

# **Corebridge Insurance Company of Bermuda, Ltd.**

(An indirect wholly owned subsidiary of Corebridge Financial, Inc.)

## **Financial Statements**

As of and for the years ended December 31, 2023 and 2022

# COREBRIDGE INSURANCE COMPANY OF BERMUDA, LTD.

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## **Report of Independent Auditors**

To the Board of Directors and Shareholder of Corebridge Insurance Company of Bermuda, Ltd.

### ***Opinion***

We have audited the accompanying consolidated financial statements of Corebridge Insurance Company of Bermuda, 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 and comprehensive income (loss), of equity and of cash flows for the years then ended, including the related notes (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated 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 (US GAAS). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated 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 Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

### ***Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ 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 US 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 consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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.

*PricewaterhouseCoopers LLP*

Houston, Texas  
April 29, 2024

**COREBRIDGE LIFE INSURANCE COMPANY OF BERMUDA, LTD.  
CONSOLIDATED BALANCE SHEETS**

| <i>(in millions, except for share data)</i>  | December 31,    |                 |
|--|-----------------|-----------------|
|  | 2023            | 2022            |
| <b>Assets:</b>   |                 |                 |
| Investments:   |                 |                 |
| Fixed maturity securities:   |                 |                 |
| Bonds available for sale, at fair value, net of allowance for credit losses of \$0 in 2023 and 2022 (amortized cost: 2023 – \$352; 2022 – \$382) | \$ 337          | \$ 359          |
| Policy loans   | 31              | 28              |
| Short-term investments (portion measured at fair value: 2023 – \$51; 2022 – \$65)  | 140             | 79              |
| Total investments  | 508             | 466             |
| Accrued investment income  | 3               | 3               |
| Amounts due from related parties   | 194             | 206             |
| Premiums and other receivable  | —               | 1               |
| Reinsurance assets   | 5               | 4               |
| Other assets (portion measured at fair value: 2023 – \$1; 2022 – \$1)  | 19              | 19              |
| Separate account assets, at fair value   | 836             | 1,135           |
| <b>Total assets</b>  | <b>1,565</b>    | <b>1,834</b>    |
| <b>Liabilities:</b>  |                 |                 |
| Policyholder contract deposits   | 31              | 28              |
| Income taxes payable to parent   | 2               | 9               |
| Deferred income taxes  | 44              | 58              |
| Amounts due to related parties   | —               | 1               |
| Other liabilities  | 1               | 2               |
| Separate account liabilities   | 836             | 1,135           |
| <b>Total liabilities</b>   | <b>914</b>      | <b>1,233</b>    |
| <b>Contingencies (see Note 8)</b>  |                 |                 |
| <b>Shareholders' equity:</b>   |                 |                 |
| Common stock, \$1 par value; 250,000 shares authorized,<br>250,000 issued and outstanding  | —               | —               |
| Additional paid-in capital   | 659             | 711             |
| Retained earnings (Accumulated deficit)  | 4               | (92)            |
| Accumulated other comprehensive income (loss)  | (12)            | (18)            |
| <b>Total Shareholders' equity</b>  | <b>651</b>      | <b>601</b>      |
| <b>Total liabilities and equity</b>  | <b>\$ 1,565</b> | <b>\$ 1,834</b> |

See accompanying Notes to Consolidated Financial Statements.

**COREBRIDGE INSURANCE COMPANY OF BERMUDA, LTD.  
CONSOLIDATED STATEMENTS OF INCOME**

| <i>(in millions)</i>                               | Years Ended December 31, |              |
|--|--------------------------|--------------|
|  | 2023                     | 2022         |
| <b>Revenues:</b>                                   |                          |              |
| Premiums   | \$ (16)                  | \$ (16)      |
| Policy fees  | 14                       | 14           |
| Net investment income                              | 23                       | 15           |
| Net realized gains (losses)                        | —                        | (2)          |
| Other income                                       | 19                       | 23           |
| <b>Total revenues</b>                              | <b>40</b>                | <b>34</b>    |
| <b>Benefits and expenses:</b>                      |                          |              |
| Interest credited to policyholder account balances | 2                        | 2            |
| General operating and other expenses               | 4                        | 5            |
| <b>Total benefits and expenses</b>                 | <b>6</b>                 | <b>7</b>     |
| <b>Income before income tax expense</b>            | <b>34</b>                | <b>27</b>    |
| <b>Income tax expense (benefit):</b>               |                          |              |
| Current  | 11                       | 10           |
| Deferred   | (4)                      | (4)          |
| <b>Income tax expense</b>                          | <b>7</b>                 | <b>6</b>     |
| <b>Net income</b>                                  | <b>\$ 27</b>             | <b>\$ 21</b> |

See accompanying Notes to Consolidated Financial Statements.

**COREBRIDGE INSURANCE COMPANY OF BERMUDA, LTD.  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

| <i>(in millions)</i>  | Years Ended December 31, |                |
|---|--------------------------|----------------|
|   | 2023                     | 2022           |
| <b>Net income</b>   | <b>\$ 27</b>             | <b>\$ 21</b>   |
| <b>Other comprehensive income (loss), net of tax</b>  |                          |                |
| Change in unrealized appreciation (depreciation) of fixed maturity investments on which allowance for credit losses was not taken | <b>6</b>                 | <b>(34)</b>    |
| Change in foreign translation adjustments   | <b>—</b>                 | <b>(2)</b>     |
| <b>Other comprehensive income (loss)</b>  | <b>6</b>                 | <b>(36)</b>    |
| <b>Comprehensive income (loss)</b>  | <b>\$ 33</b>             | <b>\$ (15)</b> |

*See accompanying Notes to Consolidated Financial Statements.*

**COREBRIDGE INSURANCE COMPANY OF BERMUDA, LTD.  
CONSOLIDATED STATEMENTS OF EQUITY**

| <i>(in millions)</i>              | Common<br>Stock | Additional<br>Paid-in<br>Capital | Retained<br>Earnings<br>(Accumulated<br>Deficit) | Accumulated<br>Other<br>Comprehensive<br>Income (Loss) | Total<br>Shareholders'<br>Equity |
|-----------------------------------|-----------------|----------------------------------|--|--|----------------------------------|
| Balance, January 1, 2022          | \$ —            | \$ 711                           | \$ (113)   | \$ 18  | \$ 616                           |
| Net income                        | —               | —                                | 21   | —  | 21                               |
| Other comprehensive income (loss) | —               | —                                | —  | (36)   | (36)                             |
| Balance, December 31, 2022        | \$ —            | \$ 711                           | \$ (92)  | \$ (18)  | \$ 601                           |
| Net income                        | —               | —                                | <b>27</b>  | —  | <b>27</b>                        |
| Other comprehensive income (loss) | —               | —                                | —  | <b>6</b>   | <b>6</b>                         |
| Change in capital structure       | —               | <b>(69)</b>                      | <b>69</b>  | —  | —                                |
| Other                             | —               | <b>17</b>                        | —  | —  | <b>17</b>                        |
| Balance, December 31, 2023        | <b>\$ —</b>     | <b>\$ 659</b>                    | <b>\$ 4</b>                                      | <b>\$ (12)</b>   | <b>\$ 651</b>                    |

See accompanying Notes to Consolidated Financial Statements.



**COREBRIDGE INSURANCE COMPANY OF BERMUDA, LTD.  
CONSOLIDATED STATEMENTS OF CASH FLOWS**

| <i>(in millions)</i>   | Years Ended December 31, |             |
|--|--------------------------|-------------|
|  | 2023                     | 2022        |
| <b>Cash flows from operating activities:</b>   |                          |             |
| Net income   | \$ 27                    | \$ 21       |
| <b>Adjustments to reconcile net income to net cash provided by (used in) operating activities: *</b> |                          |             |
| <b>Non-cash revenues, expenses, gains and losses included in income (loss):</b>                      |                          |             |
| Net losses (gains) on sales of securities available-for-sale and other assets                        | —                        | 2           |
| Depreciation and other amortization  | (1)                      | 1           |
| Capitalized interest income  | (2)                      | (2)         |
| <b>Changes in operating assets and liabilities:</b>  |                          |             |
| Amounts due to/from related parties  | 11                       | 26          |
| Current and deferred income taxes - net  | (11)                     | (84)        |
| Other, net   | 5                        | (21)        |
| Total adjustments  | 2                        | (78)        |
| <b>Net cash provided by (used in) operating activities</b>   | <b>29</b>                | <b>(57)</b> |
| <b>Cash flows from investing activities:</b>   |                          |             |
| Proceeds from (payments for):  |                          |             |
| Sales or distributions of:   |                          |             |
| Available-for-sale securities  | 5                        | 88          |
| Maturities of fixed maturity securities available-for-sale   | 24                       | 15          |
| Principal payments received on mortgage and other loans receivable                                   | 3                        | 15          |
| Purchases of:  |                          |             |
| Available-for-sale securities  | —                        | (12)        |
| Mortgage and other loan receivable   | (4)                      | —           |
| Net change in short-term investments   | (61)                     | (37)        |
| Other, net   | 1                        | 1           |
| <b>Net cash provided by (used in) investing activities</b>   | <b>(32)</b>              | <b>70</b>   |
| <b>Cash flows from financing activities: *</b>   |                          |             |
| Proceeds from (payments for):  |                          |             |
| Policyholder contract deposits   | 2                        | 2           |
| Policyholder contract withdrawals  | 1                        | (15)        |
| <b>Net cash provided by (used in) financing activities</b>   | <b>3</b>                 | <b>(13)</b> |
| Cash at beginning of year  | —                        | —           |
| Net change in cash   | —                        | —           |
| <b>Cash at end of year</b>   | <b>\$ —</b>              | <b>\$ —</b> |
| <b>Supplementary Disclosure of Consolidated Cash Flow Information</b>                                |                          |             |
|  | Years Ended December 31, |             |
|  | 2023                     | 2022        |
| <b>Cash paid during the period for:</b>  |                          |             |
| Taxes  | \$ 14                    | \$ 99       |
| <b>Non-cash financing activities:</b>  |                          |             |
| Interest credited to policyholder contract deposits included in financing activities                 | \$ 2                     | \$ 2        |

\* Certain reclassifications have been made to conform prior year with current year presentation.

