



Consolidated Financial Statements

Years ended December 31, 2024 and December 31, 2023

**ATHENE ANNUITY RE LTD.
TABLE OF CONTENTS**

<u>Report of Independent Registered Public Accounting Firm</u>	<u>3</u>
<u>Consolidated Balance Sheets</u>	<u>5</u>
<u>Consolidated Statements of Income (Loss)</u>	<u>7</u>
<u>Consolidated Statements of Comprehensive Income (Loss)</u>	<u>8</u>
<u>Consolidated Statements of Equity</u>	<u>9</u>
<u>Consolidated Statements of Cash Flows</u>	<u>10</u>
<u>Notes to Consolidated Financial Statements</u>	<u>12</u>
<u>Note 1. Business, Basis of Presentation and Significant Accounting Policies</u>	<u>12</u>
<u>Note 2. Investments</u>	<u>22</u>
<u>Note 3. Derivative Instruments</u>	<u>31</u>
<u>Note 4. Variable Interest Entities</u>	<u>34</u>
<u>Note 5. Fair Value</u>	<u>35</u>
<u>Note 6. Reinsurance</u>	<u>46</u>
<u>Note 7. Deferred Acquisition Costs, Deferred Sales Inducements and Value of Business Acquired</u>	<u>47</u>
<u>Note 8. Long-duration Contracts</u>	<u>47</u>
<u>Note 9. Closed Block</u>	<u>55</u>
<u>Note 10. Debt</u>	<u>56</u>
<u>Note 11. Equity</u>	<u>57</u>
<u>Note 12. Income Taxes</u>	<u>58</u>
<u>Note 13. Statutory Requirements</u>	<u>61</u>
<u>Note 14. Related Parties</u>	<u>62</u>
<u>Note 15. Commitments and Contingencies</u>	<u>66</u>
<u>Note 16. Subsequent Events</u>	<u>67</u>
<u>Supplemental Information (Unaudited)</u>	<u>68</u>

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of Athene Annuity Re Ltd. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of income, comprehensive income, stockholders' equity, and cash flows, for the years then ended, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

INDEPENDENT AUDITOR'S REPORT (Cont'd)

In performing an audit in accordance with GAAS, we:

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

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

Debitte Ltd.

April 25, 2025

[Table of Contents](#)

ATHENE ANNUITY RE LTD.
Consolidated Balance Sheets

(In millions)	December 31,	
	2024	2023
Assets		
Investments		
Available-for-sale securities, at fair value (amortized cost: 2024 – \$180,686 and 2023 – \$147,553; allowance for credit losses: 2024 – \$708 and 2023 – \$590)	\$ 165,334	\$ 134,331
Trading securities, at fair value	1,583	1,706
Equity securities (portion at fair value: 2024 – \$1,290 and 2023 – \$935)	1,290	1,293
Mortgage loans, at fair value	63,239	44,115
Investment funds	107	109
Policy loans	318	334
Funds withheld at interest (portion at fair value: 2024 – \$(3,035) and 2023 – \$(3,379))	18,866	24,359
Derivative assets	8,066	5,298
Short-term investments (portion at fair value: 2024 – \$255 and 2023 – \$341)	447	341
Other investments (portion at fair value: 2024 – \$1,606 and 2023 – \$943)	2,909	1,206
Total investments	262,159	213,092
Cash and cash equivalents	11,888	12,599
Restricted cash	943	1,761
Investments in related parties		
Available-for-sale securities, at fair value (amortized cost: 2024 – \$19,376 and 2023 – \$14,455; allowance for credit losses: 2024 – \$1 and 2023 – \$1)	18,973	14,009
Trading securities, at fair value	573	838
Equity securities, at fair value	—	63
Mortgage loans (portion at fair value: 2024 – \$1,297 and 2023 – \$1,281)	1,376	1,365
Investment funds (portion at fair value: 2024 – \$106 and 2023 – \$0)	757	550
Funds withheld at interest (portion at fair value: 2024 – \$(615) and 2023 – \$(721))	5,050	6,474
Short-term investments	743	947
Other investments, at fair value	331	343
Intercompany notes receivable	2,562	1,246
Accrued investment income (related party: 2024 – \$192 and 2023 – \$166)	2,789	1,911
Reinsurance recoverable (related party: 2024 – \$4,309 and 2023 – \$0; portion at fair value: 2024 – \$1,661 and 2023 – \$1,367)	8,194	4,154
Deferred acquisition costs, deferred sales inducements and value of business acquired	7,173	5,979
Goodwill	4,063	4,065
Other assets (related party: 2024 – \$48 and 2023 – \$65)	10,582	9,649
Assets of consolidated variable interest entities		
Investments		
Trading securities, at fair value (related party: 2024 – \$711 and 2023 – \$644)	2,301	2,136
Mortgage loans, at fair value (related party: 2024 – \$384 and 2023 – \$358)	2,579	2,173
Investment funds, at fair value (related party: 2024 – \$16,986 and 2023 – \$15,425)	17,765	15,927
Other investments (related party: 2024 – \$86 and 2023 – \$80; portion at fair value: 2024 – \$107 and 2023 – \$103)	884	103
Cash and cash equivalents (restricted cash: 2024 – \$10 and 2023 – \$0)	583	98
Other assets	565	110
Total assets	\$ 362,833	\$ 299,592

(Continued)

See accompanying notes to consolidated financial statements

[Table of Contents](#)

ATHENE ANNUITY RE LTD.
Consolidated Balance Sheets

<i>(In millions, except per share data)</i>	December 31,	
	2024	2023
Liabilities and Equity		
Liabilities		
Interest sensitive contract liabilities (related party: 2024 – \$6,678 and 2023 – \$8,599; portion at fair value: 2024 – \$11,984 and 2023 – \$9,893)	\$ 253,637	\$ 204,670
Future policy benefits (related party: 2024 – \$25 and 2023 – \$9; portion at fair value: 2024 – \$1,640 and 2023 – \$1,700)	49,902	53,287
Market risk benefits (related party: 2024 – \$239 and 2023 – \$227)	4,028	3,751
Derivative liabilities	3,556	1,967
Payables for collateral on derivatives and securities to repurchase	11,569	7,536
Other liabilities (related party: 2024 – \$5,261 and 2023 – \$1,490)	7,138	3,261
Liabilities of consolidated variable interest entities (related party: 2024 – \$374 and 2023 – \$513)	1,640	1,115
Total liabilities	331,470	275,587
Commitments and Contingencies (Note 15)		
Equity		
Common stock - par value: \$1.00 per share; authorized: 2024 and 2023 - 250,000; issued and outstanding: 2024 and 2023 - 250,000	—	—
Additional paid-in capital	21,257	20,000
Retained earnings	6,070	2,191
Accumulated other comprehensive loss (related party: 2024 – \$(244) and 2023 – \$(357))	(5,478)	(5,583)
Total Athene Annuity Re Ltd. shareholder's equity	21,849	16,608
Noncontrolling interests	9,514	7,397
Total equity	31,363	24,005
Total liabilities and equity	\$ 362,833	\$ 299,592

(Concluded)

See accompanying notes to consolidated financial statements

[Table of Contents](#)

ATHENE ANNUITY RE LTD.

Consolidated Statements of Income (Loss)

<i>(In millions)</i>	Years ended December 31,	
	2024	2023
Revenues		
Premiums (related party: 2024 – \$20 and 2023 – \$17)	\$ 1,318	\$ 12,749
Product charges (related party: 2024 – \$29 and 2023 – \$40)	1,016	848
Net investment income (related party investment income: 2024 – \$1,736 and 2023 – \$1,561 and related party investment expense: 2024 – \$1,126 and 2023 – \$886)	14,652	11,125
Investment related gains (related party: 2024 – \$35 and 2023 – \$19)	1,976	1,426
Other revenues (related party: 2024 – \$11 and 2023 – \$0)	15	588
Revenues of consolidated variable interest entities		
Net investment income (related party investment income: 2024 – \$63 and 2023 – \$0)	282	257
Investment related gains (losses) (related party: 2024 – \$1,578 and 2023 – \$1,227)	1,528	1,191
Total revenues	20,787	28,184
Benefits and expenses		
Interest sensitive contract benefits (related party: 2024 – \$(62) and 2023 – \$171)	8,949	6,229
Future policy and other policy benefits (related party: 2024 – \$23 and 2023 – \$46 and remeasurement (gains) losses: 2024 – \$(16) and 2023 – \$(53))	3,054	14,434
Market risk benefits remeasurement (gains) losses (related party: 2024 – \$(22) and 2023 – \$32)	(102)	404
Amortization of deferred acquisition costs, deferred sales inducements and value of business acquired	941	688
Policy and other operating expenses (related party: 2024 – \$(3) and 2023 – \$44)	1,812	1,544
Total benefits and expenses	14,654	23,299
Income before income taxes	6,133	4,885
Income tax expense (benefit)	811	(1,108)
Net income	5,322	5,993
Less: Net income attributable to noncontrolling interests	1,443	1,087
Net income attributable to Athene Annuity Re Ltd.'s shareholder	\$ 3,879	\$ 4,906

See accompanying notes to consolidated financial statements

[Table of Contents](#)

ATHENE ANNUITY RE LTD.

Consolidated Statements of Comprehensive Income (Loss)

<i>(In millions)</i>	Years ended December 31,	
	2024	2023
Net income	\$ 5,322	\$ 5,993
Other comprehensive income, before tax		
Unrealized investment gains (losses) on available-for-sale securities	(1,121)	5,284
Unrealized gains (losses) on hedging instruments	(51)	(199)
Remeasurement gains (losses) on future policy benefits related to discount rate	1,425	(2,236)
Remeasurement gains (losses) on market risk benefits related to credit risk	(149)	(374)
Foreign currency translation and other adjustments	(47)	42
Other comprehensive income, before tax	57	2,517
Income tax expense related to other comprehensive income	22	511
Other comprehensive income	35	2,006
Comprehensive income	5,357	7,999
Less: Comprehensive income attributable to noncontrolling interests	1,373	1,342
Comprehensive income attributable to Athene Annuity Re Ltd.'s shareholder	\$ 3,984	\$ 6,657

See accompanying notes to consolidated financial statements

[Table of Contents](#)

ATHENE ANNUITY RE LTD.
Consolidated Statements of Equity

<i>(In millions)</i>	Common stock	Additional paid-in capital	Retained earnings (accumulated deficit)	Accumulated other comprehensive income (loss)	Total Athene Annuity Re Ltd. shareholder's equity	Noncontrolling interests	Total equity
Balance at December 31, 2022	\$ —	\$ 19,599	\$ (2,716)	\$ (7,337)	\$ 9,546	\$ 3,391	\$ 12,937
Net income	—	—	4,906	—	4,906	1,087	5,993
Other comprehensive income	—	—	—	1,751	1,751	255	2,006
Stock-based compensation allocation from parent	—	58	—	—	58	—	58
Contributions from parent	—	332	—	—	332	—	332
Contributions from noncontrolling interests	—	—	—	—	—	996	996
Distributions to noncontrolling interests	—	—	—	—	—	(539)	(539)
Contributions from noncontrolling interests of consolidated variable interest entities and other	—	—	—	—	—	1,637	1,637
Subsidiary issuance of equity interests and other	—	11	1	3	15	570	585
Balance at December 31, 2023	<u>\$ —</u>	<u>\$ 20,000</u>	<u>\$ 2,191</u>	<u>\$ (5,583)</u>	<u>\$ 16,608</u>	<u>\$ 7,397</u>	<u>\$ 24,005</u>
Net income	—	—	3,879	—	3,879	1,443	5,322
Other comprehensive income (loss)	—	—	—	105	105	(70)	35
Stock-based compensation allocation from parent	—	29	—	—	29	—	29
Contributions from parent	—	1,234	—	—	1,234	—	1,234
Contributions from noncontrolling interests	—	—	—	—	—	954	954
Distributions to noncontrolling interests	—	—	—	—	—	(920)	(920)
Contributions from noncontrolling interests of consolidated variable interest entities, net of distributions and other	—	—	—	—	—	698	698
Subsidiary issuance of equity interests and other	—	(6)	—	—	(6)	12	6
Balance at December 31, 2024	<u>\$ —</u>	<u>\$ 21,257</u>	<u>\$ 6,070</u>	<u>\$ (5,478)</u>	<u>\$ 21,849</u>	<u>\$ 9,514</u>	<u>\$ 31,363</u>

See accompanying notes to consolidated financial statements

[Table of Contents](#)

ATHENE ANNUITY RE LTD.
Consolidated Statements of Cash Flows

<i>(In millions)</i>	Years ended December 31,	
	2024	2023
Cash flows from operating activities		
Net income (loss)	\$ 5,322	\$ 5,993
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Amortization of deferred acquisition costs, deferred sales inducements and value of business acquired	941	688
Net amortization (accretion) of net investment premiums, discounts and other	(124)	81
Gain on recapture of reinsurance agreements, net of cash received	—	(489)
Net investment income (related party: 2024 – \$35 and 2023 – \$(16))	(101)	(19)
Net recognized (gains) losses on investments and derivatives (related party: 2024 – \$(1,392) and 2023 – \$(1,296))	(3,449)	(1,960)
Policy acquisition costs deferred	(1,507)	(1,570)
Changes in operating assets and liabilities:		
Accrued investment income (related party: 2024 – \$(27) and 2023 – \$(61))	(891)	(593)
Interest sensitive contract liabilities (related party: 2024 – \$80 and 2023 – \$131)	5,677	3,917
Future policy benefits, market risk benefits and reinsurance recoverable (related party: 2024 – \$(237) and 2023 – \$6)	(1,969)	4,333
Funds withheld assets (related party: 2024 – \$(230) and 2023 – \$(371))	(1,560)	(3,411)
Other assets and liabilities	38	(1,248)
Net cash provided by operating activities	2,377	5,722
Cash flows from investing activities		
Sales, maturities and repayments of:		
Available-for-sale securities (related party: 2024 – \$7,128 and 2023 – \$2,081)	\$ 43,166	\$ 14,474
Trading securities (related party: 2024 – \$346 and 2023 – \$156)	1,013	390
Equity securities (related party: 2024 – \$202 and 2023 – \$0)	896	167
Mortgage loans (related party: 2024 – \$87 and 2023 – \$34)	7,983	4,574
Investment funds (related party: 2024 – \$503 and 2023 – \$251)	521	310
Derivative instruments and other invested assets (related party: 2024 – \$0 and 2023 – \$0)	3,876	4,324
Short-term investments (related party: 2024 – \$1,482 and 2023 – \$949)	2,670	3,278
Purchases of:		
Available-for-sale securities (related party: 2024 – \$(11,749) and 2023 – \$(3,960))	(80,117)	(37,265)
Trading securities (related party: 2024 – \$(158) and 2023 – \$(860))	(896)	(2,713)
Equity securities (related party: 2024 – \$(49) and 2023 – \$0)	(693)	(116)
Mortgage loans (related party: 2024 – \$(27) and 2023 – \$0)	(28,183)	(20,970)
Investment funds (related party: 2024 – \$(2,333) and 2023 – \$2,333)	(2,635)	(2,461)
Derivative instruments and other invested assets (related party: 2024 – \$(16) and 2023 – \$(46))	(5,021)	(5,637)
Short-term investments (related party: 2024 – \$(1,277) and 2023 – \$(1,832))	(2,478)	(2,379)
Consolidation of new variable interest entities	1	3
Deconsolidation of previously consolidated entities	(2)	(3)
Other investing activities, net	(973)	188
Net cash used in investing activities	(60,872)	(43,836)

