortgage loans	$ 447	100.0 %	$ 401	100.0 %
International region				
United Kingdom	$ 387	86.6 %	$ 342	85.3 %
India	54	12.1 %	59	14.7 %
Other International[1]	6	1.3 %	—	— %
Total international region	447	100.0 %	401	100.0 %
Total commercial mortgage loans	$ 447	100.0 %	$ 401	100.0 %

[1] *Represents all other countries, with each individual country comprising less than 5% of the portfolio.*

Our residential mortgage loan portfolio includes first lien residential mortgage loans collateralized by properties in various geographic locations and is summarized by proportion of the portfolio in the following table:

	December 31,	
	2023	2022
International		
United Kingdom	42.0 %	70.6 %
Ireland	58.0 %	29.4 %
Total international residential mortgage loan percentage	100.0 %	100.0 %
Total residential mortgage loan percentage	100.0 %	100.0 %

Investment Funds - Our investment fund portfolio consists of funds that employ various strategies and include investments in origination platforms, insurance platforms, and equity, hybrid, yield and other funds. Investment funds can meet the definition of VIEs, which are discussed further in *Note 6 – Variable Interest Entities*. Our investment funds do not specify timing of distributions on the funds' underlying assets.

The following summarizes our investment funds, including related parties and consolidated VIEs:

	December 31,			
	2023		2022	
(In millions, except for percentages)	Carrying value	Percent of total	Carrying value	Percent of total
Investment funds – related parties				
Strategic origination platforms	$ 2	0.5 %	$ —	— %
Strategic insurance investments	218	56.4 %	309	66.0 %
Apollo and other fund investments				
Equity	144	37.1 %	144	30.8 %
Other	22	6.0 %	15	3.2 %
Total investment funds — related parties	386	100.0 %	468	100.0 %
Investment funds — consolidated VIEs				
Strategic insurance investments	$ 483	20.3 %	$ 520	28.2 %
Apollo and other fund investments				
Equity	107	4.5 %	135	7.3 %
Hybrid	2	0.1 %	30	1.6 %
Other	1,788	75.1 %	1,161	62.9 %
Total investment funds – consolidated VIEs	2,380	100.0 %	1,846	100.0 %
Total investment funds including related party and funds owned by consolidated VIEs	$ 2,766		$ 2,314	

Summarized Ownership of Investment Funds - The following is the aggregated summarized financial information of equity method investees, including those for which we elected the fair value option and would otherwise be accounted for as an equity method investment, and may be presented on a lag due to the availability of financial information from the investee:

	December 31,	
(In millions)	2023	2022
Assets	$ 2,489	$ 13,192
Liabilities	318	1,029
Equity	2,171	12,163

	Years ended December 31,	
(In millions)	2023	2022
Net income	$ 67	$ 1,681

Non-Consolidated Securities and Investment Funds

Fixed maturity securities - We invest in securitization entities as a debt holder or an investor in the residual interest of the securitization vehicle. These entities are deemed VIEs due to insufficient equity within the structure and lack of control by the equity investors over the activities that significantly impact the economics of the entity. In general, we are a debt investor within these entities and, as such, hold a variable interest; however, due to the debt holders' lack of ability to control the decisions within the trust that significantly impact the entity, and the fact the debt holders are protected from losses due to the subordination of the equity tranche, the debt holders are not deemed the primary beneficiary. Securitization vehicles in which we hold the residual tranche are not consolidated because we do not unilaterally have substantive rights to remove the general partner, or when assessing related party interests, we are not under common control, as defined by GAAP, with the related parties, nor are substantially all of the activities conducted on our behalf; therefore, we are not deemed the primary beneficiary. Debt investments and investments in the residual tranche of securitization entities are considered debt instruments, and are held at fair value and classified as AFS or trading securities on the consolidated balance sheets.

Investment funds - Investment funds include non-fixed income, alternative investments in the form of limited partnerships or similar legal structures.

Equity securities - We invest in preferred equity securities issued by entities deemed to be VIEs due to insufficient equity within the structure.

Our risk of loss associated with our non-consolidated investments depends on the investment. Investment funds, equity securities and trading securities are limited to the carrying value plus unfunded commitments. AFS securities are limited to amortized cost plus unfunded commitments.

The following summarizes the carrying value and maximum loss exposure of these non-consolidated investments:

	December 31,			
	2023		2022	
(In millions)	Carrying Value	Maximum Loss Exposure	Carrying Value	Maximum Loss Exposure
Investment in related parties – investment funds	$ 386	$ 492	$ 468	$ 573
Assets of consolidated VIEs – investment funds	2,380	2,791	1,846	2,215
Investment in fixed maturity securities	5,266	5,443	4,367	4,710
Investment in related parties – fixed maturity securities	586	599	363	387
Investment in related parties – equity securities	63	63	—	—
Total non-consolidated investments	$ 8,681	$ 9,388	$ 7,044	$ 7,885

Funds Withheld at Interest - Funds withheld at interest represents a receivable for amounts contractually withheld by ceding companies in accordance with modco and funds withheld reinsurance agreements in which we act as the reinsurer. Generally, assets equal to statutory reserves are withheld and legally owned by the ceding company.

The funds withheld at interest is comprised of the host contract and an embedded derivative. We are subject to the investment performance on the withheld assets with the total return directly impacting the host contract and the embedded derivative. Interest accrues at a risk free rate on the host receivable and is recorded as net investment income in the consolidated statements of income. The change in the embedded derivative in our reinsurance agreements, which is similar to a total return swap on the income generated by the underlying assets held by the ceding companies, is recorded in investment related gains (losses). Although we do not directly control the underlying investments in the funds

withheld at interest, in each instance the ceding company has hired Apollo Insurance Group Solutions LLC (ISG) to manage the withheld assets in accordance with our investment guidelines.

The following summarizes the underlying investment composition of the funds withheld at interest, including related party:

	December 31,			
	2023		2022	
(In millions, except percentages)	Carrying value	Percent of total	Carrying value	Percent of total
Fixed maturity securities				
US government and agencies	$ 2,437	2.7 %	$ 61	0.1 %
US state, municipal and political subdivisions	420	0.5 %	305	0.5 %
Foreign governments	565	0.6 %	576	0.9 %
Corporate	33,741	37.7 %	27,313	43.7 %
CLO	8,756	9.8 %	6,526	10.5 %
ABS	10,555	11.8 %	8,589	13.9 %
CMBS	3,232	3.6 %	1,633	2.6 %
RMBS	1,605	1.8 %	1,559	2.5 %
Equity securities	496	0.6 %	454	0.7 %
Mortgage loans	17,982	20.1 %	10,944	17.5 %
Investment funds	4,107	4.6 %	3,104	5.0 %
Derivative assets	1,167	1.3 %	665	1.1 %
Short-term investments	952	1.1 %	267	0.4 %
Other Investments	624	0.7 %	116	0.2 %
Cash and cash equivalents	3,588	4.0 %	1,498	2.4 %
Other assets and liabilities	(757)	(0.9)%	(1,148)	(2.0)%
Total funds withheld at interest, including related party	$ 89,470	100.0 %	$ 62,462	100.0 %

5. Derivative Instruments

We use a variety of derivative instruments to manage risks, primarily equity, interest rate, credit, foreign currency and market volatility. See *Note 1 – Business, Basis of Presentation and Significant Accounting Policies* for a description of our accounting policies for derivatives and *Note 7 – Fair Value* for information about the fair value hierarchy for derivatives.

The following table presents the notional amount and fair value of derivative instruments:

	December 31,					
	2023			2022		
		Fair Value			Fair Value	
(In millions)	Notional Amount	Assets	Liabilities	Notional Amount	Assets	Liabilities
Derivatives designated as hedges						
Foreign currency hedges						
Swaps	337	$ 14	$ 6	240	$ 26	$ 3
Forwards	429	23	3	523	39	1
Interest rate swaps	95	—	3	93	1	—
Total derivatives designated as hedges		37	12		66	4
Derivatives not designated as hedges						
Equity options	9,385	237	—	11,298	113	—
Futures	1	3	—	1	3	—
Foreign currency swaps	1,336	33	51	213	35	3
Interest rate swaps	20	—	—	20	—	—
Other swaps	22	1	—	16	—	—
Foreign currency forwards	16,193	86	416	4,469	97	68
Embedded derivatives						
Funds withheld including related parties		(5,285)	—		(4,847)	—
Interest sensitive contract liabilities		—	2,868		—	941
Total derivatives not designated as hedges		(4,925)	3,335		(4,599)	1,012
Total derivatives		$ (4,888)	$ 3,347		$ (4,533)	$ 1,016

Derivatives Designated as Hedges

Cash Flow Hedges **-** We use interest rate swaps to convert floating-rate interest payments to fixed-rate interest payments to reduce exposure to interest rate changes. The interest rate swaps will expire by July 2027. During the years ended December 31, 2023 and 2022, interest rate swaps recognized in OCI had gains of $33 million and losses of $105 million, respectively. There were no amounts deemed ineffective during the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023, no amounts are expected to be reclassified to income within the next 12 months.

Fair Value Hedges - We use foreign currency forward contracts and foreign currency swaps that are designated and accounted for as fair value hedges to hedge certain exposures to foreign currency risk and interest rate risk. The foreign currency forward price is agreed upon at the time of the contract and payment is made at a specified future date.

The following represents the carrying amount and the cumulative fair value hedging adjustments included in the hedged assets or liabilities:

	December 31,			
	2023		2022	
(In millions)	Carrying amount of the hedged assets or liabilities[1]	Cumulative amount of fair value hedging gains (losses)	Carrying amount of the hedged assets or liabilities[1]	Cumulative amount of fair value hedging gains (losses)
AFS securities				
Foreign currency forwards	$ 268	$ (5)	$ 419	$ (39)
Foreign currency swaps	288	(3)	146	(13)

[1] *The carrying amount disclosed for AFS securities is amortized cost.*

ATHENE LIFE RE LTD.
Notes to Consolidated Financial Statements

The following is a summary of the gains (losses) related to the derivatives and related hedged items in fair value hedge relationships:

				Amounts Excluded	
(In millions)	Derivatives	Hedged Items	Net	Recognized in income through amortization approach	Recognized in income through changes in fair value
Year ended December 31, 2023					
Investment related gains (losses)					
Foreign currency forwards	$ (10)	$ 13	$ 3	$ 5	$ 3
Foreign currency swaps	(12)	11	(1)	—	—
Year ended December 31, 2022					
Investment related gains (losses)					
Foreign currency forwards	17	(20)	(3)	5	—
Foreign currency swaps	15	(13)	2	—	—

The following is a summary of the gains (losses) excluded from the assessment of hedge effectiveness that were recognized in OCI:

	Years ended December 31,	
(In millions)	2023	2022
Foreign currency forwards	$ (2)	$ (1)
Forward currency swaps	(1)	5

Net Investment Hedges - We use foreign currency forwards to hedge the foreign currency exchange rate risk of our investments in subsidiaries that have a reporting currency other than the US dollar. We assess hedge effectiveness based on the changes in forward rates. During the years ended December 31, 2023 and 2022, these derivatives had losses of $2 million and gains of $15 million, respectively. These derivatives are included in foreign currency translation and other adjustments on the consolidated statements of comprehensive income (loss). As of December 31, 2023 and 2022, the cumulative foreign currency translations recorded in AOCI related to these net investment hedges were gains of $13 million and $15 million, respectively. During the years ended December 31, 2023 and 2022, there were no amounts deemed ineffective.