See accompanying Notes to Consolidated Financial Statements.

# COREBRIDGE INSURANCE COMPANY OF BERMUDA, LTD. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 1. BASIS OF PRESENTATION

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Corebridge Insurance Company of Bermuda, Ltd. ("CICB"), formerly known as AIG Life of Bermuda, Ltd., including its wholly owned subsidiaries Corebridge Credit Corp. of Canada ("Canada"), formerly known as AIG Credit Corp. of Canada, and Alabaster Capital LLC ("Alabaster Capital") is a wholly owned subsidiary of AGC Life Insurance Company ("AGC Life"). AGC Life is owned by Corebridge Life Holdings, Inc. ("Corebridge Life Holdings"), formerly known as AIG Life Holdings. Corebridge Life Holdings is wholly owned by Corebridge Financial, Inc. ("Corebridge"), formerly known as SAFG Retirement Services, Inc., which, as of December 31, 2023, American International Group, Inc. ("AIG") owns 52.2% of their outstanding common stock. Unless the context indicates otherwise, the terms "the Company," "we," "us" or "our" mean Corebridge Insurance Company of Bermuda, Ltd. and its consolidated subsidiaries, and the term "AIG Parent" means American International Group, Inc. and not any of AIG Parent's consolidated subsidiaries.

The Company's activities are the insurance of flexible premium variable universal life insurance, reinsurance of term life and annuity, and certain investment operations through our affiliates.

The Company's operations are influenced by many factors, including general economic conditions, financial condition of AIG Parent, monetary and fiscal policies of the government of Bermuda and policies of the Bermuda Monetary Authority ("BMA"). The level of sales of our insurance and financial products is influenced by many factors, including general market rates of interest, the strength, weakness and volatility of equity markets and terms and conditions of competing products. We are exposed to the risks normally associated with a portfolio of fixed income securities, which include interest rate, option, liquidity and credit risks. We control our exposure to these risks by, among other things, closely monitoring and managing the duration and cash flows of our assets and liabilities, engaging in a disciplined process of underwriting, and reviewing and monitoring credit risk. We are also exposed to market risk and mortality/longevity risk. Market volatility may result in increased risks related to death benefits, as well as reduced fee income on variable product assets held in segregated accounts.

The Company's core business is to service private placement variable universal life insurance issued to high net worth individuals. We generally retain \$5 thousand per insured and cede the remaining net amount at risk to our U.S. affiliate, American General Life Insurance Company ("AGL"). No new policies are being written, although additional premium may be accepted on the existing contracts.

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). All significant intercompany accounts and transactions have been eliminated.

The consolidated financial statements include the accounts of the Company and our wholly owned subsidiaries.

### Use of Estimates

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The preparation of consolidated financial statements in accordance with GAAP requires the application of accounting policies that often involve a significant degree of judgment. Accounting policies that we believe are most dependent on the application of estimates and assumptions are considered our critical accounting estimates and are related to the determination of:

- income tax assets and liabilities, including recoverability of our deferred tax assets and the predictability of future tax operating profitability of the character necessary to realize the deferred tax assets; and
- fair value measurements of certain financial assets and liabilities.

These accounting estimates require the use of assumptions about matters, some of which are highly uncertain at the time of estimation. To the extent actual experience differs from the assumptions used, our consolidated financial condition, results of operations and cash flows could be materially affected.

# COREBRIDGE INSURANCE COMPANY OF BERMUDA, LTD. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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The following identifies our significant accounting policies presented in other Notes to these Consolidated Financial Statements, with a reference to the Note where a detailed description can be found:

- Note 4. Investments
- Fixed maturity securities
  - Short-term investments
  - Net investment income
  - Net realized gains (losses)
- Note 5. Reinsurance
- Reinsurance assets, net of allowance
- Note 7. Insurance Liabilities
- Policyholder contract deposits
- Note 11. Income Taxes

### Other significant accounting policies

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**Premiums** received for variable universal life products are reported as deposits to policyholder contract deposits and/or separate account liabilities. Reinsurance premiums ceded are recognized as a reduction in revenues over the period the reinsurance coverage is provided in proportion to the risks to which the premiums relate.

**Policy fees** represent revenues recognized from variable universal life products consisting of policy charges for cost of insurance and policy administration charges. Policy fees are recognized as revenues in the period in which they are assessed against policyholders, unless the fees are designed to compensate us for services to be provided in the future.

**Other income** primarily includes ceded commissions, risk charges and interests associated with the reinsurance agreements.

**Cash** represents cash on hand and demand deposits.

**Short-term investments** consist of interest-bearing cash equivalents and investments, such as commercial paper, with original maturities within one year from the date of purchase.

**Policy loans** are carried at unpaid principal balances. There is no allowance for policy loans because these loans serve to reduce the death benefit paid when the death claim is made and the balances are effectively collateralized by the cash surrender value of the policy.

**Separate accounts** represent funds for which investment income and investment gains and losses accrue directly to the policyholders who bear the investment risk. Each account has specific investment objectives and the assets are carried at fair value. The assets of each account are legally segregated and are not subject to claims that arise from any of our other businesses. The liabilities for these accounts are equal to the account assets.

**Foreign currency:** Financial statement accounts expressed in foreign currencies are translated into U.S. dollars. Functional currency assets and liabilities are translated into U.S. dollars generally using rates of exchange prevailing at the balance sheet date and the related translation adjustments are recorded as a separate component of other comprehensive income, net of any related taxes. Income statement accounts expressed in functional currencies are translated using average exchange rates during the period. Functional currencies are generally the currencies of the local operating environment.

# COREBRIDGE INSURANCE COMPANY OF BERMUDA, LTD.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### Accounting Standards Adopted During 2023

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#### ADOPTION OF LONG DURATION TARGETED IMPROVEMENTS

##### Targeted Improvements to the Accounting for Long-Duration Contracts

In August 2018, the Financial Accounting Standards Board's (the "FASB") issued an accounting standard update with the objective of making targeted improvements to the existing recognition, measurement, presentation and disclosure requirements for long-duration contracts issued by an insurance entity. We adopted the FASB targeted improvements to the accounting for long-duration contracts (the "standard" or "LDTI") on January 1, 2023 with a transition date of January 1, 2021 ("the transition date"). There was no impact to beginning Shareholders' equity as a result of the LDTI adoption.

In addition to the above, the standard also increases disclosures of disaggregated rollforwards of several balances, including but not limited to account balances and separate account liabilities.

##### Future Application of Accounting Standards

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##### Income Taxes

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In December 2023, the FASB issued an accounting standard update to address improvements to income tax disclosures. The standard requires disaggregated information about a company's effective tax rate reconciliation as well as information on income taxes paid. The standard is effective for public companies for annual periods beginning after December 15, 2024, with early adoption permitted. The standard will be applied on a prospective basis with the option to apply the standard retrospectively. We are accessing the impact of this standard.

### 3. FAIR VALUE MEASUREMENTS

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#### Fair Value Measurements on a Recurring Basis

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We carry certain of our financial instruments at fair value. We define the fair value of a financial instrument as the amount that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We are responsible for the determination of the value of the investments carried at fair value and the supporting methodologies and assumptions.

The degree of judgment used in measuring the fair value of financial instruments generally inversely correlates with the level of observable valuation inputs. We maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Financial instruments with quoted prices in active markets generally have more pricing observability and less judgment is used in measuring fair value. Conversely, financial instruments for which no quoted prices are available have less observability and are measured at fair value using valuation models or other pricing techniques that require more judgment. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction, liquidity and general market conditions.