(Continued)

See accompanying notes to consolidated financial statements

[Table of Contents](#)

ATHENE ANNUITY RE LTD.
Consolidated Statements of Cash Flows

	Years ended December 31,	
Cash flows from financing activities		
Deposits on investment-type policies and contracts (related party: 2024 – \$4 and 2023 – \$7)	71,323	53,660
Withdrawals on investment-type policies and contracts (related party: 2024 – \$(396) and 2023 – \$(402))	(19,119)	(14,125)
Capital contributions from parent	\$ 535	\$ 335
Capital contributions from noncontrolling interests	954	(539)
Capital contributions from noncontrolling interests of consolidated variable interest entities	1,897	1,809
Capital distributions to noncontrolling interests	(920)	996
Subsidiary issuance of equity interests to noncontrolling interests	—	632
Net change in cash collateral posted for derivative transactions and securities to repurchase	4,034	827
Net proceeds (payments) on notes issued to related parties	(971)	370
Other financing activities, net	(279)	748
Net cash provided by financing activities	57,454	44,713
Effect of exchange rate changes on cash and cash equivalents	(3)	10
Net (decrease) increase in cash and cash equivalents	(1,044)	6,609
Cash and cash equivalents at beginning of year ¹	14,458	7,849
Cash and cash equivalents at end of year ¹	\$ 13,414	\$ 14,458
Supplementary information		
Cash paid for taxes	\$ 722	\$ 216
Cash paid for interest	297	363
Non-cash transactions		
Deposits on investment-type policies and contracts through reinsurance agreements (related party: 2024 – \$0 and 2023 – \$20)	(4,057)	99
Withdrawals on investment-type policies and contracts through reinsurance agreements (related party: 2024 – \$0 and 2023 – \$1,646)	8,479	12,430
Investments received from settlements on reinsurance agreements (related party: 2024 – \$48 and 2023 – \$65)	48	1,129
Investments received at inception of reinsurance agreement	—	2,158
Investments received from pension group annuity premiums	521	4,776
Reduction in investments and other assets and liabilities relating to recapture of reinsurance agreement	—	482
Investments exchanged with third-party cedants	—	145
Borrowings of variable interest entities settled with investments	—	52
Distribution of investments to noncontrolling interests of consolidated variable interest entities	1,107	—
Increase in invested assets related to intercompany notes	425	—
Contributions from parent	693	—

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

(Concluded)

See accompanying notes to consolidated financial statements

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

1. Business, Basis of Presentation and Significant Accounting Policies

Athene Annuity Re Ltd. (AARe), a Bermuda exempted company, registered as a Class E insurer under the Bermuda Insurance Act 1978, as amended (Insurance Act), together with its subsidiaries (collectively, we, our, us, or the Company), is a leading financial services company that specializes in issuing, reinsuring and acquiring retirement savings products in the United States (US) and internationally. We conduct business primarily through the following consolidated subsidiaries:

- Our non-US reinsurance subsidiaries, to which AARe's other insurance subsidiaries and third-party ceding companies directly and indirectly reinsure a portion of their liabilities, including Athene Life Re Ltd. (ALRe), a Bermuda exempted company, registered as a Class E insurer under the Insurance Act and Athene Life Re International Ltd. (ALReI), a Bermuda exempted company registered as a Class C insurer under the Insurance Act; and
- Our US reinsurance subsidiaries, which primarily issues retirement savings products.

AARe is wholly owned by Athene USA Corporation (AUSA), an Iowa Corporation, and its ultimate parent is Apollo Global Management, Inc. (AGM, together with its subsidiaries other than us or our subsidiaries, Apollo).

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

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

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

We have prepared the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (US GAAP), which requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual experience could materially differ from these estimates and assumptions. Our principal estimates impact:

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

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

Merger - On January 1, 2022, Athene Holding Ltd. (AHL) completed the merger with Apollo and is now a direct wholly owned subsidiary of AGM. We have elected pushdown accounting in which we use AGM's basis of accounting, which reflects the fair market value of our assets and liabilities at the time of the merger, unless otherwise prescribed by US GAAP.

Summary of Significant Accounting Policies

Investments

Fixed Maturity Securities - Fixed maturity securities include bonds, collateralized loan obligations (CLO), asset-backed securities (ABS), residential mortgage-backed securities (RMBS), commercial mortgage-backed securities (CMBS) and redeemable preferred stock. We classify fixed maturity securities as available-for-sale (AFS) or trading at the time of purchase and subsequently carry them at fair value. Fair value hierarchy and valuation methodologies are discussed in *Note 5 – Fair Value*. Classification is dependent on a variety of factors including our expected holding period, election of the fair value option and asset and liability matching.

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

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

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

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

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

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

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

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

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

Policy Loans - Policy loans are funds provided to policyholders in return for a claim on the policyholder's account balance. The funds provided are limited to a specified percentage of the account balance. The majority of policy loans do not have a stated maturity and the balances and accrued interest are repaid with proceeds from the policyholder's account balance. Policy loans are reported at the unpaid principal balance. Interest income is recorded as earned using the contract interest rate and is reported in net investment income on the consolidated statements of income (loss).

Funds Withheld at Interest - Funds withheld at interest represents a receivable for amounts contractually withheld by ceding companies in accordance with funds withheld coinsurance (funds withheld) and modified coinsurance (modco) reinsurance agreements in which we are the reinsurer. Generally, assets equal to statutory reserves are withheld and legally owned by the ceding company, and any excess or shortfall is settled periodically. The underlying agreements contain embedded derivatives as discussed below.

Short-term Investments - Short-term investments consist of financial instruments with maturities of greater than three months but less than twelve months when purchased. Short-term debt securities are accounted for as trading or AFS consistent with our policies for those investments. Short-term loans are carried at amortized cost. Fair values are determined consistently with methodologies described in *Note 5 - Fair Value* for the respective investment type.

Other Investments - Other investments include, but are not limited to, term loans collateralized by mortgages on residential and commercial real estate, other uncollateralized loans, investments in real estate and corporate owned life insurance. We elected the fair value option on the term loans and other uncollateralized loans. Investments in real estate are held at cost less accumulated depreciation and impairments. Corporate owned life insurance is held at cash surrender value.

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

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

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

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

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

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

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

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

We also establish an allowance for expected credit losses for assets held at amortized cost at the time of purchase, which includes certain other loans and reinsurance assets. The allowance for expected credit losses considers past events, current conditions, and reasonable and supportable forecasts of future economic conditions or macroeconomic forecasts. We use a quantitative probability of default and loss given default methodology to develop our estimate of expected credit loss. The provision for credit losses for reinsurance assets held at amortized cost is recorded through policy and other operating expenses on the consolidated statements of income (loss).

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

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

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

Derivative Instruments — We invest in derivatives to hedge the risks experienced in our ongoing operations, such as equity, interest rate, foreign currency and market volatility, or for other risk management purposes, which primarily involve managing liability risks associated with our indexed annuity products and reinsurance agreements. Derivatives are financial instruments with values that are derived from interest rates, foreign exchange rates, financial indices or other combinations of an underlying and notional. Derivative assets and liabilities are carried at fair value on the consolidated balance sheets. We elect to present any derivatives subject to master netting provisions as a gross asset or liability and gross of collateral. Disclosures regarding balance sheet presentation of derivatives subject to master netting agreements are discussed in *Note 3 – Derivative Instruments*. We may designate derivatives as cash flow, fair value or net investment hedges.

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

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

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

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

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

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

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

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

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

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

Variable Interest Entities - An entity that does not have sufficient equity to finance its activities without additional financial support, or in which the equity investors, as a group, do not have the characteristics typically afforded to common stockholders is a VIE. The determination as to whether an entity qualifies as a VIE depends on the facts and circumstances surrounding each entity and may require significant judgment. Our investment funds typically qualify as VIEs and are evaluated for consolidation under the VIE model.

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

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

See *Note 4 – Variable Interest Entities* for discussion of our interest in entities that meet the definition of a VIE.

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

We performed our annual goodwill impairment test as of October 1, 2024 and did not identify any impairment.

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

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

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

Accounting for reinsurance requires the use of assumptions, particularly related to the future performance of the underlying business and the potential impact of counterparty credit risks. We attempt to minimize our counterparty credit risk through the structuring of the terms of our reinsurance agreements, including the use of trusts, and monitor credit ratings of counterparties for signs of declining credit quality. When a ceding company does not report information on a timely basis, we record accruals based on the best available information at the time, which includes the reinsurance agreement terms and historical experience. We periodically compare actual and anticipated experience to the assumptions used to establish reinsurance assets and liabilities. See *Note 6 – Reinsurance* for more information.

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

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

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

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

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

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

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

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

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

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

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

See Note 7 – *Deferred Acquisition Costs, Deferred Sales Inducements and Value of Business Acquired* for further information.

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

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

Changes in the interest sensitive contract liabilities, excluding deposits and withdrawals, are recorded in interest sensitive contract benefits or product charges on the consolidated statements of income (loss). Interest sensitive contract liabilities are not reduced for amounts ceded under reinsurance agreements which are reported as reinsurance recoverable on the consolidated balance sheets. See the reinsurance accounting policy discussed in –*Reinsurance* above and Note 6 – *Reinsurance* for more information on reinsurance.

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

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

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

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

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

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

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

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

Future policy benefits include liabilities for no-lapse guarantees on universal life insurance and fixed indexed universal life insurance. We establish future policy benefits for no-lapse guarantees by estimating the expected value of death benefits paid after policyholder account balances have been exhausted. We recognize these benefits proportionally over the life of the contracts based on total actual and expected assessments. The methods we use to estimate the liabilities have assumptions about policyholder behavior, mortality, expected yield on investments supporting the liability and market conditions affecting policyholder account balance growth.

For the liabilities associated with no-lapse guarantees, each reporting period we update expected excess benefits and assessments with actual excess benefits and assessments. We also periodically revise the key assumptions used in the calculation of the liabilities that result in revisions to the expected excess benefits and assessments. The effects of changes in assumptions are recorded as unlocking in the period in which the changes are made. Changes in the liabilities associated with no-lapse guarantees are recorded in future policy and other policy benefits on the consolidated statements of income (loss).

Future policy benefits are not reduced for amounts ceded under reinsurance agreements, which are reported as reinsurance recoverable on the consolidated balance sheets.

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

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

Changes in fair value of market risk benefits are recorded in market risk benefits remeasurement (gains) losses on the consolidated statements of income (loss), excluding portions attributed to changes in instrument-specific credit risk, which are recorded in OCI on the consolidated statements of comprehensive income (loss). Market risk benefits are not reduced for market risk benefits ceded under reinsurance agreements. Ceded market risk benefits are measured at fair value and recorded within reinsurance recoverable on the consolidated balance sheets.

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

Closed Block Business - We established closed blocks of policies in connection with the reorganization of two predecessor subsidiaries from mutual companies to stock companies, collectively referred to as the Closed Blocks, and individually referred to as the AmerUs Life Insurance Company (AmerUs) closed block (AmerUs Closed Block) and the Indianapolis Life Insurance Company (ILICO) closed block (ILICO Closed Block). Insurance policies which had a dividend scale in effect as of each closed block establishment date were included in the respective closed block. The Closed Blocks were designed to give reasonable assurance to owners of insurance policies included therein that, after the reorganization, assets would be available to maintain the dividend scales and interest credits in effect prior to the reorganization, if the experience underlying such scales and crediting continued. The assets, including related revenue, allocated to the Closed Blocks will accrue solely to the benefit of the policyholders included in the Closed Blocks until they no longer exist. A policyholder dividend obligation is required to be established for earnings in the Closed Blocks that are not available to the stockholders. We elected the fair value option for the AmerUs Closed Block and the ILICO Closed Block. See *Note 9 – Closed Block* for more information on the Closed Blocks.

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

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

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

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

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

All insurance-related revenue is reported net of reinsurance ceded.

Income Taxes - We compute income taxes using the asset and liability method, under which deferred income taxes are provided for the temporary differences between the financial statement carrying amounts and the tax basis of our assets and liabilities using estimated tax rates expected to be in effect for the year in which the differences are expected to reverse. Such temporary differences are primarily due to the tax basis of reserves, DAC, VOBA, unrealized investment gains/losses, reinsurance related differences, embedded derivatives and net operating loss carryforwards. Changes in deferred income tax assets and liabilities associated with components of OCI are recorded directly to OCI.

Deferred income taxes related to investments in our corporate foreign subsidiaries are computed using an outside basis approach. We record deferred taxes for those components of the outside basis difference, which are expected to reverse in the foreseeable future, without limitation to the overall outside basis difference. We evaluate the likelihood of realizing the benefit of our deferred tax assets and may record a valuation allowance if, based on all available evidence, we determine that it is more likely than not that some portion of the tax benefit will not be realized. We adjust the valuation allowance if, based on our evaluation, there is a change in the amount of deferred income tax assets that are deemed more-likely-than-not to be realized.

Changes in deferred tax assets and liabilities attributable to changes in enacted income tax rates are recorded through net income in the period of enactment. We recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the relevant taxing authorities, based on the technical merits of our position. For those tax positions that meet the more-likely-than-not recognition threshold, we recognize the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority. We recognize any income tax interest and penalties in income tax expense.

We and certain of our subsidiaries are included in certain foreign and state consolidated or other tax groups with our parent AGM and its subsidiaries. We calculate the provision for income taxes by using a separate-return method. Under this method we are assumed to file a separate return with the tax authority, thereby reporting our taxable income or loss and paying the applicable tax to or receiving the appropriate refund from AGM. Our current provision is the amount of tax payable or refundable on the basis of a hypothetical current-year separate return. We provide deferred taxes on temporary differences and on any carryforwards that we could claim on our hypothetical return and assess the need for a valuation allowance on the basis of our projected separate-return results.

Any difference between the tax provision (or benefit) allocated to us under the separate-return method and payments to be made to (or received from) AGM for tax expense is treated as either a dividend or a capital contribution. Accordingly, the amount by which our tax liability under the separate-return method differs from the amount of tax liability ultimately settled as a result of using incremental expenses of AGM may be periodically settled as a dividend or capital contribution between AGM and us.

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

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

AARE is treated as a domestic corporation for US federal income tax purposes pursuant to Section 953(d) of the Internal Revenue Code.

See *Note 12 – Income Taxes* for discussion on withholding taxes for undistributed earnings of subsidiaries.