Derivatives Not Designated as Hedges

Equity options - We use equity indexed options to economically hedge fixed indexed annuity products that guarantee the return of principal to the policyholder and credit interest based on a percentage of the gain in a specified market index, primarily the S&P 500. To hedge against adverse changes in equity indices, we enter into contracts to buy equity indexed options. The contracts are net settled in cash based on differentials in the indices at the time of exercise and the strike price.

Futures - Futures contracts are purchased to hedge the growth in interest credited to the customer as a direct result of increases in the related indices. We enter into exchange-traded futures with regulated futures commission clearing brokers who are members of a trading exchange. Under exchange-traded futures contracts, we agree to purchase a specified number of contracts with other parties and to post variation margin on a daily basis in an amount equal to the difference in the daily fair values of those contracts.

Interest rate swaps - We use interest rate swaps to reduce market risks from interest rate changes and to alter interest rate exposure arising from duration mismatches between assets and liabilities. With an interest rate swap, we agree with another party to exchange the difference between fixed-rate and floating-rate interest amounts tied to an agreed-upon notional principal amount at specified intervals.

Other swaps - Other swaps include total return swaps, credit default swaps and swaptions. We purchase total rate of return swaps to gain exposure and benefit from a reference asset or index without ownership. Credit default swaps provide a measure of protection against the default of an issuer or allow us to gain credit exposure to an issuer or traded index. We use credit default swaps coupled with a bond to synthetically create the characteristics of a reference bond.

Embedded derivatives - We have embedded derivatives which are required to be separated from their host contracts and reported as derivatives. Host contracts include reinsurance agreements structured on modco or funds withheld basis and indexed annuity products.

ATHENE LIFE RE LTD.
Notes to Consolidated Financial Statements

The following is a summary of the gains (losses) related to derivatives not designated as hedges:

	Years ended December 31,	
(In millions)	2023	2022
Equity options	$ 118	$ (214)
Futures	7	(32)
Swaps	(28)	89
Foreign currency forwards	(348)	178
Embedded derivatives on funds withheld	2,953	(9,310)
Amounts recognized in investment related gains (losses)	2,702	(9,289)
Embedded derivatives in indexed annuity products[1]	(276)	557
Total net gains on derivatives not designated as hedges	$ 2,426	$ (8,732)

[1] *Included in interest sensitive contract benefits on the consolidated statements of income.*

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 millions)	Gross amount recognized[1]	Financial instruments[2]	Collateral received/ pledged	Net amount	Off-balance sheet securities collateral[3]	Net amount after securities collateral
December 31, 2023						
Derivative assets	$ 397	$ (229)	$ (262)	$ (94)	$ —	$ (94)
Derivative liabilities	(479)	229	331	81	—	81
December 31, 2022						
Derivative assets	$ 314	$ (72)	$ (263)	$ (21)	$ —	$ (21)
Derivative liabilities	(75)	72	3	—	—	—

[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 derivative liabilities that are subject to an enforceable master netting agreement 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.*

6. Variable Interest Entities

We determined that we are required to consolidate certain Apollo-managed investment funds and other Apollo-managed structures. Since the criteria for the primary beneficiary are satisfied by our related party group, we are deemed the primary beneficiary. In addition, we consolidate certain securitization entities where we are deemed the primary beneficiary. No arrangement exists requiring us to provide additional funding in excess of our committed capital investment, liquidity, or the funding of losses or an increase to our loss exposure in excess of our investment in any of the consolidated VIEs.

The following summarizes the income statement activity of the consolidated VIEs:

	Years ended December 31,	
(In millions)	2023	2022
Trading securities	$ 27	$ —
Mortgage loans	31	12
Investment funds	—	7
Other	(1)	(4)
Net investment income	$ 57	$ 15
Trading securities	$ (12)	$ (2)
Net recognized investment losses on mortgage loans	4	(31)
Investment funds	100	18
Other gains (losses)	(20)	32
Investment related gains (losses)	$ 72	$ 17

7. Fair Value

Fair value is the price we would receive to sell an asset or pay to transfer a liability (exit price) in an orderly transaction between market participants. We determine fair value based on the following fair value hierarchy:

Level 1 – Unadjusted quoted prices for identical assets or liabilities in an active market.

Level 2 – Quoted prices for inactive markets or valuation techniques that require observable direct or indirect inputs for substantially the full term of the asset or liability. Level 2 inputs include the following:

- Quoted prices for similar assets or liabilities in active markets,
- Observable inputs other than quoted market prices, and
- Observable inputs derived principally from market data through correlation or other means.

Level 3 – Prices or valuation techniques with unobservable inputs significant to the overall fair value estimate. These valuations use critical assumptions not readily available to market participants. Level 3 valuations are based on market standard valuation methodologies, including discounted cash flows, matrix pricing or other similar techniques.

Net Asset Value (NAV) – Investment funds are typically measured using NAV as a practical expedient in determining fair value and 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 fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the instrument's fair value measurement.

We use a number of valuation sources to determine fair values. Valuation sources can include quoted market prices; third-party commercial pricing services; third-party brokers; industry-standard, vendor modeling software that uses market observable inputs; and other internal modeling techniques based on projected cash flows. We periodically review the assumptions and inputs of third-party commercial pricing services through internal valuation price variance reviews, comparisons to internal pricing models, back testing to recent trades, or monitoring trading volumes.

ATHENE LIFE RE LTD.
Notes to Consolidated Financial Statements

The following represents the hierarchy for our assets and liabilities measured at fair value on a recurring basis:

	December 31, 2023				
(In millions)	Total	NAV	Level 1	Level 2	Level 3
Assets					
AFS securities					
US government and agencies	$ 993	$ —	$ 993	$ —	$ —
US state, municipal and political subdivisions	80	—	—	80	—
Foreign governments	91	—	—	90	1
Corporate	9,231	—	—	8,762	469
CLO	2,069	—	—	2,069	—
ABS	1,275	—	—	523	752
CMBS	303	—	—	303	—
RMBS	1,590	—	—	1,562	28
Total AFS securities	15,632	—	993	13,389	1,250
Trading securities	39	—	—	39	—
Equity securities	18	—	—	—	18
Mortgage loans	365	—	—	—	365
Funds withheld at interest - embedded derivative	(3,379)	—	—	—	(3,379)
Derivative assets	397	—	3	394	—
Short-term investments	69	—	—	69	—
Cash and cash equivalents	3,412	—	3,412	—	—
Restricted cash	804	—	804	—	—
Investments in related parties					
AFS securities					
Corporate	243	—	—	37	206
CLO	252	—	—	252	—
ABS	156	—	—	81	75
Total AFS securities – related party	651	—	—	370	281
Trading securities	178	—	—	—	178
Equity securities	63	—	63	—	—
Funds withheld at interest - embedded derivative	(1,906)	—	—	—	(1,906)
Investment contracts held at fair value – related party	791	—	—	—	791
Other assets	33	—	—	—	33
Assets of consolidated VIEs					
Trading securities	55	—	—	—	55
Mortgage loans	421	—	—	—	421
Investment funds	2,380	1,895	—	—	485
Other investments	67	—	—	—	67
Cash and cash equivalents	59	—	59	—	—
Total assets measured at fair value	$ 20,149	$ 1,895	$ 5,334	$ 14,261	$ (1,341)
Liabilities					
Interest sensitive contract liabilities - embedded derivative	$ 2,868	$ —	$ —	$ —	$ 2,868
Market risk benefits	268	—	—	—	268
Derivative liabilities	479	—	—	479	—
Total liabilities measured at fair value	$ 3,615	$ —	$ —	$ 479	$ 3,136

ATHENE LIFE RE LTD.
Notes to Consolidated Financial Statements

	December 31, 2022				
(In millions)	Total	NAV	Level 1	Level 2	Level 3
Assets					
AFS securities					
US government and agencies	$ 982	$ —	$ 982	$ —	$ —
US state, municipal and political subdivisions	57	—	—	57	—
Foreign governments	61	—	—	61	—
Corporate	3,827	—	—	3,731	96
CLO	2,015	—	—	2,015	—
ABS	814	—	—	544	270
CMBS	457	—	—	457	—
RMBS	1,075	—	—	897	178
Total AFS securities	9,288	—	982	7,762	544
Trading securities	6	—	—	6	—
Equity securities	144	—	127	—	17
Mortgage loans	328	—	—	—	328
Funds withheld at interest – embedded derivative	(4,847)	—	—	—	(4,847)
Derivative assets	314	—	3	311	—
Short-term investments	40	—	3	37	—
Cash and cash equivalents	1,939	—	1,939	—	—
Restricted cash	381	—	381	—	—
Investments in related parties					
AFS securities					
Corporate	173	—	—	35	138
CLO	154	—	—	154	—
ABS	79	—	—	1	78
Total AFS securities – related party	406	—	—	190	216
Trading securities	129	—	—	—	129
Funds withheld at interest – embedded derivative	(3,742)	—	—	—	(3,742)
Investment contracts held at fair value - related party	385	—	—	—	385
Other assets	46	—	—	—	46
Assets of consolidated VIEs					
Trading securities	113	—	—	113	—
Mortgage loans	412	—	—	—	412
Investment funds	1,846	1,288	—	—	558
Other investments	55	—	—	—	55
Cash and cash equivalents	103	—	103	—	—
Total assets measured at fair value	$ 7,346	$ 1,288	$ 3,538	$ 8,419	$ (5,899)
Liabilities					
Interest sensitive contract liabilities - embedded derivative	$ 941	$ —	$ —	$ —	$ 941
Market risk benefits	113	—	—	—	113
Derivative liabilities	75	—	—	75	—
Total liabilities measured at fair value	$ 1,129	$ —	$ —	$ 75	$ 1,054

Fair Value Valuation Methods - We used the following valuation methods and assumptions to estimate fair value:

AFS and trading securities - We obtain the fair value for most marketable securities without an active market from several commercial pricing services. These are classified as Level 2 assets. The pricing services incorporate a variety of market observable information in their valuation techniques, including benchmark yields, trading activity, credit quality, issuer spreads, bids, offers and other reference data. This category typically includes US and non-US corporate bonds, US agency and government guaranteed securities, CLO, ABS, CMBS and RMBS.

We also have fixed maturity securities priced based on indicative broker quotes or by employing market accepted valuation models. For certain fixed maturity securities, the valuation model uses significant unobservable inputs and are included in Level 3 in our fair value hierarchy. Significant unobservable inputs used include: discount rates, issue specific credit adjustments, material non-public financial information, estimation of future earnings and cash flows, default rate assumptions, liquidity assumptions and indicative quotes from market makers. These inputs are usually considered unobservable, as not all market participants have access to this data.

We value privately placed fixed maturity securities based on the credit quality and duration of comparable marketable securities, which may be securities of another issuer with similar characteristics. In some instances, we use a matrix-based pricing model. These models consider the current level of risk-free interest rates, corporate spreads, credit quality of the issuer and cash flow characteristics of the security. We also consider additional factors such as net worth of the borrower, value of collateral, capital structure of the borrower, presence of guarantees and our evaluation of the borrower's ability to compete in its relevant market. Privately placed fixed maturity securities are classified as Level 2 or 3.