#### Fair Value Hierarchy

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Assets and liabilities recorded at fair value in the Consolidated Balance Sheets are measured and classified in accordance with a fair value hierarchy consisting of three "levels" based on the observability of valuation inputs:

- **Level 1:** Fair value measurements based on quoted prices (unadjusted) in active markets that we have the ability to access for identical assets or liabilities. Market price data generally is obtained from exchange or dealer markets. We do not adjust the quoted price for such instruments.

## COREBRIDGE INSURANCE COMPANY OF BERMUDA, LTD. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- **Level 2:** Fair value measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals.
- **Level 3:** Fair value measurements based on valuation techniques that use significant inputs that are unobservable. Both observable and unobservable inputs may be used to determine the fair values of positions classified in Level 3. The circumstances for using these measurements include those in which there is little, if any, market activity for the asset or liability. Therefore, we must make certain assumptions about the inputs a hypothetical market participant would use to value that asset or liability.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The following is a description of the valuation methodologies used for instruments carried at fair value. These methodologies are applied to assets and liabilities across the levels discussed above, and it is the observability of the inputs used that determines the appropriate level in the fair value hierarchy for the respective asset or liability.

### Valuation Methodologies of Financial Instruments Measured at Fair Value

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#### Incorporation of Credit Risk in Fair Value Measurements

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Counterparty credit risk fair value measurements for freestanding derivatives incorporate counterparty credit by determining the explicit cost for us to protect against our net credit exposure to each counterparty at the balance sheet date by reference to observable counterparty credit default swaps (“CDS”) spreads, when available. When not available, other directly or indirectly observable credit spreads will be used to derive the best estimates of the counterparty spreads. Our net credit exposure to a counterparty is determined based on master netting agreements, which take into consideration all derivative positions with the counterparty, as well as collateral posted by the counterparty at the balance sheet date.

Fair values for fixed maturity securities based on observable market prices for identical or similar instruments implicitly incorporate counterparty credit risk. Fair values for fixed maturity securities based on internal models incorporate counterparty credit risk by using discount rates that take into consideration cash issuance spreads for similar instruments or other observable information.

For fair values measured based on internal models, the cost of credit protection is determined under a discounted present value approach considering the market levels for single name CDS spreads for each specific counterparty, the mid-market value of the net exposure (reflecting the amount of protection required) and the weighted average life of the net exposure. CDS spreads are provided to us by an independent third party. We utilize an interest rate based on the appropriate benchmark curve to derive our discount rates.

While this approach does not explicitly consider all potential future behavior of the derivative transactions or potential future changes in valuation inputs, we believe this approach provides a reasonable estimate of the fair value of the assets and liabilities, including consideration of the impact of non-performance risk.

#### Fixed Maturity Securities

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Whenever available, we obtain quoted prices in active markets for identical assets at the balance sheet date to measure fixed maturity securities at fair value. Market price data is generally obtained from dealer markets.

## **COREBRIDGE INSURANCE COMPANY OF BERMUDA, LTD. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

We employ independent third-party valuation service providers to gather, analyze, and interpret market information to derive fair value estimates for individual investments, based upon market-accepted methodologies and assumptions. The methodologies used by these independent third-party valuation service providers are reviewed and understood by management, through periodic discussion with and information provided by the independent third-party valuation service providers. In addition, as discussed further below, control processes are applied to the fair values received from independent third-party valuation service providers to ensure the accuracy of these values.

Valuation service providers typically obtain data about market transactions and other key valuation model inputs from multiple sources and, through the use of market-accepted valuation methodologies, which may utilize matrix pricing, financial models, accompanying model inputs and various assumptions, provide a single fair value measurement for individual securities. The inputs used by the valuation service providers include, but are not limited to, market prices from completed transactions for identical securities and transactions for comparable securities, benchmark yields, interest rate yield curves, credit spreads, prepayment rates, default rates, recovery assumptions, currency rates, quoted prices for similar securities and other market-observable information, as applicable. If fair value is determined using financial models, these models generally take into account, among other things, market observable information as of the measurement date as well as the specific attributes of the security being valued, including its term, interest rate, credit rating, industry sector, and when applicable, collateral quality and other security or issuer-specific information. When market transactions or other market observable data is limited, the extent to which judgment is applied in determining fair value is greatly increased.

We have control processes designed to ensure that the fair values received from independent third-party valuation service providers are accurately recorded, that their data inputs and valuation techniques are appropriate and consistently applied and that the assumptions used appear reasonable and consistent with the objective of determining fair value. We assess the reasonableness of individual security values received from independent third-party valuation service providers through various analytical techniques, and have procedures to escalate related questions internally and to the independent third-party valuation service providers for resolution. To assess the degree of pricing consensus among various valuation service providers for specific asset types, we conduct comparisons of prices received from available sources. We use these comparisons to establish a hierarchy for the fair values received from independent third-party valuation service providers to be used for particular security classes. We also validate prices for selected securities through reviews by members of management who have relevant expertise and who are independent of those charged with executing investing transactions.

When our independent third-party valuation service providers are unable to obtain sufficient market observable information upon which to estimate the fair value for a particular security, fair value is determined either by requesting brokers who are knowledgeable about these securities to provide a price quote, which is generally non-binding, or by employing market accepted valuation models. Broker prices may be based on an income approach, which converts expected future cash flows to a single present value amount, with specific consideration of inputs relevant to particular security types. For structured securities, such inputs may include ratings, collateral types, geographic concentrations, underlying loan vintages, loan delinquencies and defaults, loss severity assumptions, prepayments, and weighted average coupons and maturities. When the volume or level of market activity for a security is limited, certain inputs used to determine fair value may not be observable in the market. Broker prices may also be based on a market approach that considers recent transactions involving identical or similar securities. Fair values provided by brokers are subject to similar control processes to those noted above for fair values from independent third-party valuation service providers, including management reviews. For those corporate debt instruments (for example, private placements) that are not traded in active markets or that are subject to transfer restrictions, valuations reflect illiquidity and non-transferability, based on available market evidence. When observable price quotations are not available, fair value is determined based on discounted cash flow models using discount rates based on credit spreads, yields or price levels of comparable securities, adjusted for illiquidity and structure. Fair values determined internally are also subject to management review to ensure that valuation models and related inputs are reasonable.

The methodology above is relevant for all fixed maturity securities including commercial mortgage backed securities ("CMBS") and fixed maturity securities issued by corporate entities.

### **Short-term Investments**

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For short-term investments that are measured at amortized cost, the carrying amounts of these assets approximate fair values because of the relatively short period of time between origination and expected realization, and their limited exposure to credit risk.

**COREBRIDGE INSURANCE COMPANY OF BERMUDA, LTD.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Other assets

Other assets are composed of investments in life contingent annuities.

Separate Account Assets

Separate account assets are composed primarily of registered and unregistered open-end mutual funds. We generally obtain the fair value of separate account assets from net asset value information provided by mutual funds. In addition, certain mutual funds are traded daily. We measure fair value for such mutual funds by obtaining quoted prices in active markets for identical assets at the balance sheet date. Market price data is generally obtained from exchange or dealer markets.

**Assets Measured at Fair Value on a Recurring Basis**

The following table presents information about assets measured at fair value on a recurring basis, and indicates the level of the fair value measurement based on the observability of the inputs used:

| <i>(in millions)</i>           | Level 1 | Level 2  | Level 3 | Total    |
|--------------------------------|---------|----------|---------|----------|
| December 31, 2023              |         |          |         |          |
| Assets:                        |         |          |         |          |
| Bonds available for sale:      |         |          |         |          |
| Non-U.S. governments           | \$ —    | \$ 14    | \$ —    | \$ 14    |
| Corporate debt                 | —       | 248      | —       | 248      |
| RMBS                           | —       | 27       | —       | 27       |
| CMBS                           | —       | 38       | —       | 38       |
| CDO/ABS                        | —       | 10       | —       | 10       |
| Total bonds available for sale | —       | 337      | —       | 337      |
| Short-term investments         | —       | 51       | —       | 51       |
| Other assets                   | —       | —        | 1       | 1        |
| Separate account assets        | 231     | 605      | —       | 836      |
| Total                          | \$ 231  | \$ 993   | \$ 1    | \$ 1,225 |
| December 31, 2022              |         |          |         |          |
| Assets:                        |         |          |         |          |
| Bonds available for sale:      |         |          |         |          |
| Non-U.S. governments           | \$ —    | \$ 14    | \$ —    | \$ 14    |
| Corporate debt                 | —       | 263      | —       | 263      |
| RMBS                           | —       | 30       | —       | 30       |
| CMBS                           | —       | 37       | —       | 37       |
| CDO/ABS                        | —       | 15       | —       | 15       |
| Total bonds available for sale | —       | 359      | —       | 359      |
| Short-term investments         | —       | 65       | —       | 65       |
| Other assets                   | —       | —        | 1       | 1        |
| Separate account assets        | 553     | 582      | —       | 1,135    |
| Total                          | \$ 553  | \$ 1,006 | \$ 1    | \$ 1,560 |