Recently Issued Accounting Pronouncements

Compensation – Stock Compensation (Accounting Standards Update (ASU) 2024-01)

The amendments in this update clarify how an entity determines whether it is required to account for profits interest awards (and similar awards) in accordance with Accounting Standards Codification (ASC) 718 Compensation – Stock Compensation or other guidance. The ASU provides specific examples on when profits interest awards should be accounted for as a share-based payment arrangement under ASC 718 or in a manner similar to a cash bonus or profit-sharing arrangement under ASC 710 Compensation – General or other ASC topics. The guidance is effective for us on January 1, 2025, and early adoption is permitted but must be implemented as of the beginning of the fiscal year. We expect the impact of the new pronouncement on our consolidated financial statements will be immaterial.

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

The amendments in this update revise certain disclosures on income taxes including rate reconciliation, income taxes paid, and certain amendments on disaggregation by federal, state and foreign taxes. The guidance is effective for us for annual periods beginning in 2025. Early adoption is permitted. We are currently evaluating the impact of this guidance on our consolidated financial statements.

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

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

Income Statement – Reporting Comprehensive Income – Expense Disaggregation Disclosures (ASU 2024-03)

The amendments in this update require disaggregation of certain expense captions into specified categories in disclosures within the footnotes to the financial statements. The ASU requires tabular presentation of each relevant expense caption on the face of the income statement including employee compensation, depreciation, intangible asset amortization and certain other expenses, when applicable.

The guidance is effective for us for the 2027 annual period and in interim periods in 2028; early adoption is permitted. We are currently evaluating the impact of this new guidance on our consolidated financial statements.

Adopted Accounting Pronouncements

Segment Reporting – Improvements to Reporting Segment Disclosures (ASU 2023-07)

The amendments in this update require disclosures of incremental segment information on an annual and interim basis for all public entities to provide analyses useful to investors for decision making. The update requires public entities, including those with a single reportable segment, to report significant segment expenses that are regularly provided to and used by the Chief Operating Decision Maker (CODM) in managing the business. We adopted this guidance effective December 31, 2024 on a retrospective basis, and updated financial statement disclosures are included in *Note 17 – Segment Information*.

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

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

[Table of Contents](#)

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

2. Investments

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

	December 31, 2024				
<i>(In millions)</i>	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS securities					
US government and agencies	\$ 8,413	\$ —	\$ 8	\$ (1,270)	\$ 7,151
US state, municipal and political subdivisions	1,167	—	—	(246)	921
Foreign governments	2,082	—	—	(514)	1,568
Corporate	94,976	(175)	485	(11,731)	83,555
CLO	29,524	—	266	(608)	29,182
ABS	24,779	(76)	138	(640)	24,201
CMBS	11,158	(60)	75	(432)	10,741
RMBS	8,587	(397)	228	(403)	8,015
Total AFS securities	180,686	(708)	1,200	(15,844)	165,334
AFS securities – related parties					
Corporate	2,502	—	18	(59)	2,461
CLO	6,130	—	18	(113)	6,035
ABS	10,744	(1)	21	(287)	10,477
Total AFS securities – related parties	19,376	(1)	57	(459)	18,973
Total AFS securities, including related parties	\$ 200,062	\$ (709)	\$ 1,257	\$ (16,303)	\$ 184,307

	December 31, 2023				
<i>(In millions)</i>	Amortized Cost	Allowance for Credit Losses	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
AFS securities					
US government and agencies	\$ 6,161	\$ —	\$ 67	\$ (829)	\$ 5,399
US state, municipal and political subdivisions	1,296	—	—	(250)	1,046
Foreign governments	2,083	—	71	(255)	1,899
Corporate	88,342	(129)	830	(10,797)	78,246
CLO	20,506	(2)	261	(558)	20,207
ABS	13,935	(49)	120	(630)	13,376
CMBS	7,070	(29)	52	(502)	6,591
RMBS	8,160	(381)	252	(464)	7,567
Total AFS securities	147,553	(590)	1,653	(14,285)	134,331
AFS securities – related parties					
Corporate	1,423	—	1	(72)	1,352
CLO	4,367	—	21	(120)	4,268
ABS	8,665	(1)	34	(309)	8,389
Total AFS securities – related parties	14,455	(1)	56	(501)	14,009
Total AFS securities, including related parties	\$ 162,008	\$ (591)	\$ 1,709	\$ (14,786)	\$ 148,340

[Table of Contents](#)

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

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

<i>(In millions)</i>	December 31, 2024	
	Amortized Cost	Fair Value
AFS securities		
Due in one year or less	\$ 2,576	\$ 2,544
Due after one year through five years	19,944	19,414
Due after five years through ten years	27,709	25,416
Due after ten years	56,409	45,821
CLO, ABS, CMBS and RMBS	74,048	72,139
Total AFS securities	180,686	165,334
AFS securities – related parties		
Due after one year through five years	1,080	1,071
Due after five years through ten years	847	861
Due after ten years	575	529
CLO and ABS	16,874	16,512
Total AFS securities – related parties	19,376	18,973
Total AFS securities, including related parties	\$ 200,062	\$ 184,307

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

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

<i>(In millions)</i>	December 31, 2024					
	Less than 12 months		12 months or more		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
AFS securities						
US government and agencies	\$ 3,010	\$ (114)	\$ 3,462	\$ (1,156)	\$ 6,472	\$ (1,270)
US state, municipal and political subdivisions	67	(3)	842	(243)	909	(246)
Foreign governments	830	(205)	738	(309)	1,568	(514)
Corporate	19,526	(673)	44,051	(10,997)	63,577	(11,670)
CLO	2,675	(48)	2,325	(215)	5,000	(263)
ABS	9,361	(155)	4,070	(309)	13,431	(464)
CMBS	1,868	(56)	1,773	(315)	3,641	(371)
RMBS	825	(13)	1,261	(157)	2,086	(170)
Total AFS securities	38,162	(1,267)	58,522	(13,701)	96,684	(14,968)
AFS securities – related parties						
Corporate	499	(9)	446	(47)	945	(56)
CLO	586	(10)	544	(56)	1,130	(66)
ABS	2,463	(41)	3,355	(235)	5,818	(276)
Total AFS securities – related parties	3,548	(60)	4,345	(338)	7,893	(398)
Total AFS securities, including related parties	\$ 41,710	\$ (1,327)	\$ 62,867	\$ (14,039)	\$ 104,577	\$ (15,366)

ATHENE ANNUITY RE LTD.
Notes to Consolidated Financial Statements

	December 31, 2023					
	Less than 12 months		12 months or more		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
<i>(In millions)</i>						
AFS securities						
US government and agencies	\$ 2,013	\$ (94)	\$ 2,389	\$ (735)	\$ 4,402	\$ (829)
US state, municipal and political subdivisions	123	(5)	888	(245)	1,011	(250)
Foreign governments	690	(13)	760	(242)	1,450	(255)
Corporate	7,752	(474)	50,028	(10,311)	57,780	(10,785)
CLO	689	(2)	11,579	(543)	12,268	(545)
ABS	2,129	(75)	4,378	(458)	6,507	(533)
CMBS	859	(12)	1,967	(406)	2,826	(418)
RMBS	467	(9)	2,057	(263)	2,524	(272)
Total AFS securities	14,722	(684)	74,046	(13,203)	88,768	(13,887)
AFS securities – related parties						
Corporate	548	(35)	382	(37)	930	(72)
CLO	397	(16)	2,592	(102)	2,989	(118)
ABS	2,008	(66)	2,793	(225)	4,801	(291)
Total AFS securities – related parties	2,953	(117)	5,767	(364)	8,720	(481)
Total AFS securities, including related parties	\$ 17,675	\$ (801)	\$ 79,813	\$ (13,567)	\$ 97,488	\$ (14,368)

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

	December 31, 2024	
	Unrealized loss position	Unrealized loss position 12 months or more
AFS securities	7,745	6,087
AFS securities – related parties	144	60

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

[Table of Contents](#)

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

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

<i>(In millions)</i>	Year ended December 31, 2024						
	Beginning balance	Additions		Reductions			Ending balance
		Initial credit losses	Initial credit losses on PCD securities	Securities sold during the period	Securities intended to be sold prior to recovery of amortized cost basis	Additions (reductions) to previously impaired securities	
AFS securities							
Corporate	\$ 129	\$ 48	\$ —	\$ (8)	\$ —	\$ 6	\$ 175
CLO	2	1	—	—	—	(3)	—
ABS	49	25	—	(16)	—	18	76
CMBS	29	27	—	—	—	4	60
RMBS	381	17	—	(17)	—	16	397
Total AFS securities	590	118	—	(41)	—	41	708
AFS securities - related parties, ABS	1	—	—	—	—	—	1
Total AFS securities including related parties	\$ 591	\$ 118	\$ —	\$ (41)	\$ —	\$ 41	\$ 709

<i>(In millions)</i>	Year ended December 31, 2023						
	Beginning balance	Additions		Reductions			Ending balance
		Initial credit losses	Initial credit losses on PCD securities	Securities sold during the period	Securities intended to be sold prior to recovery of amortized cost basis	Additions (reductions) to previously impaired securities	
AFS securities							
Foreign governments	\$ 27	\$ —	\$ —	\$ (27)	\$ —	\$ —	\$ —
Corporate	61	88	—	(8)	(15)	3	129
CLO	7	1	—	—	—	(6)	2
ABS	29	23	—	(4)	—	1	49
CMBS	5	26	—	—	—	(2)	29
RMBS	329	16	53	(16)	—	(1)	381
Total AFS securities	458	154	53	(55)	(15)	(5)	590
AFS securities – related parties							
CLO	1	—	—	—	—	(1)	—
ABS	—	1	—	—	—	—	1
Total AFS securities – related parties	1	1	—	—	—	(1)	1
Total AFS securities including related parties	\$ 459	\$ 155	\$ 53	\$ (55)	\$ (15)	\$ (6)	\$ 591

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

<i>(In millions)</i>	Years ended December 31,	
	2024	2023
AFS securities	\$ 9,675	\$ 6,896
Trading securities	161	182
Equity securities	83	57
Mortgage loans	3,772	2,366
Investment funds	3	1
Funds withheld at interest	1,318	1,752
Other	847	834
Investment revenue	15,859	12,088
Investment expenses	(1,207)	(963)
Net investment income	\$ 14,652	\$ 11,125

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

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

<i>(In millions)</i>	Years ended December 31,	
	2024	2023
AFS securities ¹		
Gross realized gains on investment activity	\$ 976	\$ 927
Gross realized losses on investment activity	(1,979)	(779)
Net realized investment gains (losses) on AFS securities	(1,003)	148
Net recognized investment gains (losses) on trading securities	(170)	65
Net recognized investment gains (losses) on equity securities	37	6
Net recognized investment gains (losses) on mortgage loans	(132)	207
Derivative gains (losses)	2,123	2,146
Provision for credit losses	(181)	(236)
Other gains (losses)	1,302	(910)
Investment related gains (losses)	\$ 1,976	\$ 1,426

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

Proceeds from sales of AFS securities were \$22,115 million and \$6,463 million for the years ended December 31, 2024 and 2023, respectively.

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

<i>(In millions)</i>	Years ended December 31,	
	2024	2023
Trading securities	\$ (42)	\$ 93
Equity securities	28	41

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

<i>(In millions)</i>	December 31,	
	2024	2023
Less than 30 days	\$ 2,752	\$ 686
30-90 days	300	—
91 days to 1 year	1,095	—
Greater than 1 year	1,569	\$ 3,167
Payables for repurchase agreements	\$ 5,716	\$ 3,853

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

<i>(In millions)</i>	December 31,			
	2024		2023	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
AFS securities				
US government and agencies	\$ 3,253	\$ 2,693	\$ —	\$ —
Foreign governments	159	107	137	99
Corporate	1,877	1,573	2,735	2,307
CLO	587	588	580	579
ABS	596	552	1,207	1,086
RMBS	369	365	—	—
Total securities pledged under repurchase agreements	\$ 6,841	\$ 5,878	\$ 4,659	\$ 4,071

Reverse Repurchase Agreements — As of December 31, 2024 and 2023, amounts loaned under reverse repurchase agreements were \$935 million and \$947 million, respectively, and the fair value of the collateral, comprised primarily of asset-backed securities and commercial mortgage loans, was \$2,208 million and \$1,504 million, respectively.

[Table of Contents](#)

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

Mortgage Loans, including related parties and consolidated VIEs - Mortgage loans includes both commercial and residential loans. We have elected the fair value option on our mortgage loan portfolio, however intercompany mortgage loans are held at amortized cost. See *Note 5 – Fair Value* for further fair value option information. The following represents the mortgage loan portfolio, with fair value option loans presented at unpaid principal balance:

<i>(In millions)</i>	December 31,	
	2024	2023
Commercial mortgage loans	\$ 32,544	\$ 27,630
Commercial mortgage loans under development	1,987	1,228
Total commercial mortgage loans	34,531	28,858
Mark to fair value	(2,098)	(2,246)
Commercial mortgage loans, at amortized cost	79	84
Commercial mortgage loans	32,512	26,696
Residential mortgage loans	35,223	21,894
Mark to fair value	(540)	(937)
Residential mortgage loans	34,683	20,957
Mortgage loans	\$ 67,195	\$ 47,653

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

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

<i>(In millions, except for percentages)</i>	December 31,			
	2024		2023	
	Fair value	Percentage of Total	Fair value	Percentage of Total
Property type				
Apartment	\$ 11,746	36.1 %	\$ 9,591	35.9 %
Industrial	6,793	20.9 %	4,143	15.5 %
Office building	4,241	13.0 %	4,539	17.0 %
Hotels	2,786	8.6 %	2,913	10.9 %
Retail	2,269	7.0 %	2,158	8.1 %
Other commercial	4,676	14.4 %	3,352	12.6 %
Total commercial mortgage loans	\$ 32,511	100.0 %	\$ 26,696	100.0 %
US region				
East North Central	\$ 1,546	4.8 %	\$ 1,517	5.7 %
East South Central	438	1.2 %	523	2.0 %
Middle Atlantic	8,386	25.8 %	7,147	26.9 %
Mountain	1,322	4.1 %	1,196	4.5 %
New England	1,118	3.4 %	1,295	4.9 %
Pacific	5,768	17.7 %	4,860	18.2 %
South Atlantic	6,198	19.1 %	4,583	17.2 %
West North Central	300	1.0 %	333	1.0 %
West South Central	1,971	6.1 %	1,228	4.6 %
Total US region	27,047	83.2 %	22,682	85.0 %
International region				
United Kingdom	2,281	7.0 %	2,343	8.7 %
Other international ¹	3,183	9.8 %	1,671	6.3 %
Total international region	5,464	16.8 %	4,014	15.0 %
Total commercial mortgage loans	\$ 32,511	100.0 %	\$ 26,696	100.0 %

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

[Table of Contents](#)

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

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

	December 31,	
	2024	2023
US States		
California	25.6 %	27.6 %
Florida	12.4 %	12.0 %
Texas	7.4 %	6.1 %
New York	4.7 %	5.9 %
Other ¹	40.8 %	39.4 %
Total US residential mortgage loan percentage	90.9 %	91.0 %
International		
United Kingdom	4.4 %	4.0 %
Other ¹	4.7 %	5.0 %
Total international residential mortgage loan percentage	9.1 %	9.0 %
Total residential mortgage loan percentage	100.0 %	100.0 %

¹ Represents all other states or countries, with each individual state or country comprising less than 5% of the portfolio.