Equity securities - Fair values of publicly traded equity securities are based on quoted market prices and classified as Level 1. Other equity securities, typically private equities or equity securities not traded on an exchange, we value based on other sources, such as commercial pricing services or brokers, and are classified as Level 2 or 3.

Mortgage loans - We estimate fair value on a monthly basis using discounted cash flow analysis and rates being offered for similar loans to borrowers with similar credit ratings. Loans with similar characteristics are aggregated for purposes of the calculations. The discounted cash flow model uses unobservable inputs, including estimates of discount rates and loan prepayments. Mortgage loans are classified as Level 3.

Investment funds - Certain investment funds for which we elected the fair value option are included in Level 3 and are priced based on market accepted valuation models. The valuation models use significant unobservable inputs, which include material non-public financial information, estimation of future distributable earnings and demographic assumptions. These inputs are usually considered unobservable, as not all market participants have access to this data.

Other investments - The fair value of other investments are determined using a discounted cash flow model using discount rates for similar investments.

Funds withheld at interest embedded derivative - We estimate the fair value of the embedded derivative based on the change in the fair value of the assets supporting the funds withheld payable under modco and funds withheld reinsurance agreements. As a result, the fair value of the embedded derivative is classified as Level 2 or 3 based on the valuation methods used for the assets held supporting the reinsurance agreements.

Derivatives - Derivative contracts can be exchange traded or over-the-counter. Exchange-traded derivatives typically fall within Level 1 of the fair value hierarchy depending on trading activity. Over-the-counter derivatives are valued using valuation models or an income approach using third-party broker valuations. Valuation models require a variety of inputs, including contractual terms, market prices, yield curves, credit curves, measures of volatility, prepayment rates and correlation of the inputs. We consider and incorporate counterparty credit risk in the valuation process through counterparty credit rating requirements and monitoring of overall exposure. We also evaluate and include our own nonperformance risk in valuing derivatives. The majority of our derivatives trade in liquid markets; therefore, we can verify model inputs and model selection does not involve significant management judgment. These are typically classified within Level 2 of the fair value hierarchy.

Cash and cash equivalents, including restricted cash **-** The carrying amount for cash equals fair value. We estimate the fair value for cash equivalents based on quoted market prices. These assets are classified as Level 1.

Other assets and market risk benefits liability - Other assets at fair value consist of market risk benefit assets. See *Note 10 – Long-duration Contracts* for additional information on market risk benefits valuation methodology and additional fair value disclosures. The estimates are classified as Level 3.

Interest sensitive contract liabilities embedded derivative **-** Embedded derivatives related to interest sensitive contract liabilities with fixed indexed annuity products are classified as Level 3. The valuations include significant unobservable inputs associated with economic assumptions and actuarial assumptions for policyholder behavior.

Investment Contracts Held at Fair Value - For investment contracts we have elected to apply the fair value option. We used an actuarial appraisal method to measure the fair value of the investment contracts. The valuations include significant unobservable inputs associated with economic assumptions and actuarial assumptions. Investment Contracts Held at Fair Value are classified as Level 3.

ATHENE LIFE RE LTD.
Notes to Consolidated Financial Statements

Financial Instrument Held at Fair Value - We elected to apply the fair value option to account for certain financial instruments. The fair value was determined using principles consistent with the pricing of a total return swap. The valuations include significant unobservable inputs associated with economic assumptions and actuarial assumptions. Financial Instruments held at fair value are classified as Level 3.

Other liabilities - Other liabilities includes funds withheld liability, as described above in funds withheld at interest embedded derivative, and a ceded modco agreement of certain inforce funding agreement contracts for which we elected the fair value option. We estimate the fair value of the ceded modco agreement by discounting projected cash flows for net settlements and certain periodic and non-periodic payments. Unobservable inputs include estimates for asset portfolio returns and economic inputs used in the discount rate, including risk margin Depending on the projected cash flows and other assumptions, the contract may be recorded as an asset or liability. The estimate is classified as Level 3.

Fair Value Option - The following represents the gains (losses) recorded for instruments for which we have elected the fair value option, including related parties:

	Year ended December 31,	
(In millions)	2023	2022
Trading securities	$ 2	$ (6)
Mortgage loans	37	(32)
Investment funds	(4)	50
Investment contracts held at fair value	1,183	1,014
Financial instrument held at fair value	—	101
Total gains (losses)	$ 1,218	$ 1,127

Gains and losses on trading securities, mortgage loans, investments of consolidated VIEs, and other liabilities are recorded in investment related gains (losses) on the consolidated statements of income (loss). Gains and losses related to investment funds are recorded in net investment income on the consolidated statements of income (loss). We record the change in fair value of future policy benefits to future policy and other policy benefits on the consolidated statements of income (loss).

The following summarizes information for fair value option mortgage loans, including related parties and consolidated VIEs:

	December 31,	
(In millions)	2023	2022
Unpaid principal balance	$ 861	$ 813
Mark to fair value	(75)	(73)
Fair value	$ 786	$ 740

As at December 31, 2023 there were no commercial mortgage loan portfolios which were 90 days or more past due and/or in non-accrual status.

The following represents our residential mortgage loan portfolio 90 days or more past due and/or in non-accrual status:

	December 31,	
(in millions)	2023	2022
Unpaid principal balance of residential mortgage loans 90 days or more past due and/or in non-accrual status	$ 40	$ 64
Mark to fair value of residential mortgage loans 90 days or more past due and/or in non-accrual status	(10)	(16)
Fair value of residential mortgage loans 90 days or more past due and/or in non-accrual status	$ 30	$ 48
Fair value of residential mortgage loans 90 days or more past due	$ 30	$ 48
Fair value of residential mortgage loans in non-accrual status	30	48

The following is the estimated amount of gains (losses) included in earnings during the period attributable to changes in instrument-specific credit risk on our mortgage loan portfolio:

	Year ended December 31,	
(in millions)	2023	2022
Mortgage loans	$ (1)	$ (1)

We estimated the portion of gains and losses attributable to changes in instrument-specific credit risk by identifying commercial loans with loan-to-value ratios meeting credit quality criteria, and residential mortgage loans with delinquency status meeting credit quality criteria.

ATHENE LIFE RE LTD.
Notes to Consolidated Financial Statements

Level 3 Financial Instruments - The following are reconciliations for Level 3 assets and liabilities measured at fair value on a recurring basis. Transfers in and out of Level 3 are primarily based on changes in the availability of pricing sources, as described in the valuation methods above.

	Year Ended December 31, 2023							
		Total realized and unrealized gains (losses)						
(In millions)	Beginning balance	Included in income	Included in OCI	Net purchases, issuances, sales and settlements	Net transfers in (out)	Ending balance	Total gains (losses) included in earnings[1]	Total gains (losses) included in OCI[1]
Assets								
AFS securities								
Foreign governments	$ —	$ —	$ —	$ 1	$ —	$ 1	$ —	$ —
Corporate	96	(3)	—	414	(38)	469	—	4
ABS	270	(3)	16	531	(62)	752	—	13
RMBS	178	5	—	(4)	(151)	28	—	—
Equity securities	17	1	—	—	—	18	1	—
Mortgage loans	328	15	—	22	—	365	15	—
Funds withheld at interest – embedded derivative	(4,847)	1,468	—	—	—	(3,379)	—	—
Investments in related parties								
AFS securities								
Corporate	138	1	(11)	78	—	206	—	(12)
ABS	78	—	—	(3)	—	75	—	—
Trading securities	129	3	—	46	—	178	2	—
Funds withheld at interest - embedded derivative	(3,742)	1,836	—	—	—	(1,906)	—	—
Investment contracts held at fair value	385	1,183	—	(777)	—	791	—	—
Assets of consolidated VIEs								
Trading securities	—	(7)	—	(48)	110	55	(7)	—
Mortgage loans	412	22	—	(13)	—	421	22	—
Investment funds	558	(73)	—	—	—	485	(75)	—
Other investments	55	12	—	—	—	67	12	—
Total Level 3 assets	$ (5,945)	$ 4,460	$ 5	$ 247	$ (141)	$ (1,374)	$ (30)	$ 5
Liabilities								
Interest sensitive contract liabilities - Embedded derivative	$ (941)	$ (276)	$ —	$ (1,651)	$ —	$ (2,868)	$ —	$ —
Total Level 3 liabilities	$ (941)	$ (276)	$ —	$ (1,651)	$ —	$ (2,868)	$ —	$ —

[1]*Related to instruments held at end of the period.*

ATHENE LIFE RE LTD.
Notes to Consolidated Financial Statements

	Year ended December 31, 2022							
		Total realized and unrealized gains (losses)						
(In millions)	Balance at January 1, 2022	Included in income	Included in OCI	Net purchases, issuances, sales and settlements	Net transfers in (out)	Ending balance	Total gains (losses) included in earnings[1]	Total gains (losses) included in OCI[1]
Assets								
AFS securities								
Corporate	$ 54	$ (1)	$ 1	$ 49	$ (7)	$ 96	$ —	$ —
ABS	225	—	(26)	(168)	239	270	—	(29)
RMBS	—	—	3	175	—	178	—	3
Trading securities	—	—	—	1	(1)	—	—	—
Equity securities	401	(2)	—	—	(382)	17	—	—
Mortgage loans	—	(24)	—	(27)	379	328	(25)	—
Funds withheld at interest – embedded derivative	—	(4,847)	—	—	—	(4,847)	—	—
Investments in related parties								
AFS securities								
Corporate	148	—	(16)	(22)	28	138	—	(16)
CLO	51	—	—	(51)	—	—	—	—
ABS	226	(2)	(8)	22	(160)	78	—	(8)
Trading securities	142	(1)	—	(13)	1	129	—	—
Mortgage loans	—	—	—	(155)	155	—	—	—
Investment funds	251	—	—	—	(251)	—	—	—
Funds withheld at interest – embedded derivative	—	(3,742)	—	—	—	(3,742)	—	—
Short-term investments	—	—	—	28	(28)	—	—	—
Investment contracts held at fair value	28	1,014	—	(657)	—	385	—	—
Assets of consolidated VIEs								
Mortgage loans	—	(7)	—	58	361	412	(9)	—
Investment funds	—	(4)	—	—	562	558	(2)	—
Other investments	—	(16)	—	—	71	55	(23)	—
Total Level 3 assets	$ 1,526	$ (7,632)	$ (46)	$ (760)	$ 967	$ (5,945)	$ (59)	$ (50)
Liabilities								
Interest sensitive contract liabilities - Embedded derivative	$ (1,341)	$ 528	$ —	$ (128)	$ —	$ (941)	$ —	$ —
Financial instruments held at fair value - related party[2]	(27)	101	—	(74)	—	—	—	—
Total Level 3 liabilities	$ (1,368)	$ 629	$ —	$ (202)	$ —	$ (941)	$ —	$ —

[1] *Related to instruments held at end of period.*

[2] *Opening balance includes a contribution from parent of $4,127*

ATHENE LIFE RE LTD.
Notes to Consolidated Financial Statements

The following represents the gross components of purchases, issuances, sales and settlements, net, and net transfers in (out) shown above:

	Year ended December 31, 2023							
(In millions)	Purchases	Issuances	Sales	Settlements	Net purchases, issuances, sales and settlements	Transfers in	Transfers out	Net transfers in (out)
Assets								
AFS securities								
Foreign governments	$ 1	$ —	$ —	$ —	$ 1	$ —	$ —	$ —
Corporate	519	—	(95)	(10)	414	—	(38)	(38)
ABS	600	—	(47)	(22)	531	37	(99)	(62)
RMBS	77	—	(78)	(3)	(4)	5	(156)	(151)
Mortgage loans	77	—	(55)	—	22	—	—	—
Investments in related parties								
AFS securities								
Corporate	79	—	—	(1)	78	—	—	—
CLO	46	—	(46)	—	—	—	—	—
ABS	59	—	(59)	(3)	(3)	—	—	—
Trading securities	63	—	—	(17)	46	—	—	—
Investment contracts held at fair value	—	—	—	(777)	(777)	—	—	—
Assets of consolidated VIEs								
Trading securities	—	—	(48)	—	(48)	110	—	110
Mortgage loans	57	—	(2)	(68)	(13)	—	—	—
Total Level 3 assets	$ 1,578	$ —	$ (430)	$ (901)	$ 247	$ 152	$ (293)	$ (141)
Liabilities								
Interest sensitive contract liabilities – embedded derivative	$ —	$ (1,788)	$ —	$ 137	$ (1,651)	$ —	$ —	$ —
Total Level 3 liabilities	$ —	$ (1,788)	$ —	$ 137	$ (1,651)	$ —	$ —	$ —

ATHENE LIFE RE LTD.
Notes to Consolidated Financial Statements

	Year ended December 31, 2022							
(In millions)	Purchases	Issuances	Sales	Settlements	Net purchases, issuances, sales and settlements	Transfers in	Transfers out	Net transfers in (out)
Assets								
AFS securities								
Corporate	$ 50	$ —	$ —	$ (1)	$ 49	$ 37	$ (44)	$ (7)
ABS	51	—	(218)	(1)	(168)	240	(1)	239
RMBS	175	—	—	—	175	—	—	—
Trading securities	1	—	—	—	1	—	(1)	(1)
Equity securities	—	—	—	—	—	20	(402)	(382)
Mortgage loans	40	—	—	(67)	(27)	379	—	379
Investments in related parties								
AFS securities								
Corporate	10	—	(26)	(6)	(22)	28	—	28
CLO	32	—	(83)	—	(51)	—	—	—
ABS	266	—	(225)	(19)	22	—	(160)	(160)
Trading securities	301	—	(305)	(9)	(13)	1	—	1
Mortgage loans	—	—	(155)	—	(155)	155	—	155
Investment funds	—	—	—	—	—	—	(251)	(251)
Short-term investments	28	—	—	—	28	—	(28)	(28)
Investment contracts held at fair value	—	—	—	(657)	(657)	—	—	—
Assets of consolidated VIEs								
Mortgage loans	60	—	—	(2)	58	585	(224)	361
Investment funds	—	—	—	—	—	562	—	562
Other investments	—	—	—	—	—	71	—	71
Total Level 3 assets	$ 1,014	$ —	$ (1,012)	$ (762)	$ (760)	$ 2,078	$ (1,111)	$ 967
Liabilities								
Interest sensitive contract liabilities – embedded derivative	$ —	$ (228)	$ —	$ 100	$ (128)	$ —	$ —	$ —
Financial instruments held at fair value - related party	—	—	—	(74)	(74)	—	—	—
Total Level 3 liabilities	$ —	$ (228)	$ —	$ 26	$ (202)	$ —	$ —	$ —

Significant Unobservable Inputs - Significant unobservable inputs occur when we cannot obtain or corroborate the quantitative detail of the inputs. This applies to fixed maturity securities, equity securities, mortgage loans and certain investment funds, as well as embedded derivatives in liabilities. Additional significant unobservable inputs are described below.

AFS, trading and equity securities - We use discounted cash flow models to calculate the fair value for certain fixed maturity and equity securities. The discount rate is a significant unobservable input because the credit spread includes adjustments made to the base rate. The base rate represents a market comparable rate for securities with similar characteristics. This excludes assets for which fair value is provided by independent broker quotes but includes assets for which fair value is provided by affiliated quotes.

Mortgage loans - We use discounted cash flow models from independent commercial pricing services to calculate the fair value of our mortgage loan portfolio. The discount rate is a significant unobservable input. This approach uses market transaction information and client portfolio-oriented information, such as prepayments or defaults, to support the valuations.

Investment funds - We use various methods of valuing of our investment funds from both independent pricing services and affiliated modeling.

Interest sensitive contract liabilities - embedded derivative - Significant unobservable inputs we use in the fixed indexed annuities embedded derivative of the interest sensitive contract liabilities valuation include:

1. Nonperformance risk - For contracts we issue, we use the credit spread, relative to the US Department of the Treasury (US Treasury) curve based on our public credit rating as of the valuation date. This represents our credit risk for use in the estimate of the fair value of embedded derivatives.
2. Option budget - We assume future hedge costs in the derivative's fair value estimate. The level of option budgets determines the future costs of the options and impacts future policyholder account value growth.
3. Policyholder behavior – We regularly review the full withdrawal (surrender rate) assumptions. These are based on our initial pricing assumptions updated for actual experience. Actual experience may be limited for recently issued products.

ATHENE LIFE RE LTD.
Notes to Consolidated Financial Statements

Investment Contracts Held at Fair Value - For investment contracts, we have elected to apply the fair value option. We used an actuarial appraisal method to measure the fair value of the investment contracts. An actuarial appraisal method is based on the value of projected profits (net of required capital) using market-based assumptions. The significant unobservable inputs used in the actuarial appraisal method are the valuation rate, cost of capital rate, required capital percentage and return on net invested assets.

The following summarizes the unobservable inputs for AFS, trading and equity securities, mortgage loans, investment funds and the embedded derivatives of fixed indexed annuities and investment contracts held at fair value, including those of consolidated VIEs:

	December 31, 2023						
(In millions, except for percentages)	Fair value	Valuation technique	Unobservable inputs	Minimum	Maximum	Weighted average	Impact of an increase in the input on fair value
AFS and trading securities	$ 659	Discounted cash flow	Discount rate	5.1 %	13 %	7.7 % [1]	Decrease
Mortgage loans	786	Discounted cash flow	Discount rate	4.6 %	19.2 %	7.2 % [1]	Decrease
Investment funds	483	Net tangible asset values	Implied multiple	1.14x	1.14x	1.14x	Increase
	2	Reported net asset value	Reported net asset value	N/A	N/A	N/A	N/A
Interest sensitive contract liabilities – fixed indexed annuities embedded derivatives	2,868	Option budget method	Non-performance risk	0.4 %	1.4 %	0.9% [2]	Decrease
			Option budget	0.5 %	6.0 %	2.8% [3]	Increase
			Surrender rate	7.0 %	20.3 %	9.4% [3]	Decrease
Investment contracts held at fair value - related party	791	Actuarial appraisal method	Discount Rate	3.8 %	4.8 %	4.2 % [1]	Decrease
			Return on Net Invested Assets	4.3 %	5.0 %	4.6 %	Increase
			Required Capital	6.9 %	6.9 %	6.9 %	Decrease
			Hurdle Rate	12.0 %	12.0 %	12.0 %	Decrease

[1] *The discount rate weighted average is calculated based on the relative fair values of the securities or loans.*

[2] *The nonperformance risk weighted average is based on the projected cash flows attributable to the embedded derivative.*

[3] *The option budget and surrender rate weighted averages are calculated based on projected account values.*

ATHENE LIFE RE LTD.
Notes to Consolidated Financial Statements

	December 31, 2022						
(In millions, except for percentages)	Fair value	Valuation technique	Unobservable inputs	Minimum	Maximum	Weighted average	Impact of an increase in the input on fair value
AFS and trading securities	$ 424	Discounted cash flow	Discount rate	6.1 %	9.0 %	7.5 % [1]	Decrease
Mortgage loans	740	Discounted cash flows	Discount rate	4.8 %	14.9 %	7.0 % [1]	Decrease
Investment funds	529	Net tangible asset values	Implied multiple	1.26x	1.26x	1.26x	Increase
	32	Reported net asset value	Reported net asset value	N/A	N/A	N/A	N/A
Interest sensitive contract liabilities – fixed indexed annuities embedded derivatives	941	Option budget method	Non-performance risk	0.3 %	1.9 %	1.1% [2]	Decrease
			Option budget	0.7 %	5.3 %	2.0% [3]	Increase
			Surrender rate	7.1 %	14.1 %	10.7% [3]	Decrease
Investment contracts held at fair value - related party	385	Actuarial appraisal method	Discount rate	4.6 %	4.9 %	4.7 % [1]	Decrease
			Return on net invested assets	4.3 %	4.7 %	4.4 %	Increase
			Required capital	7.3 %	7.3 %	7.3 %	Decrease
			Hurdle rate	12.0 %	12.0 %	12.0 %	Decrease

[1] *The discount rate weighted average is calculated based on the relative fair values of the securities or loans.*

[2] *The nonperformance risk weighted average is based on the projected cash flows attributable to the embedded derivative.*

[3] *The option budget and surrender rate weighted averages are calculated based on projected account values.*

Financial Instruments Without Readily Determinable Fair Values - We elected the measurement alternative for certain equity securities that do not have a readily determinable fair value. The equity securities are held at cost less any impairment. The carrying amount of the equity securities was $358 million, with an impairment of $42 million as of December 31, 2023. As of December 31, 2022, the carrying amount of the equity securities was $400 million, with no cumulative recorded impairment.

8. Reinsurance

The following summarizes the effect of reinsurance on premiums and future policy and other policy benefits on the consolidated statements of income (loss):

	Years ended December 31,	
(In millions)	2023	2022
Premiums		
Reinsurance assumed	$ 7,132	$ 8,762
Total premiums	$ 7,132	$ 8,762
Future policy and other policy benefits		
Reinsurance assumed	$ 8,097	$ 9,325
Total future policy and other policy benefits	$ 8,097	$ 9,325

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 required minimum assets are equal to or greater than statutory reserves, as defined by the agreement, and were $8,364 million and $2,823 million as of December 31, 2023 and 2022, respectively. Although we own the assets placed in trust, their use is restricted based on the trust agreement terms. If the statutory book value of the assets, or in certain cases fair value, in a trust declines because of impairments or other reasons, we may be required to contribute additional assets to the trust. In addition, the assets within a trust may be subject to a pledge in favor of the applicable reinsurance company.

Reinsurance transactions

We have entered into various coinsurance and modco agreements to reinsure blocks of fixed deferred and fixed indexed and pension group annuities. We did not have any block reinsurance transactions during the years ended December 31, 2023 or 2022.

We reinsure new business related to annuities from AARe and Athene Life Re International Ltd. (ALReI) on a modco basis. During 2023 and 2022, additional policies were added to the existing modco agreement with AARe covering pensioners from various companies.

We reinsure funding agreement backed notes (FABN) from AARe on a modco basis. As of December 31, 2023 and 2022, we reinsured additional FAs with principals of $300 million and $1,816 million, respectively. As of December 2022, the Company started to reinsure secure funding agreement backed repurchase agreements (FABRs) from AARe on a modco basis.