**COREBRIDGE INSURANCE COMPANY OF BERMUDA, LTD.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Changes in Level 3 Recurring Fair Value Measurements**

The following tables present changes during the years ended December 31, 2023 and 2022 in Level 3 assets measured at fair value on a recurring basis, and the realized and unrealized gains (losses) related to the Level 3 assets in the Consolidated Balance Sheets at December 31, 2023 and 2022:

| <i>(in millions)</i> | Fair Value<br>Beginning<br>of Year | Net<br>Realized<br>and<br>Unrealized<br>Gains<br>(Losses)<br>Included in<br>Income | Other<br>Comprehensive<br>Income (Loss) | Purchases,<br>Sales,<br>Issuances<br>and<br>Settlements,<br>Net | Gross<br>Transfers<br>In | Gross<br>Transfers<br>Out | Fair Value<br>End of<br>Year | Changes in<br>Unrealized<br>Gains (Losses)<br>Included in<br>Other<br>Comprehensive<br>Income (Loss)<br>for Recurring<br>Level 3<br>Instruments<br>Held at End of<br>Year |
|----------------------|------------------------------------|--|---|---|--------------------------|---------------------------|------------------------------|---|
| December 31, 2023    |                                    |  |   |   |                          |                           |                              |   |
| Assets:              |                                    |  |   |   |                          |                           |                              |   |
| Other assets         | \$ 1                               | \$ —   | \$ —                                    | \$ —  | \$ —                     | \$ —                      | \$ 1                         | \$ —  |
| Total                | \$ 1                               | \$ —   | \$ —                                    | \$ —  | \$ —                     | \$ —                      | \$ 1                         | \$ —  |
| December 31, 2022    |                                    |  |   |   |                          |                           |                              |   |
| Assets:              |                                    |  |   |   |                          |                           |                              |   |
| Other assets         | \$ 2                               | \$ —   | \$ —                                    | \$ (1)  | \$ —                     | \$ —                      | \$ 1                         | \$ —  |
| Total                | \$ 2                               | \$ —   | \$ —                                    | \$ (1)  | \$ —                     | \$ —                      | \$ 1                         | \$ —  |

Net realized and unrealized gains and losses included in income related to Level 3 assets and liabilities shown above were reported in the Consolidated Statements of Income as follows:

| <i>(in millions)</i> | Net<br>Investment<br>Income | Net Realized<br>Gains<br>(Losses) | Total |
|----------------------|-----------------------------|-----------------------------------|-------|
| December 31, 2023    |                             |                                   |       |
| Other assets         | \$ —                        | \$ —                              | \$ —  |
| December 31, 2022    |                             |                                   |       |
| Other assets         | \$ —                        | \$ —                              | \$ —  |

The following table presents the gross components of purchases, sales, issues and settlements, net, shown above:

| <i>(in millions)</i> | Purchases | Sales | Settlements | Purchases,<br>Sales, Issuances<br>and Settlements, Net |
|----------------------|-----------|-------|-------------|--|
| December 31, 2023    |           |       |             |  |
| Assets:              |           |       |             |  |
| Other assets         | \$ —      | \$ —  | \$ —        | \$ —   |
| Total assets         | \$ —      | \$ —  | \$ —        | \$ —   |
| December 31, 2022    |           |       |             |  |
| Assets:              |           |       |             |  |
| Other assets         | \$ —      | \$ —  | \$ (1)      | \$ (1)   |
| Total assets         | \$ —      | \$ —  | \$ (1)      | \$ (1)   |

Both observable and unobservable inputs may be used to determine the fair values of positions classified in Level 3 in the tables above. As a result, the unrealized gains (losses) on instruments held at December 31, 2023 and 2022 may include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable inputs (e.g., changes in unobservable long-dated volatilities).

**Transfers of Level 3 Assets**

We record transfers of assets into Level 3 at their fair values as of the end of each reporting period, consistent with the date of the determination of fair value. There was no net realized and unrealized gains (losses) recognized or other comprehensive income (loss) related to assets transferred into Level 3 in 2023 and 2022. There were no transfers of Level 3 assets during the years ended December 31, 2023 and 2022.



# COREBRIDGE INSURANCE COMPANY OF BERMUDA, LTD.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### Quantitative Information about Level 3 Fair Value Measurements

Significant unobservable inputs are used for recurring fair value measurements for certain Level 3 instruments, and include only those instruments for which information about the inputs is reasonably available to us, such as data from independent third-party valuation service providers and from internal valuation models.

Fair value estimates for the investments in annuity interests are calculated using discounted cash flows based on medical underwriting ratings of the policies from a third-party underwriter, applied to an industry mortality table. Our mortality assumptions are based on an industry table as supplemented with proprietary data.

### Fair Value Information About Financial Instruments Not Measured At Fair Value

Information regarding the estimation of fair value for financial instruments not carried at fair value (excluding insurance contracts) is discussed below.

- **Policy loans:** The fair value of policy loans is estimated based on unpaid principal amount. No consideration is given to credit risk because policy loans are effectively collateralized by the cash surrender value of the policies.
- **Short-term investments:** The carrying amounts of these assets approximate fair values because of the relatively short period of time between origination and expected realization, and their limited exposure to credit risk.
- **Other assets:** The fair value of other assets is estimated based on the principal balance of loans issued to individuals. Loans are collateralized by external life insurance policies.

The following table presents the carrying values and estimated fair values of our financial instruments not measured at fair value and indicates the level in the fair value hierarchy of the estimated fair value measurement based on the observability of the inputs used:

| <i>(in millions)</i>   | Estimated Fair Value |         |         |       | Total | Carrying Value |
|------------------------|----------------------|---------|---------|-------|-------|----------------|
|                        | Level 1              | Level 2 | Level 3 |       |       |                |
| December 31, 2023      |                      |         |         |       |       |                |
| Assets:                |                      |         |         |       |       |                |
| Policy loans           | \$ —                 | \$ —    | \$ 31   | \$ 31 | \$ 31 | \$ 31          |
| Short-term investments | —                    | 89      | —       | 89    | 89    | 89             |
| Other assets           | —                    | —       | 18      | 18    | 18    | 18             |
| December 31, 2022      |                      |         |         |       |       |                |
| Assets:                |                      |         |         |       |       |                |
| Policy loans           | \$ —                 | \$ —    | \$ 28   | \$ 28 | \$ 28 | \$ 28          |
| Short-term investments | —                    | 14      | —       | 14    | 14    | 14             |
| Other assets           | —                    | —       | 18      | 18    | 18    | 18             |

## 4. INVESTMENTS

### Fixed Maturity Securities

Bonds held to maturity are carried at amortized cost when we have the ability and positive intent to hold these securities until maturity. When we do not have the ability or positive intent to hold bonds until maturity, these securities are classified as available for sale or are measured at fair value at our election. None of our fixed maturity securities met the criteria for held to maturity classification at December 31, 2023 or 2022.

Unrealized gains and losses from available for sale investments in fixed maturity securities carried at fair value were reported as a separate component of AOCI, net of policy related amounts and deferred income taxes, in shareholders' equity. Realized and unrealized gains and losses from fixed maturity securities measured at fair value at our election are reflected in Net investment income. Investments in fixed maturity securities are recorded on a trade-date basis.

**COREBRIDGE INSURANCE COMPANY OF BERMUDA, LTD.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Interest income is recognized using the effective yield method and reflects amortization of premium and accretion of discount. Premiums and discounts arising from the purchase of bonds classified as available for sale are treated as yield adjustments over their estimated holding periods, until maturity, or call date, if applicable. For investments in certain structured securities, recognized yields are updated based on current information regarding the timing and amount of expected undiscounted future cash flows. For high credit quality structured securities, effective yields are recalculated based on actual payments received and updated prepayment expectations, and the amortized cost is adjusted to the amount that would have existed had the new effective yield been applied since acquisition with a corresponding charge or credit to net investment income. For structured securities that are not high credit quality, the structured securities yields are based on expected cash flows which take into account both expected credit losses and prepayments.

An allowance for credit losses is not established upon initial recognition of the asset (unless the security is determined to be a purchased credit deteriorated (PCD) asset which is discussed in more detail below). Subsequently, differences between actual and expected cash flows and changes in expected cash flows are recognized as adjustments to the allowance for credit losses. Changes that cannot be reflected as adjustments to the allowance for credit losses are accounted for as prospective adjustments to yield.