Investment Funds — Our investment fund portfolio strategy primarily focuses on core holdings of strategic origination and retirement services platforms, equity and credit, and other funds. Strategic origination platforms include investments sourced by affiliated platforms that originate loans to third parties and in which we gain exposure directly to the loan or indirectly through our ownership of the origination platform and/or securitizations of assets originated by the origination platform. Retirement services platforms include investments in equity of financial services companies. Our credit strategy comprises direct origination, asset-backed, multi-credit and opportunistic credit funds focused on generating excess returns through high-quality credit underwriting and origination. Our equity strategy comprises private equity, hybrid value, secondaries equity, real estate equity, impact investing, infrastructure and clean transition equity funds that raise capital from investors to pursue control-oriented investments across the universe of private assets. Our investment funds can meet the definition of a VIE, which are discussed further in *Note 4 – Variable Interest Entities*. Our investment funds do not specify timing of distributions on the funds' underlying assets.

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

	December 31,			
	2024		2023 ¹	
	Carrying value	Percent of total	Carrying value	Percent of total
<i>(In millions, except for percentages)</i>				
Investment funds				
Equity	\$ 107	0.6 %	\$ 109	0.7 %
Investment funds – related parties				
Strategic origination platforms	29	0.2 %	32	0.2 %
Strategic insurance platforms	284	1.5 %	218	1.3 %
Equity	244	1.3 %	267	1.6 %
Credit	190	1.0 %	20	0.1 %
Other	10	0.1 %	13	0.1 %
Total investment funds – related parties	757	4.1 %	550	3.3 %
Investment funds — consolidated VIEs				
Strategic origination platforms	6,347	34.1 %	4,987	30.0 %
Strategic insurance platforms	—	— %	483	2.9 %
Equity	7,702	41.3 %	7,032	42.4 %
Credit	3,062	16.4 %	2,852	17.2 %
Other	654	3.5 %	573	3.5 %
Total investment funds - consolidated VIEs	17,765	95.3 %	17,283	96.0 %
Total investment funds, including related parties and funds owned by consolidated VIEs	\$ 18,629	100.0 %	\$ 16,586	100.0 %

¹ Prior year amounts have been reclassified to conform with the current year presentation as a result of aligning our investment fund categories to reflect our updated investment strategies.

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

Non-Consolidated Securities and Investment Funds

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

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

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

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

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

<i>(In millions)</i>	December 31,			
	2024		2023	
	Carrying Value	Maximum Loss Exposure	Carrying Value	Maximum Loss Exposure
Investment funds	\$ 107	\$ 965	\$ 109	\$ 877
Investment in related parties – investment funds	757	1,505	551	761
Assets of consolidated VIEs – investment funds	17,765	23,597	15,927	22,240
Investment in fixed maturity securities	72,511	74,785	48,148	50,616
Investment in related parties – fixed maturity securities	17,086	21,546	13,495	15,607
Investment in related parties – equity securities	—	—	63	63
Total non-consolidated investments	<u>\$ 108,226</u>	<u>\$ 122,398</u>	<u>\$ 78,293</u>	<u>\$ 90,164</u>

Funds Withheld at Interest - Funds withheld at interest represent a receivable for amounts contractually withheld by ceding companies in accordance with modco and funds withheld reinsurance agreements in which we act as the reinsurer. Generally, assets equal to statutory reserves are withheld and legally owned by the ceding company. We hold funds withheld at interest receivables, including those held with Venerable, Lincoln and Jackson. As of December 31, 2024, the majority of the ceding companies holding the assets pursuant to such reinsurance agreements had a financial strength rating of A or better (based on an A.M. Best scale).

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

[Table of Contents](#)

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

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

<i>(In millions, except percentages)</i>	December 31,			
	2024		2023	
	Carrying value	Percent of total	Carrying value	Percent of total
Fixed maturity securities				
Corporate	\$ 12,452	52.1 %	\$ 14,840	48.1 %
ABS	2,404	10.0 %	3,285	10.6 %
CLO	1,343	5.6 %	2,612	8.5 %
CMBS	656	2.7 %	688	2.2 %
RMBS	467	2.0 %	580	1.9 %
Foreign governments	294	1.2 %	328	1.1 %
U.S. state, municipal, and political subdivisions	162	0.7 %	188	0.6 %
Mortgage loans	4,282	17.9 %	5,277	17.1 %
Investment funds	900	3.8 %	827	2.7 %
Equity securities	255	1.1 %	351	1.1 %
Short-term investments	209	0.9 %	228	0.7 %
Derivative assets	130	0.5 %	113	0.4 %
Cash and cash equivalents	517	2.1 %	1,622	5.3 %
Other assets and liabilities	(155)	(0.6)%	(106)	(0.3)%
Total funds withheld at interest, including related parties	\$ 23,916	100.0 %	\$ 30,833	100.0 %

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

3. Derivative Instruments

We use a variety of derivative instruments to manage risks, primarily equity, interest rate, foreign currency and market volatility. See *Note 1 – Business, Basis of Presentation and Significant Accounting Policies* for a description of our accounting policies for derivatives and *Note 5 – Fair Value* for information about the fair value hierarchy for derivatives.

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

(In millions)	December 31,					
	2024			2023		
	Notional Amount	Fair Value		Notional Amount	Fair Value	
Assets		Liabilities	Assets		Liabilities	
Derivatives designated as hedges						
Foreign currency hedges						
Swaps	15,669	\$ 938	\$ 211	9,034	\$ 477	\$ 230
Forwards	3,139	331	5	6,290	275	102
Interest rate swaps	4,506	—	654	4,468	—	521
Forwards on net investments	218	11	—	219	—	6
Interest rate swaps	24,885	55	138	10,031	29	96
Total derivatives designated as hedges		1,335	1,008		781	955
Derivatives not designated as hedges						
Equity options	85,452	5,002	126	73,881	3,809	102
Futures	37	93	11	35	72	—
Foreign currency swaps	14,908	600	199	8,072	230	244
Interest rate swaps and forwards	3,255	67	124	3,499	81	9
Other swaps	2,644	3	5	2,588	39	1
Foreign currency forwards	38,231	966	2,083	26,917	286	656
Embedded derivatives						
Funds withheld including related parties		(3,650)	4		(4,100)	—
Interest sensitive contract liabilities		—	11,242		—	9,059
Total derivatives not designated as hedges		3,081	13,794		417	10,071
Total derivatives		\$ 4,416	\$ 14,802		\$ 1,198	\$ 11,026

Derivatives Designated as Hedges

Cash Flow Hedges — We use interest rate swaps to convert floating-rate interest payments to fixed-rate interest payments to reduce exposure to interest rate changes. The interest rate swaps will expire by July 2031. During the years ended December 31, 2024 and 2023, we recognized gains of \$1 million and \$33 million, respectively, in OCI associated with these hedges. There were no amounts deemed ineffective during the years ended December 31, 2024 and 2023. As of December 31, 2024, no amounts were expected to be reclassified to income within the next 12 months.

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

[Table of Contents](#)

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

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

<i>(In millions)</i>	December 31,			
	2024		2023	
	Carrying amount of the hedged assets or liabilities ¹	Cumulative amount of fair value hedging gains (losses)	Carrying amount of the hedged assets or liabilities ¹	Cumulative amount of fair value hedging gains (losses)
AFS securities				
Foreign currency forwards	\$ 3,790	\$ (258)	\$ 4,883	\$ (15)
Foreign currency swaps	12,517	(842)	6,820	(141)
Interest sensitive contract liabilities				
Foreign currency swaps	2,426	130	1,438	19
Foreign currency interest rate swaps	3,946	488	4,010	363
Interest rate swaps	17,873	130	6,910	189

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

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

<i>(In millions)</i>	Derivatives	Hedged items	Net	Amounts excluded	
				Recognized in income through amortization approach	Recognized in income through changes in fair value
Year ended December 31, 2024					
Investment related gains (losses)					
Foreign currency forwards	\$ 220	\$ (238)	\$ (18)	\$ 43	\$ 19
Foreign currency swaps	513	(520)	(7)	—	—
Foreign currency interest rate swaps	(160)	148	(12)	—	—
Interest rate swaps	6	(58)	(52)	—	—
Interest sensitive contract benefits					
Foreign currency interest rate swaps	87	(85)	2	—	—
Year ended December 31, 2023					
Investment related gains (losses)					
Foreign currency forwards	\$ (169)	\$ 167	\$ (2)	\$ 82	\$ 20
Foreign currency swaps	(159)	169	10	—	—
Foreign currency interest rate swaps	282	(269)	13	—	—
Interest rate swaps	111	(118)	(7)	—	—
Interest sensitive contract benefits					
Foreign currency interest rate swaps	57	(60)	(3)	—	—

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

<i>(In millions)</i>	Years ended December 31,	
	2024	2023
Foreign currency forwards	\$ (23)	\$ (45)
Foreign currency swaps	(29)	(187)

Net Investment Hedges — We use foreign currency forwards to hedge the foreign currency exchange rate risk of our investments in subsidiaries that have a reporting currency other than the US dollar. We assess hedge effectiveness based on the changes in forward rates. During the years ended December 31, 2024 and 2023 these derivatives had gains of \$3 million and losses of \$4 million, respectively. These derivatives are included in foreign currency translation and other adjustments on the consolidated statements of comprehensive income (loss). As of December 31, 2024 and 2023, the cumulative foreign currency translations recorded in AOCI related to these net investment hedges were gains of \$13 million and \$10 million, respectively. During the years ended December 31, 2024 and 2023, there were no amounts deemed ineffective.

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

Derivatives Not Designated as Hedges

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

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

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

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

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

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

<i>(In millions)</i>	Years ended December 31,	
	2024	2023
Equity options	\$ 1,921	\$ 1,563
Futures	72	73
Interest rate swaps and forwards and other swaps	344	(108)
Foreign currency forwards	(857)	(483)
Embedded derivatives on funds withheld	2	934
Amounts recognized in investment related gains (losses)	1,482	1,979
Embedded derivatives in indexed annuity products ¹	(174)	(1,443)
Total gains (losses) on derivatives not designated as hedges	\$ 1,308	\$ 536

¹ Included in interest sensitive contract benefits on the consolidated statements of income (loss).

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

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

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

[Table of Contents](#)

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

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

(In millions)	Gross amount recognized ¹	Gross amounts not offset on the consolidated balance sheets		Net amount	Off-balance sheet securities collateral ³	Net amount after securities collateral
		Financial instruments ²	Collateral (received)/pledged			
December 31, 2024						
Derivative assets	\$ 8,066	\$ (2,209)	\$ (5,840)	\$ 17	\$ —	\$ 17
Derivative liabilities	(3,556)	2,209	1,333	(14)	2	(12)
December 31, 2023						
Derivative assets	\$ 5,298	\$ (1,497)	\$ (3,676)	\$ 125	\$ —	\$ 125
Derivative liabilities	(1,967)	1,497	817	347	—	347

¹ The gross amounts of recognized derivative assets and derivative liabilities are reported on the consolidated balance sheets. As of December 31, 2024 and 2023 amounts not subject to master netting or similar agreements were immaterial.

² Represents amounts offsetting derivative assets and derivative liabilities that are subject to an enforceable master netting agreement or similar agreement that are not netted against the gross derivative assets or gross derivative liabilities for presentation on the consolidated balance sheets.

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

4. Variable Interest Entities

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

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

(In millions)	Years ended December 31,	
	2024	2023
Trading securities	\$ 152	\$ 116
Mortgage loans	128	110
Investment funds	46	41
Other	(44)	(10)
Net investment income	\$ 282	\$ 257
Net recognized investment gains on trading securities	\$ 17	\$ 10
Net recognized investment losses on mortgage loans	(35)	(22)
Net recognized investment gains on investment funds	1,552	1,232
Other gains (losses)	(6)	(29)
Investment related gains (losses)	\$ 1,528	\$ 1,191

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

5. Fair Value

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

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

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

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

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

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

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the instrument's fair value measurement.

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

[Table of Contents](#)

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

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

<i>(In millions)</i>	December 31, 2024				
	Total	NAV	Level 1	Level 2	Level 3
Assets					
AFS securities					
US government and agencies	\$ 7,151	\$ —	\$ 7,149	\$ 2	\$ —
US state, municipal and political subdivisions	921	—	—	921	—
Foreign governments	1,568	—	658	881	29
Corporate	83,555	—	10	79,249	4,296
CLO	29,182	—	—	29,182	—
ABS	24,201	—	—	7,672	16,529
CMBS	10,741	—	—	10,741	—
RMBS	8,015	—	—	7,759	256
Total AFS securities	165,334	—	7,817	136,407	21,110
Trading securities	1,583	—	22	1,539	22
Equity securities	1,290	—	190	1,073	27
Mortgage loans	63,239	—	—	—	63,239
Funds withheld at interest – embedded derivative	(3,035)	—	—	—	(3,035)
Derivative assets	8,066	—	121	7,944	1
Short-term investments	255	—	—	86	169
Other investments	1,606	—	—	711	895
Cash and cash equivalents	11,888	—	11,888	—	—
Restricted cash	943	—	943	—	—
Investments in related parties					
AFS securities					
Corporate	2,461	—	—	1,029	1,432
CLO	6,035	—	—	5,339	696
ABS	10,477	—	—	874	9,603
Total AFS securities – related parties	18,973	—	—	7,242	11,731
Trading securities	573	—	—	—	573
Mortgage loans	1,297	—	—	—	1,297
Investment funds	106	—	—	—	106
Funds withheld at interest – embedded derivative	(615)	—	—	—	(615)
Other investments	331	—	—	—	331
Reinsurance recoverable	1,661	—	—	—	1,661
Other assets	313	—	—	—	313
Assets of consolidated VIEs					
Trading securities	2,301	—	—	347	1,954
Mortgage loans	2,579	—	—	—	2,579
Investment funds	17,765	16,995	—	—	770
Other investments	107	—	4	—	103
Cash and cash equivalents	583	—	583	—	—
Total assets measured at fair value	\$ 297,143	\$ 16,995	\$ 21,568	\$ 155,349	\$ 103,231
Liabilities					
Interest sensitive contract liabilities					
Embedded derivative	\$ 11,242	\$ —	\$ —	\$ —	\$ 11,242
Universal life benefits	742	—	—	—	742
Future policy benefits					
AmerUs Closed Block	1,102	—	—	—	1,102
ILICO Closed Block and life benefits	538	—	—	—	538
Market risk benefits	4,028	—	—	—	4,028
Derivative liabilities	3,556	—	32	3,523	1
Other liabilities	225	—	—	—	225
Total liabilities measured at fair value	\$ 21,433	\$ —	\$ 32	\$ 3,523	\$ 17,878