As of January 1, 2022, the Company started to reinsure Athene retail business from AARe on a modco basis. Total retail inflows received during 2023 and 2022 were $27,505 million and $2,923 million, respectively.

9. Deferred Acquisition Costs, Deferred Sales Inducements and Value of Business Acquired

The following represents a rollforward of DAC and DSI by product, and a rollforward of VOBA. See *Note 10 – Long-duration Contracts* for more information on our products.

	DAC				DSI		
(In millions)	Traditional deferred annuities	Indexed annuities	Funding agreements	Other investment-type	Indexed annuities	VOBA	Total DAC, DSI and VOBA
Balance at January 1, 2022	$ —	$ —	$ —	$ —	$ —	$ 37	$ 37
Additions	47	110	6	9	62	—	234
Amortization	(2)	(4)	(1)	—	(2)	(6)	(15)
Balance at December 31, 2022	45	106	5	9	60	31	256
Additions	482	656	—	4	502	—	1,644
Amortization	(46)	(34)	(1)	(2)	(26)	(8)	(117)
Balance at December 31, 2023	$ 481	$ 728	$ 4	$ 11	$ 536	$ 23	$ 1,783

Deferred costs related to universal life-type policies and investment contracts with significant revenue streams from sources other than investment of the policyholder funds, including traditional deferred annuities and indexed annuities, are amortized on a constant-level basis for a cohort of contracts using initial premium or deposit. Significant inputs and assumptions are required for determining the expected duration of the cohort and involves using accepted actuarial methods to determine decrement rates related to policyholder behavior for lapses, withdrawals (surrenders) and mortality. The assumptions used to determine the amortization of DAC and DSI are consistent with those used to estimate the related liability balance.

Deferred costs related to investment contracts without significant revenue streams from sources other than investment of policyholder funds are amortized using the effective interest method, which primarily includes funding agreements. The effective interest method requires inputs to project future cash flows, which for funding agreements includes contractual terms of notional value, periodic interest payments based on either fixed or floating interest rates, and duration. For other investment-type contracts which include immediate annuities and assumed endowments without significant mortality risks, assumptions are required related to policyholder behavior for lapses and withdrawals (surrenders).

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

(In millions)	Expected Amortization
2024	$ 4
2025	3
2026	3
2027	2
2028	2

ATHENE LIFE RE LTD.
Notes to Consolidated Financial Statements

10. Long-duration Contracts

Interest sensitive contract liabilities - Interest sensitive contract liabilities primarily include:

- traditional deferred annuities,
- indexed annuities consisting of fixed indexed and index-linked variable annuities,
- funding agreements, and
- other investment-type contracts comprising of immediate annuities without significant mortality risk (which includes pension group annuities without life contingencies) and assumed endowments without significant mortality risks.

The following represents a rollforward of the policyholder account balance by product within interest sensitive contract liabilities. Where explicit policyholder account balances do not exist, the disaggregated rollforward represents the recorded reserve.

	Year ended December 31, 2023				
(In millions, except percentages)	Traditional deferred annuities	Indexed annuities	Funding agreements	Other investment-type	Total
Balance at December 31, 2022	$ 20,900	$ 19,041	$ 6,313	$ 2,612	$ 48,866
Deposits	21,348	9,352	300	4,458	35,458
Policy charges	—	(59)	—	—	(59)
Surrenders and withdrawals	(6,756)	(3,330)	(40)	(40)	(10,166)
Benefit payments	(554)	(419)	(165)	(41)	(1,179)
Interest credited	907	424	151	105	1,587
Foreign exchange	52	1	42	(95)	—
Other	75	81	116	(61)	211
Balance at December 31, 2023	$ 35,972	$ 25,091	$ 6,717	$ 6,938	$ 74,718
Weighted average crediting rate	4.4 %	3.1 %	2.4 %	2.5 %	
Net amount at risk	$ 2	$ 1,219	$ —	$ 103	
Cash surrender value	34,238	23,417	—	6,375	

	Year ended December 31, 2022				
(In millions, except percentages)	Traditional deferred annuities	Indexed annuities	Funding agreements	Other investment-type	Total
Balance at January 1, 2022	$ 23,038	$ 20,061	$ 5,271	$ 523	$ 48,893
Deposits	1,979	1,584	1,816	2,133	7,512
Policy charges	—	(32)	—	—	(32)
Surrenders and withdrawals	(4,085)	(2,517)	(346)	(17)	(6,965)
Benefit payments	(609)	(447)	(106)	(24)	(1,186)
Interest credited	577	392	126	28	1,123
Foreign exchange	—	—	(112)	(6)	(118)
Other	—	—	(336)	(25)	(361)
Balance at December 31, 2022	$ 20,900	$ 19,041	$ 6,313	$ 2,612	$ 48,866
Weighted average crediting rate	2.7 %	2.5 %	2.1 %	2.7 %	
Net amount at risk	$ 2	$ 543	$ —	$ 47	
Cash surrender value	20,091	18,337	—	2,213	

ATHENE LIFE RE LTD.
Notes to Consolidated Financial Statements

The following is a reconciliation of interest sensitive contract liabilities to the consolidated balance sheets:

(in millions)	December 31, 2023	December 31, 2022
Traditional deferred annuities	$ 35,972	$ 20,900
Indexed annuities	25,091	19,041
Funding agreements	6,717	6,313
Other investment-type	6,938	2,612
Reconciling items[1]	1,621	1,472
Interest sensitive contract liabilities	$ 76,339	$ 50,338

[1] *Reconciling items primarily include embedded derivatives in indexed annuities, unaccreted host contract adjustments on indexed annuities and negative VOBA.*

The following represents policyholder account balances by range of guaranteed minimum crediting rates, as well as the related range of the difference between rates being credited to policyholders and the respective guaranteed minimums:

	December 31, 2023			
(In millions)	At guaranteed minimum	1 basis point – 100 basis points above guaranteed minimum	Greater than 100 basis points above guaranteed minimum	Total
< 2.0%	$ 12,633	$ 6,186	$ 37,309	$ 56,128
2.0% – < 4.0%	12,646	1,067	388	14,101
4.0% – < 6.0%	3,828	5	—	3,833
6.0% and greater	656	—	—	656
Total	$ 29,763	$ 7,258	$ 37,697	$ 74,718

	December 31, 2022			
(In millions)	At guaranteed minimum	1 basis point – 100 basis points above guaranteed minimum	Greater than 100 basis points above guaranteed minimum	Total
< 2.0%	$ 7,313	$ 11,232	$ 12,166	$ 30,711
2.0% – < 4.0%	15,043	588	25	15,656
4.0% – < 6.0%	2,188	—	—	2,188
6.0% and greater	311	—	—	311
Total	$ 24,855	$ 11,820	$ 12,191	$ 48,866

Future policy benefits - Future policy benefits consists primarily of payout annuities, including single premium immediate annuities with life contingencies (which include pension group annuities with life contingencies).

The following is a rollforward by product within future policy benefits:

	Payout annuities with life contingencies	
	December 31,	
(in millions)	2023	2022
Present value of expected future policy benefits		
Beginning balance	$ 19,491	$ 15,482
Effect of changes in discount rate assumptions	3,806	—
Effect of foreign exchange on the change in discount rate assumptions	(13)	—
Beginning balance at original discount rate	23,284	15,482
Effect of changes in cash flow assumptions	(183)	—
Effect of actual experience compared to expected experience	(2)	(24)
Adjusted balance	23,099	15,458
Issuances	7,081	8,702
Interest accrual	983	580
Benefit payments	(2,160)	(1,379)
Foreign exchange	35	(77)
Other	(2)	—
Ending balance at original discount rate	29,036	23,284
Effect of changes in discount rate assumptions	(2,861)	(3,806)
Effect of foreign exchange on the change in discount rate assumptions	(1)	13
Ending balance	$ 26,174	$ 19,491
Weighted-average liability duration (in years)	8.8	9.4
Weighted-average interest accretion rate	3.9 %	3.4 %
Weighted-average current discount rate	5.1 %	5.5 %
Expected future benefit payments, undiscounted	$ 42,094	$ 33,177

The following is a reconciliation of future policy benefits to the condensed consolidated balance sheets:

	December 31,	
(in millions)	2023	2022
Payout annuities with life contingencies	$ 26,174	$ 19,491
Reconciling items[1]	1,190	969
Future policy benefits	$ 27,364	$ 20,460

[1] *Reconciling items primarily include the deferred profit liability and negative VOBA associated with our liabilities for future policy benefits.*

The following is a reconciliation of premiums and interest expense relating to future policy benefits to the consolidated statements of income (loss):

	Premiums		**Interest expense**	
	Years ended December 31,		Years ended December 31,	
(in millions)	2023	2022	2023	2022
Payout annuities with life contingencies	$ 7,132	$ 8,762	$ 983	$ 580
Total	$ 7,132	$ 8,762	$ 983	$ 580

Significant assumptions and inputs to the calculation of future policy benefits for payout annuities with life contingencies include policyholder demographic data, assumptions for policyholder longevity and policyholder utilization for contracts with deferred lives, and discount rates. For our whole life products, significant assumptions and inputs include policyholder demographic data, assumptions for mortality, morbidity, and lapse and discount rates.

We base certain key assumptions related to policyholder behavior on industry standard data adjusted to align with actual company experience, if necessary. At least annually, we review all significant cash flow assumptions and update as necessary, unless emerging experience indicates a more frequent review is necessary. The discount rate reflects market observable inputs from upper-medium grade fixed income instrument yields and is interpolated, where necessary, to conform to the duration of our liabilities.

During the year ended December 31, 2023, future policy benefits increased by $6,683 million, which was driven by $7,081 million of issuances, primarily pension group annuities, $945 million change in discount rate assumptions related to a decrease in rates, and $983 million of interest accrual, partially offset by $2,160 million of benefit payments, and $183 million resulting from favorable unlocking of assumptions, primarily related to higher interest rates and favorable mortality.

During the year ended December 31, 2022, future policy benefits increased by $4,009 million, which was driven by $8,702 million of issuances, and $580 million of interest accrual, partially offset by a $3,806 million change in discount rate assumptions related to an increase in rates and $1,379 million of benefit payments.

The following is a summary of remeasurement gains (losses) included within future policy and other policy benefits on the consolidated statements of income (loss):

	Years ended December 31,	
	2023	2022
Reserves	$ 186	$ 24
Deferred profit liability	(118)	(32)
Negative VOBA	(32)	15
Total remeasurement gains (losses)	$ 36	$ 7

During the years ended December 31, 2023 and 2022, we recorded reserve increases of $118 million and $50 million, respectively, on the consolidated statements of income (loss) as a result of the present value of benefits and expenses exceeding the present value of gross premiums.

Market risk benefits - We issue and reinsure traditional deferred and indexed annuity products that contain GLWB and GMDB riders that meet the criteria to be classified as market risk benefits.