**Securities Available for Sale**

The following table presents the amortized cost or cost and fair value of our available for sale securities:

| <i>(in millions)</i>                  | Amortized<br>Cost or<br>Cost | Allowance<br>for Credit<br>Losses <sup>(a)</sup> | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair<br>Value <sup>(b)</sup> |
|---------------------------------------|------------------------------|--|------------------------------|-------------------------------|------------------------------|
| December 31, 2023                     |                              |  |                              |                               |                              |
| Bonds available for sale:             |                              |  |                              |                               |                              |
| Non-U.S. Governments                  | \$ 15                        | \$ —   | \$ —                         | \$ (1)                        | \$ 14                        |
| Corporate debt                        | 256                          | —  | —                            | (8)                           | 248                          |
| RMBS                                  | 30                           | —  | —                            | (3)                           | 27                           |
| CMBS                                  | 41                           | —  | —                            | (3)                           | 38                           |
| CDO/ABS                               | 10                           | —  | —                            | —                             | 10                           |
| <b>Total bonds available for sale</b> | <b>\$ 352</b>                | <b>\$ —</b>                                      | <b>\$ —</b>                  | <b>\$ (15)</b>                | <b>\$ 337</b>                |
| December 31, 2022                     |                              |  |                              |                               |                              |
| Bonds available for sale:             |                              |  |                              |                               |                              |
| Non-U.S. Governments                  | \$ 15                        | \$ —   | \$ —                         | \$ (1)                        | \$ 14                        |
| Corporate debt                        | 278                          | —  | —                            | (15)                          | 263                          |
| RMBS                                  | 32                           | —  | —                            | (2)                           | 30                           |
| CMBS                                  | 41                           | —  | —                            | (4)                           | 37                           |
| CDO/ABS                               | 16                           | —  | —                            | (1)                           | 15                           |
| <b>Total bonds available for sale</b> | <b>\$ 382</b>                | <b>\$ —</b>                                      | <b>\$ —</b>                  | <b>\$ (23)</b>                | <b>\$ 359</b>                |

(a) Represents the allowance for credit losses that have been recognized. Changes in the allowance for credit losses are recorded through Net realized gains (losses) and are not recognized in Other comprehensive income (loss).

(b) At December 31, 2023 and December 31, 2022, the fair value of bonds available for sale held by us that were below investment grade or not rated totaled \$4 million and \$4 million, respectively.

**COREBRIDGE INSURANCE COMPANY OF BERMUDA, LTD.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Securities Available for Sale in a Loss Position for Which No Allowance for Credit Loss Has Been Recorded

The following table summarizes the fair value and gross unrealized losses on our available for sale securities, aggregated by major investment category and length of time that individual securities have been in a continuous unrealized loss position for which no allowance for credit loss has been recorded:

| <i>(in millions)</i>           | Less than 12 Months |                         | 12 Months or More |                         | Total      |                         |
|--------------------------------|---------------------|-------------------------|-------------------|-------------------------|------------|-------------------------|
|                                | Fair Value          | Gross Unrealized Losses | Fair Value        | Gross Unrealized Losses | Fair Value | Gross Unrealized Losses |
| December 31, 2023              |                     |                         |                   |                         |            |                         |
| Bonds available for sale:      |                     |                         |                   |                         |            |                         |
| Non-U.S. Governments           | \$ 5                | \$ —                    | \$ 9              | \$ 1                    | \$ 14      | \$ 1                    |
| Corporate debt                 | 9                   | —                       | 235               | 8                       | 244        | 8                       |
| CMBS                           | 38                  | 3                       | —                 | —                       | 38         | 3                       |
| RMBS                           | —                   | —                       | 27                | 3                       | 27         | 3                       |
| CDO/ABS                        | —                   | —                       | —                 | —                       | —          | —                       |
| Total bonds available for sale | \$ 52               | \$ 3                    | \$ 271            | \$ 12                   | \$ 323     | \$ 15                   |
| December 31, 2022              |                     |                         |                   |                         |            |                         |
| Bonds available for sale:      |                     |                         |                   |                         |            |                         |
| Non-U.S. Governments           | \$ 14               | \$ 1                    | \$ —              | \$ —                    | \$ 14      | \$ 1                    |
| Corporate debt                 | 261                 | 15                      | —                 | —                       | 261        | 15                      |
| CMBS                           | 37                  | 4                       | —                 | —                       | 37         | 4                       |
| RMBS                           | 30                  | 2                       | —                 | —                       | 30         | 2                       |
| CDO/ABS                        | 1                   | —                       | 14                | 1                       | 15         | 1                       |
| Total bonds available for sale | \$ 343              | \$ 22                   | \$ 14             | \$ 1                    | \$ 357     | \$ 23                   |

At December 31, 2023, we held 76 individual fixed maturity securities that were in an unrealized loss position for which no allowance for credit losses has been recorded (including 67 individual fixed maturity securities that were in a continuous unrealized loss position for 12 months or more). We did not recognize the unrealized losses in earnings on these fixed maturity securities at December 31, 2023, because it was determined that such losses were due to non-credit factors. Additionally, we neither intend to sell the securities nor do we believe that it is more likely than not that we will be required to sell these securities before recovery of their amortized cost basis. For fixed maturity securities with significant declines, we performed fundamental credit analyses on a security-by-security basis, which included consideration of credit enhancements, liquidity position, expected defaults, industry and sector analysis, forecasts and available market data.

Contractual Maturities of Fixed Maturity Securities Available for Sale

The following table presents the amortized cost and fair value of fixed maturity securities available for sale by contractual maturity:

| <i>(in millions)</i>                             | Total Fixed Maturity Securities Available for Sale |            |
|--|--|------------|
|  | Amortized Cost, net of allowance                   | Fair Value |
| December 31, 2023                                |  |            |
| Due in one year or less                          | \$ 20  | \$ 20      |
| Due after one year through five years            | 216  | 210        |
| Due after five years through ten years           | 29   | 27         |
| Due after ten years                              | 6  | 6          |
| Mortgage-backed, asset-backed and collateralized | 81   | 74         |
| Total  | \$ 352   | \$ 337     |

# COREBRIDGE INSURANCE COMPANY OF BERMUDA, LTD.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

In 2023 and 2022, the aggregate fair value of available for sale securities sold was \$5 million and \$88 million, respectively. In 2023 and 2022, the gross realized gains and gross realized losses from sales or maturities of our available for sale securities were a net loss of \$0 million and a net loss of \$2 million, respectively.

### Net Investment Income

Net investment income represents income from the following sources:

- Interest income and related expenses, including amortization of premiums and accretion of discounts on bonds with changes in the timing and the amount of expected principal and interest cash flows reflected in yield, as applicable.
- Interest income on policy loans.
- Earnings from investments in other assets.

The following table presents the components of net investment income:

| <i>(in millions)</i>  | Years Ended December 31, |       |
|---|--------------------------|-------|
|   | 2023                     | 2022  |
| Fixed maturity securities, including short-term investments | \$ 15                    | \$ 12 |
| Policy loans  | 2                        | 2     |
| Other assets  | 6                        | 1     |
| Net investment income                                       | \$ 23                    | \$ 15 |

### Net Realized Gains and Losses

Net realized gains and losses are determined by specific identification. The net realized gains and losses are generated primarily from the sales or full redemption of available for sale fixed maturity securities.

The following table presents the components of net realized gains (losses):

| <i>(in millions)</i>                                  | Years Ended December 31, |        |
|---|--------------------------|--------|
|   | 2023                     | 2022   |
| Sales of available for sale fixed maturity securities | \$ —                     | \$ (2) |
| Net realized gains (losses)                           | \$ —                     | \$ (2) |

### Evaluating Investments for an Allowance for Credit Losses

#### Fixed Maturity Securities

If we intend to sell a fixed maturity security or it is more likely than not that we will be required to sell a fixed maturity security before recovery of its amortized cost basis and the fair value of the security is below amortized cost, an impairment has occurred and the amortized cost is written down to current fair value, with a corresponding charge to Net realized gains (losses). No allowance is established in these situations and any previously recorded allowance is reversed. The new cost basis is not adjusted for subsequent increases in estimated fair value. When assessing our intent to sell a fixed maturity security, or whether it is more likely than not that we will be required to sell a fixed maturity security before recovery of its amortized cost basis, management evaluates relevant facts and circumstances including, but not limited to, decisions to reposition our investment portfolio, sales of securities to meet cash flow needs and sales of securities to take advantage of favorable pricing.

For fixed maturity securities for which a decline in the fair value below the amortized cost is due to credit related factors, an allowance is established for the difference between the estimated recoverable value and amortized cost with a

## **COREBRIDGE INSURANCE COMPANY OF BERMUDA, LTD. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

corresponding charge to Net realized gains (losses). The allowance for credit losses is limited to the difference between amortized cost and fair value. The estimated recoverable value is the present value of cash flows expected to be collected, as determined by management. The difference between fair value and amortized cost that is not associated with credit related factors is presented in unrealized appreciation (depreciation) of fixed maturity securities on which an allowance for credit losses was previously recognized (a separate component of accumulated other comprehensive income). Accrued interest is excluded from the measurement of the allowance for credit losses.

When estimating future cash flows for structured fixed maturity securities (e.g., RMBS, CMBS, CDO, ABS) management considers the historical performance of underlying assets and available market information as well as bond-specific structural considerations, such as credit enhancement and the priority of payment structure of the security. In addition, the process of estimating future cash flows includes, but is not limited to, the following critical inputs, which vary by asset class:

- Current delinquency rates;
- Expected default rates and the timing of such defaults;
- Loss severity and the timing of any recovery; and
- Expected prepayment speeds.