[Table of Contents](#)

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

<i>(In millions)</i>	December 31, 2023				
	Total	NAV	Level 1	Level 2	Level 3
Assets					
AFS securities					
US government and agencies	\$ 5,399	\$ —	\$ 5,392	\$ 7	\$ —
US state, municipal and political subdivisions	1,046	—	—	1,046	—
Foreign governments	1,899	—	895	964	40
Corporate	78,246	—	10	75,711	2,525
CLO	20,207	—	—	20,207	—
ABS	13,376	—	—	6,441	6,935
CMBS	6,591	—	—	6,570	21
RMBS	7,567	—	—	7,302	265
Total AFS securities	134,331	—	6,297	118,248	9,786
Trading securities	1,706	—	24	1,654	28
Equity securities	935	—	210	699	26
Mortgage loans	44,115	—	—	—	44,115
Funds withheld at interest – embedded derivative	(3,379)	—	—	—	(3,379)
Derivative assets	5,298	—	108	5,190	—
Short-term investments	341	—	—	236	105
Other investments	943	—	—	313	630
Cash and cash equivalents	12,599	—	12,599	—	—
Restricted cash	1,761	—	1,761	—	—
Investments in related parties					
AFS securities					
Corporate	1,352	—	—	181	1,171
CLO	4,268	—	—	3,762	506
ABS	8,389	—	—	563	7,826
Total AFS securities – related parties	14,009	—	—	4,506	9,503
Trading securities	838	—	—	—	838
Equity securities	63	—	63	—	—
Mortgage loans	1,281	—	—	—	1,281
Funds withheld at interest – embedded derivative	(721)	—	—	—	(721)
Other investments	343	—	—	—	343
Reinsurance recoverable	1,367	—	—	—	1,367
Other assets	378	—	—	—	378
Assets of consolidated VIEs					
Trading securities	2,136	—	—	284	1,852
Mortgage loans	2,173	—	—	—	2,173
Investment funds	15,927	14,950	—	—	977
Other investments	103	—	—	2	101
Cash and cash equivalents	98	—	98	—	—
Total assets measured at fair value	\$ 236,204	\$ 14,950	\$ 21,097	\$ 131,132	\$ 69,025
Liabilities					
Interest sensitive contract liabilities					
Embedded derivative	\$ 9,059	\$ —	\$ —	\$ —	\$ 9,059
Universal life benefits	834	—	—	—	834
Future policy benefits					
AmerUs Closed Block	1,178	—	—	—	1,178
ILICO Closed Block and life benefits	522	—	—	—	522
Market risk benefits	3,751	—	—	—	3,751
Derivative liabilities	1,967	—	17	1,949	1
Other liabilities	266	—	—	(64)	330
Total liabilities measured at fair value	\$ 17,577	\$ —	\$ 17	\$ 1,885	\$ 15,675

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

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

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

We also have fixed maturity securities priced based on indicative broker quotes or by employing market accepted valuation models. For certain fixed maturity securities, the valuation model uses significant unobservable inputs and these are included in Level 3 in our fair value hierarchy. Significant unobservable inputs used include: discount rates, issue specific credit adjustments, material non-public financial information, estimation of future earnings and cash flows, default rate assumptions, liquidity assumptions and indicative quotes from market makers.

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

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

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

Investment funds - Certain investment funds for which we elected the fair value option are included in Level 3 and are priced based on market accepted valuation models. The valuation models use significant unobservable inputs, which include material non-public financial information, estimation of future distributable earnings and demographic assumptions.

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

Funds withheld at interest embedded derivatives - Funds withheld at interest embedded derivatives represent the right to receive or obligation to pay the total return on the assets supporting the funds withheld at interest or funds withheld liability, respectively, and are analogous to a total return swap with a floating rate leg. The fair value of embedded derivatives on funds withheld and modco agreements is measured as the unrealized gain (loss) on the underlying assets and classified as Level 3.

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

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

Other assets and market risk benefits liability - Other assets at fair value consist of market risk benefit assets. See *Note 8 – Long-duration Contracts* for additional information on market risk benefits valuation methodology and additional fair value disclosures. Market risk benefits are classified as Level 3.

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

AmerUs Closed Block - We elected the fair value option for the future policy benefits liability in the AmerUs Closed Block. Our valuation technique is to set the fair value of policyholder liabilities equal to the fair value of assets. There is an additional component which captures the fair value of the open block's obligations to the closed block business. This component is the present value of the projected release of required capital and future earnings before income taxes on required capital supporting the AmerUs Closed Block, discounted at a rate which represents a market participant's required rate of return, less the initial required capital. Unobservable inputs include estimates for these items. The AmerUs Closed Block policyholder liabilities and any corresponding reinsurance recoverable are classified as Level 3.

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

ILICO Closed Block - We elected the fair value option for the ILICO Closed Block. Our valuation technique is to set the fair value of policyholder liabilities equal to the fair value of assets. There is an additional component which captures the fair value of the open block's obligations to the closed block business. This component uses the present value of future cash flows which include commissions, administrative expenses, reinsurance premiums and benefits, and an explicit cost of capital. The discount rate includes a margin to reflect the business and nonperformance risk. Unobservable inputs include estimates for these items. The ILICO Closed Block policyholder liabilities and corresponding reinsurance recoverable are classified as Level 3.

Universal life liabilities and other life benefits - We elected the fair value option for certain blocks of universal and other life business ceded to Global Atlantic. We use a present value of liability cash flows. Unobservable inputs include estimates of mortality, persistency, expenses, premium payments and a risk margin used in the discount rates that reflects the riskiness of the business. These universal life policyholder liabilities and corresponding reinsurance recoverable are classified as Level 3.

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

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

<i>(In millions)</i>	Years ended December 31,	
	2024	2023
Trading securities	\$ (156)	\$ 66
Mortgage loans	(237)	183
Investment funds	—	10
Future policy benefits	76	(14)
Other	28	(113)
Total gains (losses)	\$ (289)	\$ 132

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

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

<i>(In millions)</i>	December 31,	
	2024	2023
Unpaid principal balance	\$ 69,754	\$ 50,752
Mark to fair value	(2,639)	(3,183)
Fair value	\$ 67,115	\$ 47,569

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

<i>(In millions)</i>	December 31,	
	2024	2023
Unpaid principal balance of commercial mortgage loans 90 days or more past due and/or in non-accrual status	\$ 195	\$ 221
Mark to fair value of commercial mortgage loans 90 days or more past due and/or in non-accrual status	(102)	(74)
Fair value of commercial mortgage loans 90 days or more past due and/or in non-accrual status	\$ 93	\$ 147
Fair value of commercial mortgage loans 90 days or more past due	\$ 31	\$ 64
Fair value of commercial mortgage loans in non-accrual status	93	147

[Table of Contents](#)

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

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

<i>(In millions)</i>	December 31,	
	2024	2023
Unpaid principal balance of residential mortgage loans 90 days or more past due and/or in non-accrual status	\$ 898	\$ 528
Mark to fair value of residential mortgage loans 90 days or more past due and/or in non-accrual status	(51)	(49)
Fair value of residential mortgage loans 90 days or more past due and/or in non-accrual status	<u>\$ 847</u>	<u>\$ 479</u>
Fair value of residential mortgage loans 90 days or more past due ¹	\$ 847	\$ 479
Fair value of residential mortgage loans in non-accrual status	765	355

¹ As of December 31, 2024 and 2023, includes \$82 million and \$124 million, respectively, of residential mortgage loans that are guaranteed by US government-sponsored agencies.

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

<i>(In millions)</i>	Years ended December 31,	
	2024	2023
Mortgage loans	\$ (58)	\$ (53)

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

[Table of Contents](#)

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

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

<i>(In millions)</i>	Year ended December 31, 2024							
	Beginning balance	Total realized and unrealized gains (losses)		Net purchases, issuances, sales and settlements	Net transfers in (out)	Ending balance	Total gains (losses) included in earnings ¹	Total gains (losses) included in OCI ¹
		Included in income	Included in OCI					
Assets								
AFS securities								
Foreign governments	\$ 40	\$ (1)	\$ 1	\$ (11)	\$ —	\$ 29	\$ —	\$ 1
Corporate	2,525	(20)	35	2,791	(1,035)	4,296	(18)	37
ABS	6,935	48	(129)	9,820	(145)	16,529	(3)	(130)
CMBS	20	4	(5)	—	(19)	—	—	—
RMBS	265	9	—	83	(101)	256	—	(1)
Trading securities	28	1	—	(21)	14	22	(1)	—
Equity securities	26	—	—	1	—	27	—	—
Mortgage loans	44,115	(192)	—	19,316	—	63,239	(145)	—
Funds withheld at interest – embedded derivative	(3,379)	344	—	—	—	(3,035)	—	—
Derivative assets	—	—	—	—	1	1	—	—
Short-term investments	105	(1)	(1)	145	(79)	169	—	(1)
Other investments	631	(25)	—	289	—	895	(6)	—
Investments in related parties								
AFS securities								
Corporate	1,171	(2)	24	38	201	1,432	—	21
CLO	506	—	13	177	—	696	—	14
ABS	7,826	49	(12)	1,740	—	9,603	—	(13)
Trading securities	838	(1)	—	(264)	—	573	(3)	—
Mortgage loans	1,281	17	—	(1)	—	1,297	17	—
Investment funds	—	—	—	106	—	106	—	—
Funds withheld at interest – embedded derivative	(721)	106	—	—	—	(615)	—	—
Other investments	343	(12)	—	—	—	331	(12)	—
Reinsurance recoverable	1,367	(61)	—	355	—	1,661	—	—
Assets of consolidated VIEs								
Trading securities	1,852	(80)	—	209	(27)	1,954	(87)	—
Mortgage loans	2,173	(62)	—	468	—	2,579	(64)	—
Investment funds	977	(68)	—	331	(470)	770	(16)	—
Other investments	101	(10)	—	32	(20)	103	(9)	—
Total Level 3 assets	\$ 69,025	\$ 43	\$ (74)	\$ 35,604	\$ (1,680)	\$ 102,918	\$ (347)	\$ (72)
Liabilities								
Interest sensitive contract liabilities								
Embedded derivative	\$ (9,059)	\$ (174)	\$ —	\$ (2,009)	\$ —	\$ (11,242)	\$ —	\$ —
Universal life benefits	(834)	92	—	—	—	(742)	—	—
Future policy benefits								
AmerUs Closed Block	(1,178)	76	—	—	—	(1,102)	—	—
ILICO Closed Block and life benefits	(522)	(16)	—	—	—	(538)	—	—
Derivative liabilities	(1)	—	—	—	—	(1)	—	—
Other liabilities	(330)	(13)	—	54	64	(225)	—	—
Total Level 3 liabilities	\$ (11,924)	\$ (35)	\$ —	\$ (1,955)	\$ 64	\$ (13,850)	\$ —	\$ —

¹ Related to instruments held at end of year.

[Table of Contents](#)

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

Year ended December 31, 2023

<i>(In millions)</i>	Total realized and unrealized gains (losses)		Net purchases, issuances, sales and settlements	Net transfers in (out)	Ending balance	Total gains (losses) included in earnings ¹	Total gains (losses) included in OCI ¹	
	Beginning balance	Included in income						Included in OCI
Assets								
AFS securities								
Foreign governments	\$ 1	\$ (1)	\$ (2)	\$ 42	\$ —	\$ 40	\$ —	\$ (2)
Corporate	1,665	(20)	46	1,298	(464)	2,525	—	21
ABS	4,857	(7)	59	3,242	(1,216)	6,935	—	46
CMBS	—	—	1	—	20	21	—	3
RMBS	232	8	4	257	(236)	265	—	2
Trading securities	53	2	—	(15)	(12)	28	—	—
Equity securities	92	(7)	—	(45)	(14)	26	—	—
Mortgage loans	27,454	184	—	16,477	—	44,115	184	—
Funds withheld at interest - embedded derivative	(4,847)	1,468	—	—	—	(3,379)	—	—
Short-term investments	36	—	(3)	69	3	105	—	—
Other investments	441	1	—	189	—	631	(1)	—
Investments in related parties								
AFS securities								
Corporate	812	2	(32)	173	216	1,171	—	(32)
CLO	303	—	18	185	—	506	—	28
ABS	5,542	18	103	1,880	283	7,826	6	96
Trading securities	878	11	—	(51)	—	838	8	—
Mortgage loans	1,302	8	—	(29)	—	1,281	8	—
Funds withheld at interest - embedded derivative	(1,425)	704	—	—	—	(721)	—	—
Other investments	303	(2)	—	42	—	343	(3)	—
Reinsurance recoverable	1,388	(21)	—	—	—	1,367	—	—
Assets of consolidated VIEs								
Trading securities	623	47	—	(149)	1,331	1,852	47	—
Mortgage loans	2,055	(9)	—	127	—	2,173	(9)	—
Investment funds	2,471	(30)	—	73	(1,537)	977	(31)	—
Other investments	99	9	—	(7)	—	101	9	—
Total Level 3 assets	\$ 44,335	\$ 2,365	\$ 194	\$ 23,758	\$ (1,626)	\$ 69,026	\$ 218	\$ 162
Liabilities								
Interest sensitive contract liabilities								
Embedded derivative	\$ (5,841)	\$ (1,443)	\$ —	\$ (1,775)	\$ —	\$ (9,059)	\$ —	\$ —
Universal life benefits	(829)	(5)	—	—	—	(834)	—	—
Future policy benefits								
AmerUs Closed Block	(1,164)	(14)	—	—	—	(1,178)	—	—
ILICO Closed Block and life benefits	(548)	26	—	—	—	(522)	—	—
Derivative liabilities	(1)	—	—	—	—	(1)	—	—
Other liabilities	(142)	(113)	—	(75)	—	(330)	—	—
Total Level 3 liabilities	\$ (8,525)	\$ (1,549)	\$ —	\$ (1,850)	\$ —	\$ (11,924)	\$ —	\$ —

¹ Related to instruments held at end of year.