The following is a rollfoward of net market risk benefit liabilities by product:

	Indexed annuities	
	December 31,	
(in millions)	2023	2022
Beginning balance	$ 67	$ 140
Effect of changes in instrument-specific credit risk	16	—
Balance, beginning of period, before changes in instrument-specific credit risk	83	140
Issuances	85	9
Interest accrual	6	1
Attributed fees collected	39	28
Benefit payments	—	(1)
Effect of changes in interest rates	(3)	(93)
Effect of changes in equity	(16)	5
Effect of actual behavior compared to expected behavior	3	(6)
Effect of changes in future expected policyholder behavior	21	—
Effect of changes in other future expected assumptions	(2)	—
Balance, end of period, before changes in instrument-specific credit risk	216	83
Effect of changes in instrument-specific credit risk	19	(16)
Ending balance	$ 235	$ 67
Net amount at risk	$ 1,219	$ 543
Weighted-average attained age of contract holders (in years)	68	69

The following is a reconciliation of market risk benefits to the condensed consolidated balance sheets. Market risk benefit assets are included in other assets on the condensed consolidated balance sheets.

	December 31, 2023			December 31, 2022		
(in millions)	Asset	Liability	Net liability	Asset	Liability	Net liability
Indexed annuities	$ 33	$ 268	$ 235	$ 46	$ 113	$ 67
Total	$ 33	$ 268	$ 235	$ 46	$ 113	$ 67

ATHENE LIFE RE LTD.
Notes to Consolidated Financial Statements

During the year ended December 31, 2023, net market risk benefit liabilities increased by $168 million, which was primarily driven by $39 million in fees collected from policyholders, a $36 million change in instrument-specific credit risk related to tightening of credit spreads, $21 million of future expected policyholder behavior, and issuances of $85 million, partially offset by $16 million of changes related to equity market performance.

During the year ended December 31, 2022, net market risk benefit liabilities decreased by $73 million, which was primarily driven by a decrease of $93 million related to changes in the risk-free discount rate across the curve and a $16 million change in instrument-specific credit risk related to widening of credit spreads, partially offset by $28 million of fees collected from policyholders.

The determination of the fair value of market risk benefits requires the use of inputs related to fees and assessments and assumptions in determining the projected benefits in excess of the projected account balance. Judgment is required for both economic and actuarial assumptions, which can be either observable or unobservable, that impact future policyholder account growth.

Economic assumptions include interest rates and implied volatilities throughout the duration of the liability. For indexed annuities, assumptions also include projected equity returns which impact cash flows attributable to indexed strategies, implied equity volatilities, expected index credits on the next policy anniversary date and future equity option costs. Assumptions related to the level of option budgets used for determining the future equity option costs and the impact on future policyholder account value growth are considered unobservable inputs.

Policyholder behavior assumptions are unobservable inputs and are established using accepted actuarial valuation methods to estimate withdrawals (surrender rate) and income rider utilization. Assumptions are generally based on industry data and pricing assumptions which are updated for actual experience, if necessary. Actual experience may be limited for recently issued products.

All inputs are used to project excess benefits and fees over a range of risk-neutral, stochastic interest rate scenarios. For indexed annuities, stochastic equity return scenarios are also included within the range. A risk margin is incorporated within the discount rate to reflect uncertainty in the projected cash flows such as variations in policyholder behavior, as well as a credit spread to reflect our nonperformance risk, which is considered an unobservable input. We use the credit spread, relative to the US Treasury curve based on our public credit rating as of the valuation date, as the credit spread to reflect our nonperformance risk in the estimate of the fair value of market risk benefits.

The following summarizes the unobservable inputs for market risk benefits:

	December 31, 2023						
(In millions, except for percentages)	Fair value	Valuation technique	Unobservable inputs	Minimum	Maximum	Weighted average	Impact of an increase in the input on fair value
Market risk benefits, net	$ 235	Discounted cash flow	Non-performance risk	0.4 %	1.4 %	1.2 % [1]	Decrease
			Option budget	0.5 %	6.0 %	2.6 % [2]	Decrease
			Surrender rate	1.7 %	8.9 %	4.1 % [2]	Decrease
			Utilization rate	28.6 %	95.0 %	86.9 % [3]	Increase

	December 31, 2022						
(In millions, except for percentages)	Fair value	Valuation technique	Unobservable inputs	Minimum	Maximum	Weighted average	Impact of an increase in the input on fair value
Market risk benefits, net	$ 67	Discounted cash flow	Non-performance risk	0.3 %	1.9 %	1.5 % [1]	Decrease
			Option budget	0.7 %	5.3 %	2.0 % [2]	Decrease
			Surrender rate	2.0 %	9.0 %	4.9 % [2]	Decrease
			Utilization rate	28.6 %	95.0 %	82.8 % [3]	Increase

[1] *The nonperformance risk weighted average is based on the cash flows underlying the market risk benefit reserve.*

[2] *The option budget and surrender rate weighted averages are calculated based on projected account values.*

[3] *The utilization of GLWB withdrawals represents the estimated percentage of policyholders that are expected to use their income rider over the duration of the contract, with the weighted average based on current account values.*

11. Debt

Credit Facility - On June 30, 2023, AHL, ALRe, AUSA and AARe entered into a new, five-year revolving credit agreement with a syndicate of banks and Citibank, N.A. as administrative agent (Credit Facility), which replaced our previous revolving credit agreement dated as of December 3, 2019. The previous agreement, and the commitments under it, terminated as of June 30, 2023. The Credit Facility is unsecured and has a commitment termination date of June 30, 2028, subject to up to two one-year extensions, in accordance with the terms of the Credit Facility. In connection with the Credit Facility, AHL and AUSA guaranteed all of the obligations of AHL, ALRe, AARe and AUSA under the Credit Facility and the related loan documents, and ALRe and AARe guaranteed certain of the obligations of AHL, ALRe, AARe and AUSA under the Credit Facility and the related loan documents. The borrowing capacity under the Credit Facility is $1.25 billion, subject to being increased up to $1.75 billion in total on the terms described in the Credit Facility. The Credit Facility contains various standard covenants with which we must comply, including the following:

1. Consolidated debt-to-capitalization ratio not to exceed 35%;
2. Minimum consolidated net worth of no less than $14.8 billion; and
3. Restrictions on our ability to incur liens, with certain exceptions.

Interest accrues on outstanding borrowings at either the adjusted term secured overnight financing rate plus a margin or the base rate plus a margin, with the applicable margin varying based on AHL’s debt rating. Rates and terms are as defined in the Credit Facility. As of December 31, 2023 and 2022, we had no amounts outstanding under the current or previous credit facilities and were in compliance with all financial covenants under the facilities.

Liquidity Facility - On June 30, 2023, AHL and ALRe entered into a new revolving credit agreement with a syndicate of banks and Wells Fargo Bank, National Association, as administrative agent (Liquidity Facility), which replaced our previous revolving credit agreement dated as of July 1, 2022. The previous credit agreement, and the commitments under it, expired on June 30, 2023. The Liquidity Facility is unsecured and has a commitment termination date of June 28, 2024, subject to any extensions of additional 364-day periods with consent of extending lenders and/or “term-out” of outstanding loans (by which, at our election, the outstanding loans may be converted to term loans which shall have a maturity of up to one year after the original maturity date), in each case in accordance with the terms of the Liquidity Facility. In connection with the Liquidity Facility, ALRe guaranteed all of the obligations of AHL under the Liquidity Facility and the related loan documents. The Liquidity Facility will be used for liquidity and working capital needs to meet short-term cash flow and investment timing differences. The borrowing capacity under the Liquidity Facility is $2.6 billion, subject to being increased up to $3.1 billion in total on the terms described in the Liquidity Facility. The Liquidity Facility contains various standard covenants with which we must comply, including the following:

1. ALRe minimum consolidated net worth of no less than $8.8 billion; and
2. Restrictions on our ability to incur liens, with certain exceptions.

Interest accrues on outstanding borrowings at either the adjusted term secured overnight financing rate plus a margin or the base rate plus a margin, with applicable margin varying based on ALRe’s financial strength rating. Rates and terms are as defined in the Liquidity Facility. As of December 31, 2023 and 2022, we had no amounts outstanding under the current or previous liquidity facilities and were in compliance with all financial covenants under the facilities.

12. Equity

Common Stock - We have an authorised share capital of $3,000,000 comprised of 300,000,000 shares of par value $0.01 each. We have one class of common shares, which represents 100% of the total voting power and is beneficially owned by AARe as of January 4, 2022, of which 247,024,000 have been issued to AARe.

ATHENE LIFE RE LTD.
Notes to Consolidated Financial Statements

Accumulated Other Comprehensive Income (Loss) -The following provides the details and changes in AOCI:

(In millions)	Unrealized investment gains (losses) on AFS securities	Unrealized gains (losses) on hedging instruments	Remeasurement gains (losses) on future policy benefits related to discount rate	Remeasurement gains (losses) on market risk benefits related to credit risk	Foreign currency translation and other adjustments	Income tax expense (benefit) related to other comprehensive income (loss)	Accumulated other comprehensive income (loss)
Balance at January 1, 2022	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Other comprehensive income (loss) before reclassifications	(1,399)	(659)	3,806	16	(29)	—	1,735
Less: Income tax expense (benefit)	—	—	—	—	—	54	54
Less: Other comprehensive income (loss) attributable to NCI	(301)	3	2,409	4	(12)	(455)	1,648
Balance at December 31, 2022	(1,098)	(662)	1,397	12	(17)	401	33
Other comprehensive income (loss) before reclassifications	677	178	(945)	(36)	28	—	(98)
Less: Income tax expense (benefit)	—	—	—	—	—	40	40
Less: Other comprehensive income (loss) attributable to NCI	216	16	(597)	(16)	9	74	(298)
Balance at December 31, 2023	$ (637)	$ (500)	$ 1,049	$ (8)	$ 2	$ 287	$ 193

13. Income Taxes

Income tax expense (benefit) consists of the following:

	Years ended December 31,	
(In millions)	2023	2022
Current	$ 12	$ 3
Deferred	428	(647)
Income tax expense (benefit)	$ 440	$ (644)

Income tax expense (benefit) was calculated based on the following income (loss) before income taxes by jurisdiction:

	Years ended December 31,	
(In millions)	2023	2022
Bermuda	$ 2,911	$ (3,186)
US	1,414	(3,082)
United Kingdom	37	19
Income (loss) before income taxes	$ 4,362	$ (6,249)

ATHENE LIFE RE LTD.
Notes to Consolidated Financial Statements

A reconciliation of the difference between the expected tax provision at the weighted average tax rate and income tax expense (benefit) is as follows:

	Years ended December 31,	
(In millions, except for percentages)	2023	2022
Expected tax provision computed on pre-tax income (loss)	$ 305	$ (647)
(Decrease) increase in income taxes resulting from:		
Deferred tax valuation allowance	25	—
Prior year true-up	(21)	3
Bermuda tax	131	—
Income tax expense (benefit)	$ 440	$ (644)
Effective tax rate	10 %	10 %

On December 27, 2023, the Government of Bermuda enacted the Corporate Income Tax Act of 2023 (Bermuda CIT). Commencing on January 1, 2025, the Bermuda CIT generally will impose a 15% corporate income tax on in-scope entities that are resident in Bermuda or have a Bermuda permanent establishment, without regard to any assurances that have been given pursuant to the Exempted Undertakings Tax Protection Act 1966. We recorded material deferred tax liabilities as a result of the passage of the Bermuda CIT and recognized a material impact (increase) to our consolidated effective tax rate upon recording the deferred tax liabilities.