When estimating future cash flows for corporate, municipal and sovereign fixed maturity securities determined to be credit impaired, management considers:

- Expected default rates and the timing of such defaults;
- Loss severity and the timing of any recovery; and
- Scenarios specific to the issuer and the security, which may also include estimates of outcomes of corporate restructurings, political and macroeconomic factors, stability and financial strength of the issuer, the value of any secondary sources of repayment and the disposition of assets.

We consider severe price declines in our assessment of potential credit impairments. We may also modify our model inputs when we determine that price movements in certain sectors are indicative of factors not captured by the cash flow models.

Under the current expected credit loss (“CECL”) model, credit losses are reassessed each period. The allowance for credit losses and the corresponding charge to Net realized gains (losses) can be reversed if conditions change, however, the allowance for credit losses will never be reduced below zero. When we determine that all or a portion of a fixed maturity security is uncollectable, the uncollectable amortized cost amount is written off with a corresponding reduction to the allowance for credit losses. If we collect cash flows that were previously written off, the recovery is recognized by recording a gain in Net realized gains (losses).

### **Purchased Credit Deteriorated Securities**

We purchase certain RMBS securities that have experienced more-than-insignificant deterioration in credit quality since origination. These are referred to as PCD assets. At the time of purchase an allowance is recognized for these PCD assets by adding it to the purchase price to arrive at the initial amortized cost. There is no credit loss expense recognized upon acquisition of a PCD asset. When determining the initial allowance for credit losses, management considers the historical performance of underlying assets and available market information as well as bond-specific structural considerations, such as credit enhancement and the priority of payment structure of the security. In addition, the process of estimating future cash flows includes, but is not limited to, the following critical inputs:

- Current delinquency rates;
- Expected default rates and the timing of such defaults;
- Loss severity and the timing of any recovery; and
- Expected prepayment speeds.

Subsequent to the acquisition date, the PCD assets follow the same accounting as other structured securities that are not high credit quality.

**COREBRIDGE INSURANCE COMPANY OF BERMUDA, LTD.  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

We did not purchase securities with more-than-insignificant credit deterioration since their origination during the years ended December 31, 2023 and 2022.

**5. REINSURANCE**

In the ordinary course of business, we utilize internal reinsurance relationships to facilitate capital management strategies. We generally limit our exposure to loss on any single insured to \$5,000 by ceding additional risks through reinsurance contracts with a U.S. Corebridge affiliate.

Amounts recoverable from reinsurers are estimated in a manner consistent with the assumptions used for the underlying policy benefits and are presented as a component of reinsurance assets. The premiums with respect to these treaties are earned over the contract period in proportion to the protection provided.

**The following table provides supplemental information for Policyholder contract deposits, gross and net of ceded reinsurance:**

|                                | Years Ended December 31 |             |                    |             |                    |
|--------------------------------|-------------------------|-------------|--------------------|-------------|--------------------|
|                                | 2023                    |             | 2022               |             |                    |
|                                | (in millions)           | As Reported | Net of Reinsurance | As Reported | Net of Reinsurance |
| Policyholder contract deposits | \$                      | 31          | \$ 26              | \$ 28       | \$ 24              |

**Long-Duration Reinsurance**

Long-duration reinsurance is effected principally under yearly renewable term treaties. The premiums with respect to these treaties are earned over the contract period in proportion to the protection provided. Amounts recoverable from reinsurers on long-duration contracts are estimated in a manner consistent with the assumptions used for the underlying policy benefits and are presented as a component of Reinsurance assets.

**The following table presents premiums earned and policy fees for our long-duration life insurance and annuity operations:**

| (in millions)      | Years Ended December 31, |         |
|--------------------|--------------------------|---------|
|                    | 2023                     | 2022    |
| <b>Premiums</b>    |                          |         |
| Direct             | \$ —                     | \$ —    |
| Assumed            | —                        | —       |
| Ceded              | (16)                     | (16)    |
| Net                | \$ (16)                  | \$ (16) |
| <b>Policy Fees</b> |                          |         |
| Direct             | \$ 14                    | \$ 14   |
| Assumed            | —                        | —       |
| Ceded              | —                        | —       |
| Net                | \$ 14                    | \$ 14   |

**The following table presents long-duration insurance in-force ceded to other insurance companies:**

| (in millions)                          | Years Ended December 31, |          |
|--|--------------------------|----------|
|  | 2023                     | 2022     |
| Long-duration insurance in force ceded | \$ 1,073                 | \$ 1,132 |

Long-duration insurance in-force ceded as a percentage of gross long-duration insurance in-force was 88.0 percent at both December 31, 2023 and 2022.

## COREBRIDGE INSURANCE COMPANY OF BERMUDA NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company has various reinsurance agreements with U.S. Corebridge affiliated companies whereby we reinsure term life and annuity products. We assume certain term life and universal life products under a combination coinsurance and modified coinsurance agreement (co-modco). The affiliated ceding company's life reserves subject to this agreement were \$318 million and \$359 million at December 31, 2023 and 2022, respectively. The Company also reinsures certain annuity products under a co-modco agreement. The affiliated ceding company's annuity reserves subject to this agreement were \$4.3 billion and \$5.2 billion at December 31, 2023 and 2022, respectively. These agreements do not meet the criteria for reinsurance accounting under GAAP; therefore, deposit accounting is applied.

Certain agreements with our U.S. Corebridge affiliates provide for an experience refund of all profits, less a reinsurance risk charge. The most significant impact of the agreements on our consolidated results of operations at December 31, 2023 and 2022 was pre-tax income of approximately \$10 million and \$14 million, respectively, representing the risk charge and interest associated with the reinsurance agreements. Amounts due from related parties at December 31, 2023 and 2022 included \$194 million and \$205 million, respectively, related to these reinsurance agreements.

We provide one bilateral letter of credit (LOC) to secure the reserve credits taken for these reserves by the Corebridge affiliated ceding company on their respective statutory balance sheets. The LOC is subject to reimbursement by Corebridge Parent in the event of a drawdown. Total outstanding LOC was \$125 million and \$175 million, respectively, at December 31, 2023 and 2022, which was issued on February 7, 2014 and expires on February 7, 2027. The cost of the LOC was \$1 million at both December 31, 2023 and 2022, respectively.

### Reinsurance Security

Our reinsurance arrangements do not relieve us from our direct obligations to our beneficiaries. Thus, a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer fails to meet the obligations assumed under any reinsurance agreement. We believe that no exposure to a single reinsurer represents an inappropriate concentration of credit risk to us.

### 6. Separate Account Assets and Liabilities

We report variable contracts within the separate accounts when investment income and investment gains and losses accrue directly to, and investment risk is borne by, the policyholder and the separate account meets additional accounting criteria to qualify for separate account treatment. The assets supporting the variable portion of variable universal life contracts that qualify for separate account treatment are carried at fair value and are reported as separate account assets, with an equivalent summary total reported as separate account liabilities. The assets of insulated accounts are legally segregated and are not subject to claims that arise from any of our other businesses.

Policy values for variable products and investment contracts are expressed in terms of investment units. Each unit is linked to an asset portfolio. The value of a unit increases or decreases based on the value of the linked asset portfolio. The current liability at any time is the sum of the current unit value of all investment units in the separate accounts.

Amounts assessed against the policyholders for mortality, administrative and other services are included in policy fees. Investment performance (including investment income, net investment gains (losses) and changes in unrealized gains (losses)) and the corresponding amounts credited to policyholders of such separate accounts are offset within the same line in the Condensed Consolidated Statements of Income (Loss).

The following table presents fair value of separate account investment options:

| <i>(in millions)</i> | Years Ended December 31, |                 |
|----------------------|--------------------------|-----------------|
|                      | 2023                     | 2022            |
| Equity funds         | \$ 118                   | \$ 163          |
| Bond funds           | 12                       | 45              |
| Balanced funds       | 606                      | 636             |
| Money Market funds   | 100                      | 291             |
| <b>Total</b>         | <b>\$ 836</b>            | <b>\$ 1,135</b> |

**COREBRIDGE INSURANCE COMPANY OF BERMUDA  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following table presents the balances and changes in separate account liabilities:

| <i>(in millions)</i>                                | Years Ended December 31, |          |
|---|--------------------------|----------|
|   | 2023                     | 2022     |
| <b>Separate accounts balance, beginning of year</b> | \$ 1,135                 | \$ 1,330 |
| Premiums and deposits                               | —                        | —        |
| Policy charges                                      | (14)                     | (14)     |
| Surrenders and withdrawals                          | (385)                    | (107)    |
| Benefit payments                                    | —                        | —        |
| Investment performance                              | 102                      | (91)     |
| Net transfers from (to) general account and other   | (2)                      | 17       |
| <b>Separate accounts balance, end of year</b>       | \$ 836                   | \$ 1,135 |
| <b>Cash surrender value*</b>                        | \$ 836                   | \$ 1,135 |

\* The cash surrender value represents the amount of the contract holder's account balance distributable at the balance sheet date less applicable surrender charges.