[Table of Contents](#)

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

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

<i>(In millions)</i>	Year ended December 31, 2024							
	Purchases	Issuances	Sales	Settlements	Net purchases, issuances, sales and settlements	Transfers in	Transfers out	Net transfers in (out)
Assets								
AFS securities								
Foreign government	\$ —	\$ —	\$ —	\$ (11)	\$ (11)	\$ —	\$ —	\$ —
Corporate	3,146	—	(65)	(290)	2,791	166	(1,201)	(1,035)
ABS	11,839	—	(446)	(1,573)	9,820	770	(915)	(145)
CMBS	—	—	—	—	—	—	(19)	(19)
RMBS	100	—	—	(17)	83	—	(101)	(101)
Trading securities	—	—	—	(21)	(21)	14	—	14
Equity securities	2	—	(1)	—	1	9	(9)	—
Mortgage loans	27,596	—	(106)	(8,174)	19,316	—	—	—
Short-term investments	172	—	(6)	(21)	145	—	(79)	(79)
Other investments	289	—	—	—	289	—	—	—
Investments in related parties								
AFS securities								
Corporate	113	—	(66)	(9)	38	201	—	201
CLO	177	—	—	—	177	—	—	—
ABS	7,249	—	(762)	(4,747)	1,740	—	—	—
Trading securities	4	—	—	(268)	(264)	—	—	—
Mortgage loans	87	—	—	(88)	(1)	—	—	—
Investment funds	106	—	—	—	106	—	—	—
Reinsurance recoverable	—	359	—	(4)	355	—	—	—
Assets of consolidated VIEs								
Trading securities	394	—	(178)	(7)	209	61	(88)	(27)
Mortgage loans	579	—	—	(111)	468	—	—	—
Investment funds	341	—	(10)	—	331	—	(470)	(470)
Other investments	56	—	(24)	—	32	—	(20)	(20)
Total Level 3 assets	\$ 52,250	\$ 359	\$ (1,664)	\$ (15,341)	\$ 35,604	\$ 1,221	\$ (2,902)	\$ (1,681)
Liabilities								
Interest sensitive contract liabilities								
– embedded derivative	\$ —	\$ (3,010)	\$ —	\$ 1,001	\$ (2,009)	\$ —	\$ —	\$ —
Other liabilities	—	—	—	54	54	—	—	—
Total Level 3 liabilities	\$ —	\$ (3,010)	\$ —	\$ 1,055	\$ (1,955)	\$ —	\$ —	\$ —

[Table of Contents](#)

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

Year ended December 31, 2023

<i>(In millions)</i>	Purchases	Issuances	Sales	Settlements	Net purchases, issuances, sales and settlements	Transfers in	Transfers out	Net transfers in (out)
Assets								
AFS securities								
Foreign Government	\$ 53	\$ —	\$ —	\$ (11)	\$ 42	\$ —	\$ —	\$ —
Corporate	1,704	—	(177)	(229)	1,298	29	(493)	(464)
ABS	4,221	—	(33)	(946)	3,242	827	(2,043)	(1,216)
CMBS	—	—	—	—	—	20	—	20
RMBS	262	—	—	(5)	257	5	(241)	(236)
Trading securities	8	—	—	(23)	(15)	5	(17)	(12)
Equity securities	—	—	(45)	—	(45)	—	(14)	(14)
Mortgage loans	21,019	—	(529)	(4,013)	16,477	—	—	—
Short-term investments	100	—	—	(31)	69	25	(22)	3
Other investments	620	—	—	(431)	189	—	—	—
Investments in related parties								
AFS securities								
Corporate	183	—	—	(10)	173	216	—	216
CLO	185	—	—	—	185	—	—	—
ABS	3,850	—	(260)	(1,710)	1,880	283	—	283
Trading securities	65	—	(37)	(79)	(51)	—	—	—
Mortgage loans	—	—	—	(29)	(29)	—	—	—
Other investments	42	—	—	—	42	—	—	—
Assets of consolidated VIEs								
Trading securities	39	—	(188)	—	(149)	1,362	(31)	1,331
Mortgage loans	204	—	—	(77)	127	—	—	—
Investment funds	113	—	(40)	—	73	475	(2,012)	(1,537)
Other investments	15	—	(22)	—	(7)	—	—	—
Total Level 3 assets	\$ 32,683	\$ —	\$ (1,331)	\$ (7,594)	\$ 23,758	\$ 3,247	\$ (4,873)	\$ (1,626)
Liabilities								
Interest sensitive contract liabilities								
– embedded derivative	\$ —	\$ (2,431)	\$ —	\$ 656	\$ (1,775)	\$ —	\$ —	\$ —
Other liabilities	—	—	—	(75)	(75)	—	—	—
Total Level 3 liabilities	\$ —	\$ (2,431)	\$ —	\$ 581	\$ (1,850)	\$ —	\$ —	\$ —

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

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

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

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

Table of Contents

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

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

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

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

December 31, 2024							
<i>(In millions, except for percentages and multiples)</i>	Fair value	Valuation technique	Unobservable inputs	Minimum	Maximum	Weighted average	Impact of an increase in the input on fair value
AFS, trading and equity securities	\$ 28,420	Discounted cash flow	Discount rate	4.7 %	20.0 %	7.0 % ¹	Decrease
Mortgage loans	67,115	Discounted cash flow	Discount rate	1.8 %	43.1 %	6.7 % ¹	Decrease
Investment funds	772	Discounted cash flow	Discount rate	6.6 %	14.0 %	10.8 %	Decrease
Interest sensitive contract liabilities – fixed indexed annuities embedded derivatives	11,242	Discounted cash flow	Nonperformance risk	0.4 %	1.1 %	0.7 % ²	Decrease
			Option budget	0.5 %	6.0 %	2.8 % ³	Increase
			Surrender rate	6.0 %	14.2 %	9.0 % ³	Decrease
December 31, 2023							
<i>(In millions, except for percentages and multiples)</i>	Fair value	Valuation technique	Unobservable inputs	Minimum	Maximum	Weighted average	Impact of an increase in the input on fair value
AFS, trading and equity securities	\$ 13,992	Discounted cash flow	Discount rate	2.3 %	18.1 %	7.0 % ¹	Decrease
Mortgage loans	47,569	Discounted cash flow	Discount rate	2.5 %	20.6 %	6.8 % ¹	Decrease
Investment funds	492	Discounted cash flow	Discount rate	6.3 %	6.3 %	6.3 %	Decrease
	483	Net tangible asset values	Implied multiple	1.14x	1.14x	1.14x	Increase
Interest sensitive contract liabilities – fixed indexed annuities embedded derivatives	9,059	Discounted cash flow	Nonperformance risk	0.4 %	1.4 %	0.9 % ²	Decrease
			Option budget	0.5 %	6.0 %	2.3 % ³	Increase
			Surrender rate	6.0 %	13.4 %	8.7 % ³	Decrease

¹ The discount rate weighted average is calculated based on the relative fair values of the investments..

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

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

Financial Instruments Without Readily Determinable Fair Values - We elected the measurement alternative for certain equity securities that did not have a readily determinable fair value. The equity securities are held at cost less any impairment. During the third quarter of 2024, the equity securities of FWD Group Holdings Limited were distributed as a dividend to AGM. As of December 31, 2023, the carrying amount of the equity securities was \$358 million, net of an impairment of \$42 million. As a result of slower than expected growth of the investee, we recorded an impairment of \$42 million in the fourth quarter of 2023.

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

6. Reinsurance

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

<i>(In millions)</i>	Years ended December 31,	
	2024	2023
Premiums		
Direct	\$ 1,089	\$ 10,525
Reinsurance assumed	313	2,313
Reinsurance ceded	(84)	(89)
Total premiums	\$ 1,318	\$ 12,749
Future policy and other policy benefits		
Direct	\$ 2,779	\$ 12,321
Reinsurance assumed	550	2,389
Reinsurance ceded	(275)	(276)
Total future policy and other policy benefits	\$ 3,054	\$ 14,434

Reinsurance typically provides for recapture rights on the part of the ceding company for certain events of default. Additionally, some agreements require us to place assets in trust accounts for the benefit of the ceding entity. The required minimum assets are equal to or greater than statutory reserves, as defined by the agreement, and were \$26.1 billion and \$21.6 billion as of December 31, 2024 and 2023, respectively. Although we own the assets placed in trust, their use is restricted based on the trust agreement terms. If the statutory book value of the assets, or in certain cases fair value, in a trust declines because of impairments or other reasons, we may be required to contribute additional assets to the trust. In addition, the assets within a trust may be subject to a pledge in favor of the applicable reinsurance company.

Reinsurance transactions

We entered into a coinsurance agreement to assume a block of whole life policies during the fourth quarter of 2023. We did not have any block reinsurance transactions during the year ended December 31, 2024. The following summarizes our block reinsurance agreement at inception:

<i>(In millions)</i>	Year ended December 31, 2023
Liabilities assumed	\$ 1,975
Less: Assets received	2,158
Deferred profit liability¹	\$ (183)

¹ Included within future policy benefits on the consolidated balance sheets.

Catalina – We have reinsurance agreements with certain affiliates of Catalina Holdings (Bermuda) Ltd. (together with its subsidiaries, Catalina). See Note 14 – *Related Parties* for further information on these reinsurance agreements.

Global Atlantic — We have a coinsurance and assumption agreement with Global Atlantic. The agreement ceded all existing open block life insurance business issued by Athene Annuity and Life Company (AAIA), with the exception of enhanced guarantee universal life insurance products. We also entered into a coinsurance agreement with Global Atlantic to cede all policy liabilities of the ILICO Closed Block. The ILICO Closed Block consists primarily of participating whole life insurance policies. We also have an excess of loss arrangement with Global Atlantic to reimburse us for any payments required from our general assets to meet the contractual obligations of the AmerUs Closed Block not covered by existing reinsurance through Athene Re USA IV. The AmerUs Closed Block consists primarily of participating whole life insurance policies. Since all liabilities were covered by the existing reinsurance at close, no reinsurance premiums were ceded. The assets backing the AmerUs Closed Block are managed, on AAIA’s behalf, by Goldman Sachs Asset Management.

As of December 31, 2024 and 2023, Global Atlantic maintained a series of trust and custody accounts under the terms of these agreements with assets equal to or greater than a required aggregate statutory balance of \$2,502 million and \$2,542 million, respectively.

Protective Life Insurance Company (Protective) — We reinsured certain of our life and health business to Protective under a coinsurance agreement. As of December 31, 2024 and 2023, Protective maintained a trust for our benefit with assets having a fair value of \$1,107 million and \$1,213 million, respectively.

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

Reinsurance Recoverables - The following summarizes our reinsurance recoverable:

<i>(In millions)</i>	December 31,	
	2024	2023
Catalina	\$ 4,309	\$ —
Global Atlantic	2,328	2,435
Protective	1,435	1,559
Other ¹	122	160
Reinsurance recoverable	\$ 8,194	\$ 4,154

¹ Represents all other reinsurers, with no single reinsurer having a carrying value in excess of 5% of the total recoverable.

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

The following represents a rollforward of DAC and DSI by product, and a rollforward of VOBA. See *Note 8 – Long-duration Contracts* for more information on our products.

<i>(In millions)</i>	DAC				DSI		VOBA	Total DAC, DSI and VOBA
	Traditional deferred annuities	Indexed annuities	Funding agreements	Other investment-type	Indexed annuities			
Balance at December 31, 2022	\$ 304	\$ 755	\$ 11	\$ 9	\$ 399	\$ 2,988	\$ 4,466	
Additions	701	863	3	3	634	—	2,204	
Amortization	(115)	(101)	(4)	(1)	(63)	(404)	(688)	
Other	—	—	—	—	—	(3)	(3)	
Balance at December 31, 2023	890	1,517	10	11	970	2,581	5,979	
Additions	519	945	42	1	630	—	2,137	
Amortization	(249)	(184)	(12)	(1)	(124)	(371)	(941)	
Other	(2)	—	—	—	—	—	(2)	
Balance at December 31, 2024	<u>\$ 1,158</u>	<u>\$ 2,278</u>	<u>\$ 40</u>	<u>\$ 11</u>	<u>\$ 1,476</u>	<u>\$ 2,210</u>	<u>\$ 7,173</u>	

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

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

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

<i>(In millions)</i>	Expected Amortization
2025	\$ 295
2026	261
2027	227
2028	194
2029	167

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

8. Long-duration Contracts

Interest sensitive contract liabilities — Interest sensitive contract liabilities primarily include:

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

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

<i>(In millions, except percentages)</i>	Year ended December 31, 2024				
	Traditional deferred annuities	Indexed annuities	Funding agreements	Other investment-type	Total
Balance at December 31, 2023	\$ 64,763	\$ 93,147	\$ 32,350	\$ 7,629	\$ 197,889
Deposits	25,459	16,230	29,249	1,088	72,026
Policy charges	(2)	(709)	—	—	(711)
Surrenders and withdrawals	(5,389)	(12,744)	—	(84)	(18,217)
Benefit payments	(1,108)	(1,580)	(8,304)	(212)	(11,204)
Interest credited	3,256	3,524	1,707	205	8,692
Foreign exchange	(318)	(7)	(414)	(498)	(1,237)
Other	—	—	180	(98)	82
Balance at December 31, 2024	\$ 86,661	\$ 97,861	\$ 54,768	\$ 8,030	\$ 247,320
Weighted average crediting rate	4.3 %	2.7 %	4.4 %	2.7 %	
Net amount at risk	\$ 425	\$ 15,441	\$ —	\$ 51	
Cash surrender value	81,243	89,511	—	6,784	

<i>(In millions, except percentages)</i>	Year ended December 31, 2023				
	Traditional deferred annuities	Indexed annuities	Funding agreements	Other investment-type	Total
Balance at December 31, 2022	\$ 43,518	\$ 92,660	\$ 27,439	\$ 4,722	\$ 168,339
Deposits	30,175	12,639	6,893	4,597	54,304
Policy charges	(2)	(651)	—	—	(653)
Surrenders and withdrawals	(9,929)	(11,253)	(110)	(40)	(21,332)
Benefit payments	(984)	(1,609)	(3,273)	(275)	(6,141)
Interest credited	1,858	1,279	883	155	4,175
Foreign exchange	52	1	260	(95)	218
Other ¹	75	81	258	(1,435)	(1,021)
Balance at December 31, 2023	\$ 64,763	\$ 93,147	\$ 32,350	\$ 7,629	\$ 197,889
Weighted average crediting rate	4.0 %	2.4 %	3.4 %	2.7 %	
Net amount at risk	\$ 425	\$ 14,716	\$ —	\$ 103	
Cash surrender value	61,345	85,381	—	6,375	

¹ Other includes a \$1,371 million reduction of reserves related to the Venerable Insurance and Annuity Company (VIAC) recapture agreement. See *Note 14 – Related Parties* for further information.

[Table of Contents](#)

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

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

<i>(In millions)</i>	December 31,	
	2024	2023
Traditional deferred annuities	\$ 86,661	\$ 64,763
Indexed annuities	97,861	93,147
Funding agreements	54,768	32,350
Other investment-type	8,030	7,629
Reconciling items ¹	6,317	6,781
Interest sensitive contract liabilities	\$ 253,637	\$ 204,670

¹ Reconciling items primarily include embedded derivatives in indexed annuities, unaccrued host contract adjustments on indexed annuities, negative VOBA, sales inducement liabilities, and wholly ceded universal life insurance contracts.