Total income taxes were as follows:

	Years ended December 31,	
(In millions)	2023	2022
Income tax expense (benefit)	$ 440	$ (644)
Income tax expense (benefit) from OCI	(185)	717
Total income tax expense (benefit)	$ 255	$ 73

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 and deferred income tax assets and liabilities were as follows:

	December 31,	
(In millions)	2023	2022
Current income tax recoverable	$ 4	$ 5
Current income tax payable	15	—
Net current income tax recoverable (payable)	$ (11)	$ 5
Deferred tax assets	$ —	$ —
Deferred tax liabilities	254	11
Net deferred tax assets (liabilities)	$ (254)	(11)

Deferred income tax assets and liabilities consisted of the following:

	December 31,	
(In millions)	2023	2022
Deferred tax assets		
Insurance liabilities	$ 16	$ —
Investments, including derivatives and unrealized on AFS	—	5
Net operating and capital loss carryforwards	249	68
Total deferred tax assets	265	73
Valuation allowance	(25)	—
Deferred tax assets, net of valuation allowance	240	73
Deferred tax liabilities		
Insurance liabilities	—	40
Bermuda tax	131	—
DAC, DSI and VOBA	362	43
Other	1	1
Total deferred tax liabilities	494	84
Net deferred tax assets/(liabilities)	$ (254)	$ (11)

As of December 31, 2023, we had US federal net operating losses of $1,054 million, which will begin to expire by 2041 and UK net operating losses of $128 million that do not expire.

The UK enacted legislation in July 2023 implementing certain provisions of the Organization for Economic Cooperation and Development's "Pillar Two" global minimum tax initiative (Pillar Two) that will apply to multinational enterprises for accounting periods beginning on or after December 31, 2023. On November 29, 2023, a bill was introduced to UK Parliament which proposes certain amendments to the previously enacted Pillar Two legislation and which would include new Pillar Two provisions for accounting periods beginning on or after December 31, 2024. We are continuing to evaluate the potential impact on future periods of Pillar Two, pending legislative adoption by individual countries, as such legislative changes could result in changes to our effective tax rate.

On August 16, 2022, the US government enacted the Inflation Reduction Act of 2022 (IRA). The IRA contains a number of tax-related provisions including a 15% minimum corporate income tax on certain large corporations (CAMT) as well as an excise tax on stock repurchases. Based on interpretations and assumptions we have made regarding the CAMT provisions of the IRA, which may change once further regulatory guidance is issued, CAMT as well as the excise tax on stock repurchases had no impact on our financial statement.

ALRe and its Bermuda subsidiaries file protective US income tax returns. Athene Co-Invest Reinsurance Affiliate 1B Ltd. (ACRA 1B) files a standalone US federal return and Athene Co-Invest Reinsurance Affiliate 2B Ltd. (ACRA 2B) files a consolidated US federal tax return with its subsidiary, ACRA 2B US LLC. ALRe and its subsidiaries are not subject to US federal and state examinations by tax authorities for years prior to 2020.

14. Statutory Requirements

Our insurance and reinsurance subsidiaries are subject to insurance laws and regulations in the jurisdiction in which they operate including Bermuda. Certain regulations include restrictions that limit the dividends or other distributions, such as loans or cash advances, available to shareholders without prior approval of the insurance regulatory authorities. The differences between financial statements prepared for insurance regulatory authorities and GAAP financial statements vary by jurisdiction.

Bermuda statutory requirements - ALRe, Athene Co-Invest Reinsurance Affiliate 1A Ltd. (ACRA 1A) and Athene Co-Invest Reinsurance Affiliate 2A Ltd. (ACRA 2A) are each licensed by the Bermuda Monetary Authority (BMA) as long-term insurers and are subject to the Insurance Act 1978, as amended (Bermuda Insurance Act) and regulations promulgated thereunder. The BMA implemented the Economic Balance Sheet (EBS) framework into the Bermuda Solvency Capital Requirement (BSCR), which was granted equivalence to the European Union's Directive (2009/138/EC) (Solvency II).

Under the Bermuda Insurance Act, long-term insurers are required to maintain minimum statutory capital and surplus to meet the minimum margin of solvency (MMS) and minimum economic statutory capital and surplus (EBS capital and surplus) to meet the Enhanced Capital Requirement (ECR). For our Class C reinsurer, ACRA 1A and ACRA 2A, MMS is equal to the greater of $500,000, 1.5% of the total statutory assets or 25% of ECR. For our Class E reinsurer, ALRe, MMS is equal to the greater of $8 million, 2% of the first $500 million of statutory assets plus 1.5% of statutory assets above $500 million or 25% of ECR. For each class, the ECR is calculated based on a risk-based capital model where risk factor charges are applied to the EBS. The ECR is floored at the MMS. As of December 31, 2023, our Bermuda subsidiaries were in excess of the minimum levels required. For our Bermuda reinsurance subsidiaries, the ECR is the binding regulatory constraint.

The following represents the EBS capital and surplus and BSCR ratios:

	December 31,			
	2023[1]		2022	
(In millions)	EBS capital & surplus	BSCR ratio	EBS capital & surplus	BSCR ratio
ALRe	$ 19,882	258 %	$ 16,521	252 %
ACRA 1A	5,013	207 %	5,719	252 %
ACRA 2A	3,615	299 %	198	N/A

[1] *Amounts reported reflect our best estimates as of the date these financial statements were issued and exclude the impact of any deferred tax assets that may be recorded on a statutory basis as a result of the enactment of the Bermuda CIT.*

ATHENE LIFE RE LTD.
Notes to Consolidated Financial Statements

Under the Bermuda statutory framework, statutory financial statements are generally equivalent to GAAP financial statements, with the exception of prudential filters and permitted practices granted by the BMA. ALRe and its subsidiaries have permission in the statutory financial statements to use amortized cost instead of fair value as the basis for certain investments. Additionally, ALRe and its subsidiaries use US statutory reserving principles for the calculation of insurance reserves instead of GAAP, subject to the reserves being proved adequate based on cash flow testing. The following represents the effect of the permitted practices to the statutory financial statements:

	December 31, 2023		
(In millions)	ALRe	ACRA 1A	ACRA 2A
Change in capital and surplus due to permitted practices	$ 3,031	$ 4,105	$ (938)
Change in statutory net income due to permitted practices	(1,593)	(1,471)	(930)

Under the Insurance Act, our Bermuda subsidiaries are prohibited from paying a dividend in an amount exceeding 25%of the prior year's statutory capital and surplus, unless at least two members of the companies' respective board of directors and its principal representative in Bermuda sign and submit to the BMA an affidavit attesting that a dividend in excess of this amount would not cause the subsidiary to fail to meet its relevant margins. In certain instances, the Bermuda subsidiary would also be required to provide prior notice to the BMA in advance of the payment of dividends. In the event that such an affidavit is submitted to the BMA, and further subject to meeting the MMS and ECR requirements, a Bermuda subsidiary is permitted to distribute up to the sum of 100% of statutory surplus and an amount less than 15% of statutory capital. Distributions in excess of this amount require the approval of the BMA. The following represents the maximum distribution our Bermuda subsidiaries would be permitted to remit to its parent without the need for prior approval:

(In millions)	December 31, 2023	December 31, 2022
ALRe	$ 7,023	$ 5,550
ACRA 1A	1,614	1,912
ACRA 2A	30	—

Statutory capital and surplus and net income (loss) - The following table presents, for each of our primary insurance subsidiaries, the statutory capital and surplus and the statutory net income (loss), based on the most recent statutory financial statements to be filed with insurance regulators:

	Statutory capital & surplus		Statutory net income (loss)	
(In millions)	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
ALRe	$ 14,474	$ 13,084	$ 832	$ 937
ACRA 1A	5,092	5,637	297	(87)
ACRA 2A	1,952	198	(759)	(2)

15. Related Parties

Unsecured Revolving Notes Receivable - ALRe has unsecured revolving notes agreements with AHL, ALReI, AUSA and AARe.

The unsecured revolving note receivable from AHL has a borrowing capacity of $4 billion, which was increased from $2 billion on September 13, 2022. As of December 31, 2023 and 2022, the unsecured note receivable had an outstanding balance of $486 million and $896 million, respectively. Interest accrues at a fixed rate of 2.29% per year and has a maturity date of the earlier of December 15, 2028 and the demand repayment date.

The unsecured revolving note receivable from ALReI has a borrowing capacity of $500 million and had an outstanding balance of $0 million and $79 million as of December 31, 2023 and 2022, respectively. On June 30, 2023, the interest rate was amended from a 3 month LIBOR rate on principal plus applicable margin of 41 bps to a SOFR rate on principal plus applicable margin of 10 bps and the maturity date was amended from December 11, 2024 to the earlier of June 30, 2028 and the demand repayment date.

The unsecured revolving note receivable from AUSA has a borrowing capacity of $4 billion, which was increased from $2 billion on September 22, 2022. As of December 31, 2023 and 2022, the revolving note receivable had an outstanding balance of $760 million and $393 million, respectively. On May 15, 2023, the interest rate accrual was amended from US short-term to US medium-term applicable federal rate per year and the maturity date was amended from May 15, 2023 to the earlier of May 15, 2028 and the demand repayment date.

The unsecured revolving note receivable from AARe has a borrowing capacity of $2.5 billion, which was increased from $1 billion on December 1, 2023. As of December 31, 2023 and 2022, the revolving note receivable had an outstanding balance of $1,711 million and $853 million, respectively. On June 1, 2023, the interest rate accrual was amended from US short-term to US medium-term applicable federal rate per year and the maturity date was amended from June 1, 2023 to the earlier of June 1, 2028 and the demand repayment date.

Unsecured Revolving Note Payable - In addition to the unsecured revolving notes receivable described above, ALRe has an unsecured revolving note agreement with AHL, ALReI and AARe.

The unsecured revolving note payable to AHL permits ALRe to borrow up to $4 billion, which was increased from $2 billion on September 13, 2022, with interest accruing at a fixed rate of 2.29% per year and has a maturity date of the earlier of December 15, 2028 and the demand repayment date. As of December 31, 2023 and 2022, the revolving note payable had no outstanding balance.

The unsecured revolving note payable to ALReI permits ALRe to borrow up to $500 million and had no outstanding balance as of December 31, 2023 and 2022. On June 30, 2023, the interest rate was amended from a 3 month LIBOR rate on principal plus applicable margin of 41 bps to a SOFR rate on principal plus applicable margin of 10 bps and the maturity date was amended from December 11, 2024 to the earlier of June 30, 2028 and the demand repayment date.

The unsecured revolving note payable to AARe permits ALRe to borrow up to $2.5 billion, which was increased from $1 billion on December 1, 2023. As of December 31, 2023 and 2022, the revolving note payable had no outstanding balance. On June 1, 2023, the interest rate accrual was amended from US short-term to US medium-term applicable federal rate per year and the maturity date was amended from June 1, 2023 to the earlier of June 1, 2028 and the demand repayment date.

Apollo

Fee structure - Substantially all of our investments are managed by Apollo. Apollo provides us with a full suite of services that includes: direct investment management; asset sourcing and allocation; mergers and acquisition sourcing, execution and asset diligence; and strategic support and advice. Apollo also provides certain operational support services for our investment portfolio including investment compliance, tax, legal and risk management support.