Separate account liabilities primarily represent the contract holder's account balance in separate account assets and will be equal and offsetting to total separate account assets.

## 7. INSURANCE LIABILITIES

### Policyholder Contract Deposits

The liability for Policyholder contract deposits is primarily recorded at accumulated value (deposits received and net transfers from separate accounts, plus accrued interest credited, less withdrawals and assessed fees). Deposits collected on investment-oriented products are not reflected as revenues. They are recorded directly to Policyholder contract deposits upon receipt. Amounts assessed against the policyholders for mortality, administrative, and other services are included as Policy fees in revenues.

The following table presents the balances and changes in Policyholder contract deposits account balances<sup>(a)</sup>:

| <i>(in millions, except for average crediting rate)</i>                  | Years Ended December 31, |        |
|--|--------------------------|--------|
|  | 2023                     | 2022   |
| <b>Policyholder contract deposits account balance, beginning of year</b> | 28                       | 41     |
| Deposits   | —                        | —      |
| Policy charges   | (14)                     | (14)   |
| Surrenders and withdrawals   | (385)                    | (107)  |
| Benefit payments   | —                        | —      |
| Net transfers from (to) separate account                                 | 400                      | 106    |
| Interest credited  | 2                        | 2      |
| Other  | —                        | —      |
| <b>Policyholder contract deposits account balance, end of year</b>       | 31                       | 28     |
| Other reconciling items  | —                        | —      |
| Policyholder contract deposits   | 31                       | 28     |
| <b>Weighted average crediting rate</b>                                   | 6.70 %                   | 6.33 % |
| <b>Cash surrender value</b>  | 31                       | 28     |

(a) Transactions between the general account and the separate account are presented in this table on a gross basis (e.g., a policyholder's funds are initially deposited into the general account and then simultaneously transferred to the separate account), and thus, did not impact the ending balance of policyholder contract deposits.

Policyholder contract deposits account balances are not subject to guaranteed minimum crediting rates.



# COREBRIDGE INSURANCE COMPANY OF BERMUDA

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### Policy Claims and Benefits Payable

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Policy claims and benefits payable include amounts representing: (i) the actual in-force amounts for reported variable universal life claims; and (ii) valid proof of loss claims (as defined in the reinsurance agreement) for all contracts eligible to receive benefits at the balance sheet date. There is no discounting for possible non-receipt of the appropriate proofs of loss due to unreported deaths. The methods of making estimates and establishing the resulting reserves are continually reviewed and updated and any adjustments are reflected in current period income.

### 8. CONTINGENCIES

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#### Legal and Regulatory Matters

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We are party to various lawsuits and proceedings arising in the ordinary course of business. We believe it is unlikely that contingent liabilities arising from such lawsuits will have a material adverse effect on our consolidated financial position, results of operations or cash flows.

Various regulatory and governmental agencies may from time to time review, examine or inquire into our operations, practices and procedures, such as through financial examinations, market conduct exams or regulatory inquiries. Based on the current status of pending regulatory examinations and inquiries involving us, we believe it is not likely that these regulatory examinations or inquiries will have a material adverse effect on our consolidated financial position, results of operations or cash flows.

### 9. EQUITY

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#### Additional Paid in Capital

The Company approved a readjustment of its capital structure, which resulted in a reallocation of \$69 million from Additional Paid in Capital into Retained Earnings.

#### Accumulated Other Comprehensive Income

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The following table presents the components of accumulated other comprehensive income:

| <i>(in millions)</i>   | December 31, |         |
|--|--------------|---------|
|  | 2023         | 2022    |
| Unrealized appreciation of fixed maturity securities, available for sale | \$ (15)      | \$ (23) |
| Foreign currency translation adjustments                                 | —            | —       |
| Deferred income tax  | 3            | 5       |
| Accumulated other comprehensive income                                   | \$ (12)      | \$ (18) |

**COREBRIDGE INSURANCE COMPANY OF BERMUDA  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following table presents the other comprehensive income (loss) reclassification adjustments:

| <i>(in millions)</i>  | Unrealized<br>Appreciation of<br>Fixed Maturity<br>Investments |      | Foreign<br>Currency<br>Translation<br>Adjustments |     | Total   |
|---|--|------|---|-----|---------|
| <b>Years ended December 31, 2022</b>                        |  |      |   |     |         |
| Unrealized change arising during period                     | \$   | (45) | \$  | (2) | \$ (47) |
| Less: Reclassification adjustments included in net income   |  | (2)  |   | —   | (2)     |
| Total other comprehensive income, before income tax expense |  | (43) |   | (2) | (45)    |
| Less: Income tax benefit                                    |  | (9)  |   | —   | (9)     |
| Total other comprehensive income, net of income tax benefit | \$   | (34) | \$  | (2) | \$ (36) |
| <b>Years ended December 31, 2023</b>                        |  |      |   |     |         |
| Unrealized change arising during period                     | \$   | 8    | \$  | —   | \$ 8    |
| Less: Reclassification adjustments included in net income   |  | —    |   | —   | —       |
| Total other comprehensive income, before income tax expense |  | 8    |   | —   | 8       |
| Less: Income tax expense                                    |  | 2    |   | —   | 2       |
| Total other comprehensive income, net of income tax expense | \$   | 6    | \$  | —   | \$ 6    |

The following table presents the effect of the reclassification of significant items out of accumulated other comprehensive income on the respective line items in the Consolidated Statements of Income:

| <i>(in millions)</i>   | Amount Reclassified<br>from Accumulated<br>Other<br>Comprehensive<br>Income |        | Affected Line Item in the<br>Consolidated Statements of<br>Income |
|--|---|--------|---|
|  | December 31,<br>2023  | 2022   |   |
| Unrealized appreciation (depreciation) of all other investments: |   |        |   |
| Investments  | —   | (2)    | Net realized gains (losses)                                       |
| Total reclassifications for the period                           | \$ —  | \$ (2) |   |

**10. STATUTORY FINANCIAL DATA AND RESTRICTIONS**

The following table presents our statutory net income and capital and surplus:

| <i>(in millions)</i>                                     | 2023  |
|--|-------|
| <b>Years Ended December 31,</b>                          |       |
| Statutory net income                                     | \$ 27 |
| <b>At December 31,</b>                                   |       |
| Statutory capital and surplus                            | 651   |
| Aggregate minimum required statutory capital and surplus | 13    |

We file financial statements prepared in accordance with statutory accounting practices prescribed or permitted by the BMA. The principal differences between statutory financial statements and financial statements prepared in accordance with GAAP relate to the presentation of both consolidated and unconsolidated data within the statutory financial statements.

# COREBRIDGE INSURANCE COMPANY OF BERMUDA

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### Dividend Restrictions

Under the Bermuda Companies Act 1981, as amended, a Bermuda company may not declare or pay a dividend or make a distribution out of contributed surplus if there are reasonable grounds for believing that: (a) the company is, or would after the payment be, unable to pay its liabilities as they become due; or (b) the realizable value of the company's assets would thereby be less than its liabilities.

Under the Insurance Act 1978, a Class E re/insurer is prohibited from declaring or paying any dividends of more than 25% of its total statutory capital and surplus as shown on its previous financial year's statutory balance sheet unless it certifies to the BMA that it will continue to meet its minimum solvency margin and minimum liquidity ratio. As the Company carries on long-term business, it shall not declare or pay a dividend to any person other than a policyholder unless the value of the assets of such insurer, as certified by the Company's approved actuary, exceeds its liabilities by the greater of its margin of solvency or, if applicable, its enhanced capital requirement and the amount of any such dividend shall not exceed that excess. In addition, a Class E reinsurer may not reduce their total statutory capital as set out in their previous financial year's financial statements by 15% or more unless they have received the prior approval from the BMA.

The maximum dividend payout that may be made in 2023 without prior approval of the BMA is \$163 million.

## 11. INCOME TAXES

### Recent Bermuda Tax Law Changes

On December 27, 2023, Bermuda enacted a 15% corporate income tax ("CIT"). The tax will be applicable to Bermuda businesses that are part of multinational enterprise ("MNE") groups with annual revenue of €750 million or more. The tax is effective beginning January 1, 2025.

### Recent U.S. Tax Law Changes

On August 16, 2022, the U.S. enacted the Inflation Reduction Act of 2022, which finances climate and energy provisions and an extension of enhanced subsidies under the Affordable Care Act with a 15% corporate alternative minimum tax ("CAMT") on adjusted financial statement income for corporations with profits over \$1 billion, a 1% stock buyback tax, increased IRS enforcement funding, and Medicare's new ability to negotiate prescription drug prices. The AGC Life Insurance Company consolidated federal income tax return group, in which the Company is a member, has determined that as of the reporting date it is an applicable reporting entity for the CAMT.