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

<i>(In millions)</i>	December 31, 2024			
	At guaranteed minimum	1 basis point – 100 basis points above guaranteed minimum	Greater than 100 basis points above guaranteed minimum	Total
< 2.0%	\$ 26,818	\$ 14,141	\$ 134,121	\$ 175,080
2.0% – < 4.0%	24,356	1,529	2,067	27,952
4.0% – < 6.0%	37,626	58	1	37,685
6.0% and greater	6,603	—	—	6,603
Total	\$ 95,403	\$ 15,728	\$ 136,189	\$ 247,320

<i>(In millions)</i>	December 31, 2023			
	At guaranteed minimum	1 basis point – 100 basis points above guaranteed minimum	Greater than 100 basis points above guaranteed minimum	Total
< 2.0%	\$ 29,500	\$ 18,917	\$ 101,459	\$ 149,876
2.0% – < 4.0%	27,804	2,074	1,389	31,267
4.0% – < 6.0%	11,546	17	1	11,564
6.0% and greater	5,182	—	—	5,182
Total	\$ 74,032	\$ 21,008	\$ 102,849	\$ 197,889

[Table of Contents](#)

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

Future policy benefits – Future policy benefits consist primarily of payout annuities, including single premium immediate annuities with life contingencies (which include pension group annuities with life contingencies), and whole life insurance contracts.

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

	Year ended December 31, 2024		
	Payout annuities with life contingencies	Whole life	Total
<i>(In millions, except percentages and years)</i>			
Present value of expected net premiums			
Beginning balance	\$ —	\$ 1,182	\$ 1,182
Effect of changes in discount rate assumptions	—	(45)	(45)
Effect of foreign exchange on the change in discount rate assumptions	—	(2)	(2)
Beginning balance at original discount rate	—	1,135	1,135
Effect of actual to expected experience	—	(4)	(4)
Adjusted balance	—	1,131	1,131
Interest accrual	—	22	22
Net premium collected	—	(190)	(190)
Foreign exchange	—	(111)	(111)
Ending balance at original discount rate	—	852	852
Effect of changes in discount rate assumptions	—	30	30
Effect of foreign exchange on the change in discount rate assumptions	—	(2)	(2)
Ending balance, present value of expected net premiums	\$ —	\$ 880	\$ 880
Present value of expected future policy benefits			
Beginning balance	\$ 45,001	\$ 3,371	\$ 48,372
Effect of changes in discount rate assumptions	6,233	(89)	6,144
Effect of foreign exchange on the change in discount rate assumptions	1	(6)	(5)
Beginning balance at original discount rate	51,235	3,276	54,511
Effect of changes in cash flow assumptions	(104)	—	(104)
Effect of actual to expected experience	78	(4)	74
Adjusted balance	51,209	3,272	54,481
Issuances	1,115	—	1,115
Interest accrual	1,802	69	1,871
Benefit payments	(4,476)	(85)	(4,561)
Foreign exchange	(16)	(340)	(356)
Ending balance at original discount rate	49,634	2,916	52,550
Effect of changes in discount rate assumptions	(7,378)	(206)	(7,584)
Effect of foreign exchange on the change in discount rate assumptions	5	1	6
Ending balance, present value of expected future policy benefits	42,261	2,711	44,972
Less: Present value of expected net premiums	—	880	880
Net future policy benefits	\$ 42,261	\$ 1,831	\$ 44,092
Weighted-average liability duration <i>(in years)</i>	9.4	30.7	
Weighted-average interest accretion rate	3.7 %	4.8 %	
Weighted-average current discount rate	5.6 %	4.8 %	
Expected future gross premiums, undiscounted	\$ —	\$ 1,107	
Expected future gross premiums, discounted ¹	—	929	
Expected future benefit payments, undiscounted	72,793	10,618	

¹ Discounted at the original discount rate.

ATHENE ANNUITY RE LTD.
Notes to Consolidated Financial Statements

	Year ended December 31, 2023		
	Payout annuities with life contingencies	Whole life	Total
<i>(In millions, except percentages and years)</i>			
Present value of expected net premiums			
Beginning balance	\$ —	\$ —	\$ —
Issuances	—	3,091	3,091
Interest accrual	—	6	6
Net premium collected	—	(2,027)	(2,027)
Foreign exchange	—	65	65
Ending balance at original discount rate	—	1,135	1,135
Effect of changes in discount rate assumptions	—	45	45
Effect of foreign exchange on the change in discount rate assumptions	—	2	2
Ending balance, present value of expected net premiums	\$ —	\$ 1,182	\$ 1,182
Present value of expected future policy benefits			
Beginning balance	\$ 36,422	\$ —	\$ 36,422
Effect of changes in discount rate assumptions	8,425	—	8,425
Effect of foreign exchange on the change in discount rate assumptions	(13)	—	(13)
Beginning balance at original discount rate	44,834	—	44,834
Effect of changes in cash flow assumptions	(297)	—	(297)
Effect of actual to expected experience	(67)	—	(67)
Adjusted balance	44,470	—	44,470
Issuances	10,427	3,091	13,518
Interest accrual	1,646	18	1,664
Benefit payments	(3,834)	(18)	(3,852)
Foreign exchange	35	185	220
Other ¹	(1,509)	—	(1,509)
Ending balance at original discount rate	51,235	3,276	54,511
Effect of changes in discount rate assumptions	(6,233)	89	(6,144)
Effect of foreign exchange on the change in discount rate assumptions	(1)	6	5
Ending balance, present value of expected future policy benefits	45,001	3,371	48,372
Less: Present value of expected net premiums	—	1,182	1,182
Net future policy benefits	\$ 45,001	\$ 2,189	\$ 47,190
Weighted-average liability duration <i>(in years)</i>	9.5	33.5	
Weighted-average interest accretion rate	3.6 %	4.8 %	
Weighted-average current discount rate	5.1 %	4.1 %	
Expected future gross premiums, undiscounted	\$ —	\$ 1,497	
Expected future gross premiums, discounted ²	—	1,239	
Expected future benefit payments, undiscounted	75,261	11,344	

¹ Other includes a \$1,509 million reduction of reserves related to the VIAC recapture agreement. See Note 14 – Related Parties for further information.

² Discounted at the original discount rate.

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

<i>(In millions)</i>	December 31,	
	2024	2023
Payout annuities with life contingencies	\$ 42,261	\$ 45,001
Whole life	1,831	2,189
Reconciling items ¹	5,810	6,097
Future policy benefits	\$ 49,902	\$ 53,287

¹ Reconciling items primarily include the deferred profit liability and negative VOBA associated with our liabilities for future policy benefits. Additionally, it includes term life reserves, fully ceded whole life reserves, and reserves for our immaterial lines of business including accident and health and disability, as well as other insurance benefit reserves for our no-lapse guarantees with universal life contracts, all of which are fully ceded.

[Table of Contents](#)

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

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

<i>(In millions)</i>	Premiums	
	Years ended December 31,	
	2024	2023
Payout annuities with life contingencies	\$ 1,085	\$ 10,504
Whole life	204	2,214
Reconciling items ¹	29	31
Total premiums	\$ 1,318	\$ 12,749

<i>(In millions)</i>	Interest expense	
	Years ended December 31,	
	2024	2023
Payout annuities with life contingencies	\$ 1,802	\$ 1,646
Whole life	47	12
Total interest expense	\$ 1,849	\$ 1,658

¹ Reconciling items primarily relate to immaterial lines of business including term life, fully ceded whole life, and accident and health and disability.

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

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

During the year ended December 31, 2024, the present value of expected future policy benefits decreased by \$3,400 million, which was driven by \$4,561 million of benefit payments, a \$1,440 million change in discount rate assumptions due to an increase in rates, and a \$356 million change in foreign exchange, partially offset by \$1,871 million of interest accrual and \$1,115 million of issuances, primarily pension group annuities.

During the year ended December 31, 2023, the present value of expected future policy benefits increased by \$11,950 million, which was driven by \$13,518 million of issuances, primarily pension group annuities, a \$2,236 million change in discount rate assumptions related to a decrease in rates, and \$1,664 million of interest accrual, partially offset by \$3,852 million of benefit payments, a \$1,509 million reduction in reserve related to recapture, and \$297 million resulting from favorable unlocking of assumptions, primarily related to higher interest rates and favorable mortality experience lowering future benefit payments.

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

<i>(In millions)</i>	Years ended December 31,	
	2024	2023
	Reserves	\$ 25
Deferred profit liability	(48)	(246)
Negative VOBA	39	(65)
Total remeasurement gains (losses)	\$ 16	\$ 53

During the years ended December 31, 2024 and 2023, we recorded reserve increases of \$15 million and \$136 million, respectively, on the consolidated statements of income (loss) as a result of the present value of benefits and expenses exceeding the present value of gross premiums.

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

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

[Table of Contents](#)

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

	Year ended December 31, 2024		
	Traditional deferred annuities	Indexed annuities	Total
<i>(In millions, except years)</i>			
Balance at December 31, 2023	\$ 192	\$ 3,181	\$ 3,373
Effect of changes in instrument-specific credit risk	2	(10)	(8)
Balance, beginning of period, before changes in instrument-specific credit risk	194	3,171	3,365
Issuances	—	295	295
Interest accrual	10	191	201
Attributed fees collected	2	358	360
Benefit payments	(4)	(52)	(56)
Effect of changes in interest rates	(18)	(640)	(658)
Effect of changes in equity	—	(94)	(94)
Effect of actual policyholder behavior compared to expected behavior	6	73	79
Effect of changes in future expected policyholder behavior	(3)	88	85
Effect of changes in other future expected assumptions	—	(19)	(19)
Balance, end of period, before changes in instrument-specific credit risk	187	3,371	3,558
Effect of changes in instrument-specific credit risk	3	154	157
Balance at December 31, 2024	190	3,525	3,715
Less: Reinsurance recoverable	—	37	37
Balance at December 31, 2024, net of reinsurance	<u>\$ 190</u>	<u>\$ 3,488</u>	<u>\$ 3,678</u>
Net amount at risk	\$ 425	\$ 15,441	
Weighted-average attained age of contract holders <i>(in years)</i>	76	69	

	Year ended December 31, 2023		
	Traditional deferred annuities	Indexed annuities	Total
<i>(In millions, except years)</i>			
Balance at December 31, 2022	\$ 170	\$ 2,319	\$ 2,489
Effect of changes in instrument-specific credit risk	13	353	366
Balance, beginning of period, before changes in instrument-specific credit risk	183	2,672	2,855
Issuances	—	106	106
Interest accrual	10	147	157
Attributed fees collected	2	336	338
Benefit payments	(2)	(32)	(34)
Effect of changes in interest rates	(1)	(90)	(91)
Effect of changes in equity	—	(119)	(119)
Effect of actual policyholder behavior compared to expected behavior	5	67	72
Effect of changes in future expected policyholder behavior	(3)	78	75
Effect of changes in other future expected assumptions	—	6	6
Balance, end of period, before changes in instrument-specific credit risk	194	3,171	3,365
Effect of changes in instrument-specific credit risk	(2)	10	8
Balance at December 31, 2023	<u>\$ 192</u>	<u>\$ 3,181</u>	<u>\$ 3,373</u>
Net amount at risk	\$ 425	\$ 14,716	
Weighted-average attained age of contract holders <i>(in years)</i>	75	69	

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

[Table of Contents](#)

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

	December 31, 2024		
	Asset	Liability	Net liability
<i>(In millions)</i>			
Traditional deferred annuities	\$ —	\$ 190	\$ 190
Indexed annuities	313	3,838	3,525
Total	\$ 313	\$ 4,028	\$ 3,715

	December 31, 2023		
	Asset	Liability	Net liability
<i>(In millions)</i>			
Traditional deferred annuities	\$ —	\$ 192	\$ 192
Indexed annuities	378	3,559	3,181
Total	\$ 378	\$ 3,751	\$ 3,373

During the year ended December 31, 2024, net market risk benefit liabilities increased by \$342 million, which was primarily driven by \$360 million in fees collected from policyholders, issuances of \$295 million, \$201 million of interest accrual, and a \$149 million change in instrument-specific credit risk related to tightening of credit spreads, partially offset by a decrease of \$658 million related to changes in the risk-free discount rate across the curve.

During the year ended December 31, 2023, net market risk benefit liabilities increased by \$884 million, which was primarily driven by \$338 million in fees collected from policyholders, a \$374 million change in instrument-specific credit risk related to tightening of credit spreads, \$157 million of interest accrual, and issuances of \$106 million, partially offset by \$119 million of changes related to equity market performance and a decrease of \$91 million related to changes in the risk-free discount rate across the curve.

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

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

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

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

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

The following summarizes the unobservable inputs for market risk benefits:

December 31, 2024							
<i>(In millions, except for percentages)</i>	Fair value	Valuation technique	Unobservable inputs	Minimum	Maximum	Weighted average	Impact of an increase in the input on fair value
Market risk benefits, net	\$ 3,715	Discounted cash flow	Nonperformance risk	0.4 %	1.1 %	1.0 % ¹	Decrease
			Option budget	0.5 %	6.0 %	2.3 % ²	Decrease
			Surrender rate	3.3 %	7.2 %	4.6 % ²	Decrease
			Utilization rate	28.6 %	95.0 %	84.9 % ³	Increase
December 31, 2023							
<i>(In millions, except for percentages)</i>	Fair value	Valuation technique	Unobservable inputs	Minimum	Maximum	Weighted average	Impact of an increase in the input on fair value
Market risk benefits, net	\$ 3,373	Discounted cash flow	Nonperformance risk	0.4 %	1.4 %	1.2 % ¹	Decrease
			Option budget	0.5 %	6.0 %	1.9 % ²	Decrease
			Surrender rate	3.2 %	6.4 %	4.5 % ²	Decrease
			Utilization rate	28.6 %	95.0 %	83.6 % ³	Increase

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

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

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

9. Closed Block

We pay guaranteed benefits under all policies included in the Closed Blocks. In the event the performance of the Closed Blocks’ assets is insufficient to maintain dividend scales and interest credits, we may reduce the policyholder dividend scales. In the event dividends have been reduced to zero and the Closed Blocks’ assets remain insufficient to fund the Closed Blocks’ guaranteed benefits, we would use assets supporting open block policies or surplus to meet the contractual benefits of the Closed Blocks’ policyholders. The ILICO Closed Block has been ceded to Global Atlantic. Therefore, Global Atlantic would be required to provide funding for any asset insufficiency related to the ILICO Closed Block. Additionally, the AmerUs Closed Block has a letter of credit and tail risk reinsurance agreement in place that limits our exposure to potential asset insufficiency.

We elected the fair value option for the AmerUs Closed Block. The fair value of liabilities of the AmerUs Closed Block was derived at election as the sum of the fair value of the AmerUs Closed Block assets plus our cost of capital in the AmerUs Closed Block. The cost of capital was then determined to be the present value of the projected release of required capital and future after tax earnings on required capital supporting the AmerUs Closed Block, discounted at a rate which represents a market participant’s required rate of return, less the initial required capital. At each reporting period, we record the fair value of the AmerUs Closed Block by adjusting the change in liabilities, exclusive of the cost of capital, to equal the change in assets. We do not record additional policyholder dividend obligations, as there are no future US GAAP earnings available to the policyholders.