Apollo has extensive experience managing our investment portfolio and its knowledge of our liability profile enables it to tailor an asset management strategy to fit our specific needs. This strategy has proven responsive to changing market conditions and focuses on earning incremental yield by taking measured liquidity risk and complexity risk, rather than assuming incremental credit risk. Our partnership has enabled us to take advantage of investment opportunities that would likely not otherwise have been available to us.

Under our fee agreement with Apollo, we pay Apollo a base management fee of (1) 0.225% per year on a monthly basis equal to the lesser of (A) $103.4 billion, which represents the aggregate fair market value of substantially all of the assets in substantially all of the accounts of or relating to us (collectively, the Accounts) as of December 31, 2018 (Backbook Value), and (B) the aggregate book value of substantially all of the assets in the Accounts at the end of the respective month, plus (2) 0.15% per year of the amount, if any, by which the aggregate book value of substantially all of the assets in the Accounts at the end of the respective month exceeds the Backbook Value, subject to certain adjustments. Additionally, we pay a sub-allocation fee based on specified asset class tiers ranging from 0.065% to 0.70% of the book value of such assets, with the higher percentages in this range for asset classes that are designed to have more alpha generating abilities. Effective December 31, 2023, in addition to the base and sub-allocation fees specified above, we pay Apollo a target annual performance fee of $37.5 million, with the amount of the annual performance fee ranging from between 0% and 200% of such target amount, based on our performance against our spread related earnings for the year relative to our targets, beginning with the performance period for the second half of 2023.

For the years ended December 31, 2023 and 2022, we incurred management fees, inclusive of the base, sub-allocation fees and performance fees, of $152 million, and $111 million, respectively. Management fees are included within net investment income on the consolidated statements of income (loss). As of December 31, 2023 and 2022, management fees payable were $23 million and $16 million, respectively, and are included in other liabilities on the consolidated balance sheets. Such amounts include fees incurred attributable to Athene Co-Invest Reinsurance Affiliate Holding Ltd. (together with its subsidiaries, ACRA 1) and Athene Co-Invest Reinsurance Affiliate Holding 2 Ltd. (together with its subsidiaries, ACRA 2) including any noncontrolling interests associated with ACRA 1 and ACRA 2 (collectively, ACRA).

In addition to the assets on our consolidated balance sheets managed by Apollo, Apollo manages the assets underlying our funds withheld receivable. For these assets, the third-party cedants pay Apollo fees based upon the same fee construct we have with Apollo. Such fees directly reduce the settlement payments that we receive from the third-party cedant and, as such, we indirectly pay those fees. Finally, Apollo charges management fees and carried interest on Apollo-managed funds and other entities in which we invest. Neither the fees paid by such third-party cedants nor the fees or carried interest paid by such Apollo-managed funds or other entities are included in the investment management fee amounts noted above.

Governance - AHL has a management investment and asset liability committee, which includes members of senior management and reports to the risk committee of AHL's board of directors. The committee focuses on strategic decisions involving our investment portfolio, such as approving investment limits, new asset classes and our allocation strategy, reviewing large asset transactions, as well as monitoring our credit risk, and the management of our assets and liabilities.

ATHENE LIFE RE LTD.
Notes to Consolidated Financial Statements

AGM owns all of AHL's common stock and, prior to the merger with AGM on January 1, 2022, a significant voting interest in AHL was held by members of Apollo. Also, James Belardi, AHL's Chief Executive Officer, serves as a member of the board of directors and an executive officer of AGM, and Chief Executive Officer of ISG, which is also a subsidiary of AGM. Mr. Belardi also owns a profit interest in ISG and in connection with such interest receives quarterly distributions equal to 3.35% of base management fees and 4.5% of subadvisory fees, as such fees are defined in our fee agreement with Apollo. Additionally, five of the eleven members of AHL's board of directors (including Mr. Belardi) are employees of or consultants to Apollo. In order to protect against potential conflicts of interest resulting from transactions into which we have entered and will continue to enter into with Apollo, AHL's bylaws require them to maintain a conflicts committee comprised solely of directors who are not general partners, directors (other than independent directors of AGM), managers, officers or employees of any member of Apollo. The conflicts committee reviews and approves material transactions between AHL and Apollo, subject to certain exceptions.

Other related party transactions

Apollo Aligned Alternatives Aggregator, L.P. (AAA) - In 2022, AHL contributed $8,007 million of certain of AHL's alternative investments to AAA in exchange for limited partnership interests in AAA. ALRe consolidates certain feeder funds of AAA as a VIE through which we contribute assets to AAA. Apollo established AAA for the purpose of providing a single vehicle through which we and third-party investors can participate in a portfolio of alternative investments, which include those managed by Apollo. Additionally, we believe AAA enhances Apollo's ability to increase alternative assets under management (AUM) by raising capital from third parties, which will allow Athene to achieve greater scale and diversification for alternatives. Third-party investors began to invest in AAA on July 1, 2022. During the year ended December 31, 2022, we contributed $820 million of certain of our alternative investments to AAA in exchange for limited partnership interests in AAA.

MidCap FinCo Designated Activity Company (MidCap Financial) - We have various investments in MidCap Financial including an investment through AAA, senior unsecured notes and redeemable preferred stock. We previously directly held MidCap Financial profit participating notes until contribution to AAA during the second quarter of 2022. We also hold structured securities issued by MidCap Financial affiliates. As of December 31, 2023 and 2022, we held securities issued by MidCap Financial and its affiliates of $63 million and $82 million, respectively, which are included in related party AFS or trading securities on the consolidated balance sheets.

Strategic Partnership - We have an agreement pursuant to which we may invest up to $2.875 billion in funds managed by Apollo entities (Strategic Partnership). This arrangement is intended to permit us to invest across the Apollo alternatives platform into credit-oriented, strategic and other alternative investments in a manner and size that is consistent with our existing investment strategy. Fees for such investments payable by us to Apollo would be more favorable to us than market rates, and consistent with our existing alternative investments, investments made under the Strategic Partnership require approval of ISG and remain subject to our existing governance processes, including approval by our conflicts committee where applicable. During the second quarter of 2022, we contributed the majority of our Strategic Partnership investments to AAA. As of December 31, 2023 and 2022, we had $242 million and $0 million, respectively, of investments under the Strategic Partnership and these investments are typically included as investments of consolidated VIEs or related party investment funds on the consolidated balance sheets.

Wheels - We contributed our limited partnership investment in Athene Freedom Parent, LP (Athene Freedom), for which an Apollo affiliate is the general partner, to AAA during the second quarter of 2022. Athene Freedom indirectly invests in Wheels, Inc. (Wheels). We own securities issued by Wheels of $68 million and $0 million as of December 31, 2023 and 2022, respectively, which are included in related party AFS securities on the consolidated balance sheets.

ACRA and Apollo/Athene Dedicated Investment Programs I and II (collectively, ADIP) - ACRA 1 is partially owned by Apollo/Athene Dedicated Investment Program (ADIP I), a series of funds managed by Apollo. ALRe currently holds 36.55% of the economic interests in ACRA 1 and all of ACRA 1's voting interests, with ADIP I holding the remaining 63.45% of the economic interests. Effective July 1, 2023, ALRe sold 50% of its non-voting, economic interests in ACRA 2 to Apollo/Athene Dedicated Investment Program II (ADIP II), a fund managed by Apollo, for $640 million. Effective December 31, 2023, ACRA 2 repurchased a portion of its shares held by ALRe, which increased ADIP II's ownership of economic interests in ACRA 2 to 60%, with ALRe owning the remaining 40% of economic interests. ALRe holds all of ACRA 2's voting interests.

We received capital contributions and paid distributions relating to ACRA of the following:

	Years ended December 31,	
(In millions)	2023	2022
Contributions from ADIP	$ 996	$ 1,047
Distributions to ADIP	(539)	(63)

Additionally, as of December 31, 2023 and 2022, we had $213 million and $202 million, respectively, of related party payables for contingent investment fees payable by ACRA to Apollo. ACRA is obligated to pay the contingent investment fees on behalf of ADIP and, as such, the balance is attributable to the noncontrolling interests.

16. Commitments and Contingencies

Contingent Commitments - We had commitments to make investments, primarily capital contributions to investment funds, inclusive of related party commitments discussed previously and those of consolidated VIEs, of $892 million as of December 31, 2023. We expect most of our current commitments will be invested over the next five years; however, these commitments could become due any time upon counterparty request.

Pledged Assets and Funds in Trust (Restricted Assets) - The total restricted assets included on the consolidated balance sheets are as follows:

	December 31,	
(In millions)	2023	2022
AFS securities	$ 8,445	$ 2,592
Trading securities	79	1
Mortgage loans	—	20
Investment funds	175	31
Short-term investments	43	12
Restricted cash	804	381
Total restricted assets	$ 9,546	$ 3,037

The restricted assets are primarily related to reinsurance trusts established in accordance with coinsurance agreements.

Letters of Credit - We have undrawn letters of credit totaling $1,320 million as of December 31, 2023. These letters of credit were issued for our reinsurance program and have expirations through June 19, 2026.

Litigation, Claims and Assessments

ALRe has no litigation, claims or assessments outstanding as at the reporting date.

17. Subsequent Events

The Company has evaluated the impact of subsequent events through April 26, 2024, the date at which the financial statements were available to be issued.

There were no subsequent events identified.

ATHENE LIFE RE LTD.
Notes to Consolidated Financial Statements

Supplemental Information (Unaudited) Schedule 1

In addition to our audited results presented in accordance with accounting principles generally accepted in the United States of America (US GAAP), we present certain financial information that includes non-GAAP measures. Management believes the use of these non-GAAP measures, together with the relevant US GAAP measures, provides information that may enhance an investor's understanding of our business. These non-GAAP measures are intended to remove the impact of market volatility on ALRe's common shareholder equity.

Adjusted Common Shareholders' Equity Non-GAAP Reconciliation

Adjusted ALRe common shareholders' equity is calculated as the ending ALRe shareholders' equity excluding AOCI, cumulative changes in fair value of funds withheld and Modified Coinsurance (modco) reinsurance assets, mortgage loan assets and investment contracts held at fair value. The adjustment for cumulative changes in fair value of funds withheld and modco reinsurance assets includes offsets to tax and reserves. These adjustments fluctuate period to period in a manner inconsistent with our underlying profitability drivers as the majority of such fluctuation is related to the market volatility of the unrealized gains and losses associated with Available for Sale (AFS) securities and reinsurance assets. Except with respect to reinvestment activity relating to acquired blocks of business, we typically buy and hold AFS securities and reinsurance assets to maturity throughout the duration of market fluctuations, therefore, the period-over-period impacts in unrealized gains and losses are not necessarily indicative of current operating fundamentals or future performance. However, we believe the adjustments to shareholders' equity are significant to gaining an understanding of our capitalization.

The reconciliation of total ALRe common shareholders' equity to total adjusted ALRe common shareholders' equity is as follows:

	Years ended December 31,	
(In millions)	2023	2022
Total ALRe common shareholder's equity	$ 14,108	$ 10,997
Less: Accumulated other comprehensive income/(loss)	193	33
Less: Accumulated change in fair value of reinsurance assets, net of tax	(1,840)	(3,505)
Less: Accumulated change in fair value of mortgage loan assets	(48)	(29)
Less: Accumulated change in fair value of investment contracts held at fair value	535	403
Total adjusted ALRe common shareholders's equity	$ 15,268	$ 14,095