Although the U.S. Treasury and Internal Revenue Service ("IRS") issued interim CAMT guidance during 2023, many details and specifics of application of the CAMT remain subject to future guidance. Our estimated CAMT liability will continue to be refined based on future guidance.

**The U.S. statutory income tax rate was 21 percent for 2023 and 2022. Actual income tax (benefit) expense differed from the statutory U.S. federal amount computed by applying the federal income tax rate, due to the following:**

| <b>Years Ended December 31,</b>                  |             |             |
|--|-------------|-------------|
| <i>(in millions)</i>                             | <b>2023</b> | <b>2022</b> |
| U.S federal income tax expense at statutory rate | \$ 7        | \$ 6        |
| Total income tax expense                         | \$ 7        | \$ 6        |

Deferred tax assets and liabilities are established for temporary differences between the financial reporting basis and the tax basis of assets and liabilities, at the enacted tax rates expected to be in effect when the temporary differences reverse. The effect of a tax rate change is recognized in income in the period of enactment.

**COREBRIDGE INSURANCE COMPANY OF BERMUDA  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following table presents the components of the net deferred tax assets (liabilities):

| Years Ended December 31,<br><i>(in millions)</i>                     | 2023    | 2022    |
|--|---------|---------|
| Deferred tax assets:   |         |         |
| Basis differential of investments                                    | \$ 1    | \$ 1    |
| Deferred policy acquisition costs                                    | 3       | 1       |
| Net unrealized loss on debt and equity securities available for sale | 3       | 5       |
| Total deferred tax assets  | 7       | 7       |
| Deferred tax liabilities:  |         |         |
| Policy reserves  | (51)    | (65)    |
| Total deferred tax liabilities                                       | (51)    | (65)    |
| Net deferred tax liability   | \$ (44) | \$ (58) |

At December 31, 2023 and 2022, we had no tax loss carryforwards.

Our provision for income taxes is calculated on a separate return basis. Prior to the tax deconsolidation, the Company was included in the consolidated federal income tax return of AIG as well as certain state tax returns where AIG Parent files on a combined or unitary basis. Following the tax deconsolidation, AIG owns a less than 80% interest in Corebridge, resulting in tax deconsolidation of Corebridge from the AIG Consolidated Tax Group and in a small minority of state jurisdictions which follow federal consolidation rules. In addition, under the tax law, the Company, as a member of the life insurance group (the "AGC Group"), will not be permitted to join in the filing of a U.S. consolidated federal income tax return with other non-life insurance subsidiaries (collectively, the "Non-Life Group") for the five-year waiting period. Instead, the AGC Group is expected to file separately as members of the AGC consolidated U.S. federal income tax return during the five-year waiting period. Following the five-year waiting period, the AGC Group is expected to join the U.S. consolidated federal income tax return with the Non-Life Group.

The Company has Tax Payment Allocation Agreements ("Tax Sharing Agreements") with both parent entities, AIG and AGC Life, under which each subsidiary agrees to pay the parent company an amount equal to the consolidated federal income tax expense multiplied by the ratio that the subsidiary's separate return tax liability bears to the consolidated tax liability, plus one hundred percent of the excess of the subsidiary's separate return tax liability over the allocated consolidated tax liability. Both, AIG Parent and AGC Life, agree to pay each subsidiary for the tax benefits, if any, of net operating losses, net losses and tax credits which are not usable by the subsidiary, but which are used by other members of the consolidated group.

For the year ended December 31, 2023, the Company recorded a \$17 million increase to additional paid-in capital to reinstate deferred tax assets attributable to the discontinuance at tax deconsolidation of an agreement between the Company and AIG Parent which were incorrectly removed from the deferred tax inventory. The agreement excluded from Company taxable income or loss from an intercompany retrocession reinsurance treaty and affects were recorded as deemed capital contributions or dividends.

**Assessment of Deferred Tax Asset Valuation Allowance**

For the year ended December 31, 2023, recent changes in market conditions, including rising interest rates, impacted the unrealized tax capital gains and losses in the Company's available-for-sale securities portfolio, resulting in a deferred tax asset related to net unrealized tax capital losses. The deferred tax asset relates to the unrealized capital losses for which the carryforward period has not yet begun, and as such, when assessing its recoverability, we consider our ability and intent to hold the underlying securities to recovery. As of December 31, 2023, based on all available evidence, we concluded that a valuation allowance should be established on a portion of the deferred tax asset related to unrealized losses that are not more likely than not to be realized. During 2023, we recorded an increase in valuation allowance related to the unrealized tax capital losses in the Company's available-for-sale portfolio. For the year ended December 31, 2023, the balance sheet reflects a valuation allowance of \$0.3 million associated with the unrealized tax capital losses in the Company's available-for-sale portfolio.

# COREBRIDGE INSURANCE COMPANY OF BERMUDA

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

### Accounting For Uncertainty in Income Taxes

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At December 31, 2023 and 2022, the amounts of unrecognized tax liability that, if recognized, would affect the effective tax rate were less than \$1 million.

Interest and penalties related to unrecognized tax benefits are recognized in income tax expense. At December 31, 2023 and 2022, we had accrued no liabilities for the payment of interest (net of the federal benefit) and penalties. In 2023 and 2022, we did not recognize any expenses for interest (net of the federal benefit) and penalties.

We regularly evaluate proposed adjustments by taxing authorities. At December 31, 2023, such proposed adjustments would not have resulted in a material change to our consolidated financial condition for an individual reporting period, although it is possible that the effect could be material to our consolidated results of operations for an individual reporting period. Although it is reasonably possible that a change in the balance of unrecognized tax benefits may occur within the next twelve months, based on the information currently available, we do not expect any change to be material to our consolidated financial condition.

We are currently under IRS examination for the tax years 2011 – 2019 and engaging in the IRS Appeals process in regard to years 2007 – 2010. Taxable years 2007 – 2022 remain subject to examination by major tax jurisdictions.

## 12. RELATED PARTY TRANSACTIONS

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### Events Related to AIG

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Separation of Life and Retirement Business and Relationship with Blackstone Inc.

On September 19, 2022, Corebridge completed an initial public offering (the “IPO”) in which AIG sold 80 million shares of Corebridge common stock to the public. As of December 31, 2023, AIG owns 52.2% of the outstanding common stock of Corebridge. AIG is a publicly-traded entity, listed on the New York Stock Exchange (NYSE:AIG). The term “AIG” means AIG and its consolidated subsidiaries, unless the context refers to AIG only.

On November 2, 2021, Argon Holdco LLC (“Argon”), a wholly-owned subsidiary of Blackstone, Inc. (“Blackstone”), acquired a 9.9% position in our common stock and we entered into a long-term asset management relationship with Blackstone ISG-1 Advisors L.L.C (“Blackstone IM”). Blackstone IM initially managed \$50 billion of our existing investment portfolio, with that amount to increase to an aggregate of \$92.5 billion by the third quarter of 2027. As of December 31, 2023, Blackstone managed approximately \$55.4 billion in book value of assets in our investment portfolio.

Pursuant to the Stockholders’ Agreement that we entered into with AIG Parent and Argon at the time of acquisition of Argon’s equity stake in Corebridge, Argon may not sell its ownership interest in Corebridge, subject to certain exceptions. These exceptions, among others, permit Argon to sell 25%, 67% and 75% of its shares after the first, second and third anniversaries, respectively, of the closing of the Corebridge IPO (September 19, 2023, 2024 and 2025, respectively), with the transfer restrictions terminating in full on September 19, 2027. Additionally, until Argon no longer owns at least 50% of its initial investment in Corebridge, it will have the right to designate for nomination for election one member of the Corebridge board of directors.

### Operating Agreements

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Pursuant to a cost allocation agreement, we purchase administrative, investment management, accounting, marketing and data processing services from Corebridge Parent or its subsidiaries. The allocation of costs for investment management services is based on the level of assets under management. The allocation of costs for other services is based on estimated level of usage, transactions or time incurred in providing the respective services. We incurred approximately \$1 million for such services in both 2023 and 2022. Accounts payable for such services at December 31, 2023 and 2022 were \$0 million.

**COREBRIDGE INSURANCE COMPANY OF BERMUDA  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

**Agreements with Affiliates**

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See Note 5 for discussion of affiliated reinsurance.

The Company has a Cut-through Agreement with AGL pursuant to which policy owners and their beneficiaries were granted a direct right of action against AGL in the event we become insolvent or otherwise cannot or refuse to perform our obligations under certain life insurance policies issued by us. The Cut-through Agreement was approved by the Texas Department of Insurance. We believe the probability of loss under this agreement is remote.

**13. SUBSEQUENT EVENTS**

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Management considers events or transactions that occur after the reporting date, but before the financial statements are issued to provide additional evidence relative to certain estimates or to identify matters that require additional disclosures. The Company has evaluated subsequent events through April 29, 2024, the date the financial statements were issued.

Management has concluded that no additional subsequent events required disclosure in these financial statements.