The excess of the fair value of the liabilities over the fair value of the assets represents our cost of capital in the AmerUs Closed Block. The maximum amount of future earnings from the assets and liabilities of the AmerUs Closed Block is represented by the reduction in the cost of capital in future years based on the operations of the AmerUs Closed Block and recalculation of the cost of capital each reporting period.

[Table of Contents](#)

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

Summarized financial information of the AmerUs Closed Block is presented below.

<i>(In millions)</i>	December 31,	
	2024	2023
Liabilities		
Future policy benefits	\$ 1,102	\$ 1,178
Other policy claims and benefits	21	12
Dividends payable to policyholders	68	70
Other liabilities	9	7
Total liabilities	1,200	1,267
Assets		
Trading securities	939	989
Mortgage loans	7	11
Policy loans	122	128
Total investments	1,068	1,128
Cash and cash equivalents	77	88
Accrued investment income	13	14
Reinsurance recoverable	18	12
Other assets	5	1
Total assets	1,181	1,243
Maximum future earnings to be recognized from AmerUs Closed Block	\$ 19	\$ 24

The following represents the contribution from and to AmerUs Closed Block.

<i>(In millions)</i>	Years ended December 31,	
	2024	2023
Revenues		
Premiums	\$ 26	\$ 29
Net investment income	67	68
Investment related gains (losses)	(44)	40
Total revenues	49	137
Benefits and expenses		
Future policy and other policy benefits	24	111
Dividends to policyholders	20	21
Total benefits and expenses	44	132
Contribution from AmerUs Closed Block before income taxes	5	5
Income tax expense	—	2
Contribution from AmerUs Closed Block, net of income taxes	\$ 5	\$ 3

10. Debt

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

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

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

Interest accrues on outstanding borrowings at either the adjusted term secured overnight financing rate plus a margin or the base rate plus a margin, with the applicable margin varying based on AHL's debt rating. Rates and terms are as defined in the Credit Facility. As of December 31, 2024 and 2023, we had no amounts outstanding under the credit facility and were in compliance with all financial covenants under the facility.

Liquidity Facility - On June 28, 2024, AHL and ALRe entered into a new revolving credit agreement with a syndicate of banks and Wells Fargo Bank, National Association, as administrative agent (Liquidity Facility), which replaced our previous revolving credit agreement dated as of June 30, 2023. The previous credit agreement, and the commitments under it, expired on June 28, 2024. The Liquidity Facility is unsecured and has a commitment termination date of June 27, 2025, subject to any extensions of additional 364-day periods with consent of extending lenders and/or "term-out" of outstanding loans (by which, at our election, the outstanding loans may be converted to term loans which shall have a maturity of up to one year after the original maturity date), in each case in accordance with the terms of the Liquidity Facility. In connection with the Liquidity Facility, ALRe guaranteed all of the obligations of AHL under the Liquidity Facility and the related loan documents. The Liquidity Facility will be used for liquidity and working capital needs to meet short-term cash flow and investment timing differences. The borrowing capacity under the Liquidity Facility is \$2.6 billion, subject to being increased up to \$3.1 billion in total on the terms described in the Liquidity Facility. The Liquidity Facility contains various standard covenants with which we must comply, including the following:

1. ALRe minimum consolidated net worth of no less than \$10.2 billion; and
2. Restrictions on our ability to incur liens, with certain exceptions.

Interest accrues on outstanding borrowings at either the adjusted term secured overnight financing rate plus a margin or the base rate plus a margin, with applicable margin varying based on ALRe's financial strength rating. Rates and terms are as defined in the Liquidity Facility.

As of December 31, 2024 and 2023, we had no amounts outstanding under the current or previous liquidity facilities and were in compliance with all financial covenants under the facilities.

11. Equity

Common Stock - We have one class of common shares, which represents 100% of the total voting power, and is beneficially owned by Athene USA Corporation (AUSA) effective December 31, 2018. We have an authorized share capital of \$250,000, comprised of 250,000 common shares of par value \$1.00 each, of which 250,000 have been issued to AUSA.

[Table of Contents](#)

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

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

<i>(In millions)</i>	Unrealized investment gains (losses) on AFS securities with a credit allowance	Unrealized investment gains (losses) on AFS securities without a credit allowance	Unrealized gains (losses) on hedging instruments	Remeasurement gain (loss) on future policy benefits related to discount rate	Remeasurement gain (loss) on market risk benefits related to credit risk	Foreign currency translation and other adjustments	Accumulated other comprehensive income (loss)
Balance at December 31, 2022	\$ (12,565)	\$ (334)	\$ 47	\$ 5,256	\$ 285	\$ (26)	\$ (7,337)
Other comprehensive income (loss) before reclassifications	5,067	51	(117)	(2,236)	(374)	42	2,433
Less: Reclassification adjustments for gains (losses) realized in net income ¹	(163)	(3)	82	—	—	—	(84)
Less: Income tax expense (benefit)	588	6	(51)	38	(78)	8	511
Less: Other comprehensive income (loss) attributable to noncontrolling interests, net of subsidiary issuance of equity interests and tax	749	3	(19)	(476)	(14)	9	252
Balance at December 31, 2023	(8,672)	(289)	(82)	3,458	3	(1)	(5,583)
Other comprehensive income (loss) before reclassifications	(1,354)	(5)	(8)	1,425	(149)	(47)	(138)
Less: Reclassification adjustments for gains (losses) realized in net income ¹	(223)	(15)	43	—	—	—	(195)
Less: Income tax expense (benefit)	(219)	3	(8)	287	(31)	(10)	22
Less: Other comprehensive income (loss) attributable to noncontrolling interests, net of subsidiary issuance of equity interests and tax	(413)	2	(5)	361	(12)	(3)	(70)
Balance at December 31, 2024	\$ (9,171)	\$ (284)	\$ (120)	\$ 4,235	\$ (103)	\$ (35)	\$ (5,478)

¹ Recognized in investment related gains (losses) on the consolidated statements of income (loss).

12. Income Taxes

Income tax expense (benefit) consists of the following:

<i>(In millions)</i>	Years ended December 31,	
	2024	2023
Current ¹	\$ 962	\$ 728
Deferred	(151)	(1,836)
Income tax expense (benefit)	\$ 811	\$ (1,108)

¹ For the years ended December 31, 2024 and 2023, current includes proportional amortization of \$56 million and \$49 million, respectively; tax credits of \$(332) million and \$(164) million, respectively; and transaction costs relating to low-income housing and transferable energy tax credits of \$238 million and \$103 million respectively.

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

<i>(In millions)</i>	Years ended December 31,	
	2024	2023
Bermuda	\$ 2,142	\$ 2,613
US	4,027	2,235
United Kingdom	(36)	37
Income before income taxes	\$ 6,133	\$ 4,885

[Table of Contents](#)

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

Our expected tax provision computed on pre-tax income is based upon the statutory US tax rate of 21%. A reconciliation of the difference between the expected tax provision at the US statutory tax rate and income tax expense (benefit) is as follows:

<i>(In millions, except for percentages)</i>	Years ended December 31,	
	2024	2023
Expected tax provision computed on pre-tax income (loss)	\$ 1,288	\$ 1,026
(Decrease) increase in income taxes resulting from:		
Deferred tax valuation allowance	23	25
Non-deductible expenses	4	4
Prior year true-up	(23)	(35)
Non-controlling interest	(241)	(245)
Stock compensation expense	(9)	(1)
Other	2	(105)
Bermuda tax	(195)	(1,764)
Tax Credits	(38)	(13)
Income tax expense (benefit)	\$ 811	\$ (1,108)
Effective tax rate	13 %	(23)%

On December 27, 2023, the Government of Bermuda enacted the Corporate Income Tax Act 2023 (Bermuda CIT). Commencing on January 1, 2025, the Bermuda CIT generally imposes a 15% corporate income tax on entities that are tax residents in Bermuda or have a Bermuda permanent establishment, without regard to any assurances that have been given pursuant to the Exempted Undertakings Tax Protection Act 1966. Our results as of December 31, 2024 include material deferred tax assets resulting from the passage of the Bermuda CIT, primarily related to an opening tax loss carryforward. We do not expect an increase in cash tax cost of the Bermuda CIT due to deferred tax assets in the Bermuda Constituent Entity Group that are available to mitigate cash tax impacts of the Bermuda CIT.

Total income taxes were as follows:

<i>(In millions)</i>	Years ended December 31,	
	2024	2023
Income tax expense	\$ 811	\$ (1,108)
Income tax expense (benefit) from OCI	22	511
Total income tax expense (benefit)	\$ 833	\$ (597)

Current income tax recoverable and deferred tax assets are included in other assets on the consolidated balance sheets, and current income tax payable and deferred tax liabilities are included in other liabilities on the consolidated balance sheets. Current and deferred income tax assets and liabilities were as follows:

<i>(In millions)</i>	December 31,	
	2024	2023
Current income tax recoverable	\$ 287	\$ —
Current income tax payable	199	14
Net current income tax recoverable (payable)	\$ 88	\$ (14)
Deferred tax assets	\$ 6,112	\$ 5,699
Deferred tax liabilities	282	11
Net deferred tax assets (liabilities)	\$ 5,830	\$ 5,688

[Table of Contents](#)

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

Deferred income tax assets and liabilities consisted of the following:

<i>(In millions)</i>	December 31,	
	2024	2023
Deferred tax assets		
Insurance liabilities	\$ 2,383	\$ 1,742
Net operating and capital loss carryforwards	143	249
Investments, including derivatives and unrealized losses on AFS	2,289	1,940
Investment in foreign subsidiaries	552	1,176
Bermuda tax	1,959	1,764
Other	4	185
Total deferred tax assets	7,330	7,056
Valuation allowance	(48)	(25)
Deferred tax assets, net of valuation allowance	7,282	7,031
Deferred tax liabilities		
Intangible assets	332	352
DAC, DSI and VOBA	1,120	954
Other	—	37
Total deferred tax liabilities	1,452	1,343
Net deferred tax assets (liabilities)	\$ 5,830	\$ 5,688

As of December 31, 2024, we have US federal net operating losses of \$465 million, which will begin to expire by 2043; UK net operating losses of \$180 million, which do not expire; and Bermuda tax loss carryforward, as of January 1, 2025 (the effective date), of \$7,797 million, which does not expire.

The valuation allowance consists of the following:

<i>(In millions)</i>	December 31,	
	2024	2023
US federal and state net operating losses and other deferred tax assets	\$ 3	\$ —
UK net operating losses and other deferred tax assets	45	25
Total valuation allowance	\$ 48	\$ 25

The primary jurisdictions in which we operate and incur income taxes are the US, UK and, beginning January 1, 2025, Bermuda. We have accumulated undistributed earnings generated by certain foreign subsidiaries, which we intend to indefinitely reinvest. As such, we have not recorded deferred taxes related to the accumulated undistributed earnings. We determined that estimating the unrecognized tax liability is not practicable.

The UK enacted legislation in July 2023 implementing certain provisions of the Organisation for Economic Cooperation and Development's "Pillar Two" global minimum tax initiative (Pillar Two) that will apply to multinational enterprises for accounting periods beginning on or after December 31, 2023. On February 22, 2024, the UK enacted certain amendments to its Pillar Two legislation which similarly took effect for accounting periods beginning on or after December 31, 2024. We are continuing to evaluate the potential impact on future periods of Pillar Two, pending legislative adoption by individual countries, as such legislative changes could result in changes to our effective tax rate. We evaluated the enacted legislation and concluded there was no material impact to the effective tax rate for the year ended December 31, 2024.

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

AARe files a consolidated US federal income tax return with certain of its US subsidiaries. The other US subsidiaries file standalone US federal income tax return. The company and its US Subsidiaries file income tax returns with various state governments. Certain of AARe's Bermuda subsidiaries file protective US federal income tax returns, Athene Co-Invest Reinsurance Affiliate 1B Ltd. (ACRA 1B), Athene Co-Invest Reinsurance Affiliate 2B Ltd. (ACRA 2B), and Athene Annuity Re II Ltd. (AARe II) file standalone US federal income tax returns. AARe and its subsidiaries are not subject to US federal income tax examinations for years prior to 2021. AARe and its subsidiaries are not currently under audit by the IRS or any state taxing authority.

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

13. Statutory Requirements

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

Bermuda statutory requirements - AARe, ALRe and Athene Co-Invest Reinsurance Affiliate 1A Ltd. (ACRA 1A) and Athene Co-Invest Reinsurance Affiliate 2A Ltd. (ACRA 2A) are each licensed by the Bermuda Monetary Authority (BMA) as insurers carrying on long-term business and are subject to the Insurance Act 1978, as amended (Bermuda Insurance Act) and regulations promulgated thereunder. The BMA implemented the Economic Balance Sheet (EBS) framework into the Bermuda Solvency Capital Requirement (BSCR), which was granted equivalence to the European Union’s Directive (2009/138/EC) (Solvency II). Amounts reported for Bermuda entities within these statutory disclosures exclude the impact of any deferred taxes on the EBS or statutory bases resulting from the enactment of Bermuda CIT.

Under the Bermuda Insurance Act, insurers carrying on long-term business are required to maintain minimum statutory capital and surplus to meet the minimum margin of solvency (MMS) and minimum economic statutory capital and surplus (EBS capital and surplus) to meet the Enhanced Capital Requirement (ECR). For Class C reinsurers, MMS is equal to the greater of \$500,000, 1.5% of the total statutory assets or 25% of ECR. For Class E reinsurers, MMS is equal to the greater of \$8 million, 2% of the first \$500 million of statutory assets plus 1.5% of statutory assets above \$500 million or 25% of ECR. For each class, the ECR is calculated based on a risk-based capital model where risk factor charges are applied to the EBS. The ECR is floored at the MMS. As of December 31, 2024, AARe, ALRe, ACRA 1A and ACRA 2A were in excess of the minimum levels required. For AARe, ALRe, ACRA 1A and ACRA 2A, the ECR is the binding regulatory constraint.

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

<i>(In millions)</i>	December 31, 2024			
	ALRe	AARe	ACRA 1A	ACRA 2A
Increase (decrease) to capital and surplus due to permitted practices	\$ 1	\$ 6,118	\$ 3,773	\$ 51
Increase (decrease) to statutory net income due to permitted practices	983	(2,693)	63	515

Under the Bermuda Insurance Act, AARe and its Bermuda reinsurance subsidiaries are prohibited from paying a dividend in an amount exceeding 25% of the prior year’s statutory capital and surplus, unless at least two members of the companies’ respective board of directors and its principal representative in Bermuda sign and submit to the BMA an affidavit attesting that a dividend in excess of this amount would not cause the company to fail to meet its relevant margins. In certain instances, AARe and its Bermuda reinsurance subsidiaries would also be required to provide prior notice to the BMA in advance of the payment of dividends. In the event that such an affidavit is submitted to the BMA, and further subject to meeting the MMS and ECR requirements, AARe and its Bermuda reinsurance subsidiaries are permitted to distribute up to the sum of 100% of statutory surplus and an amount less than 15% of statutory capital. Distributions in excess of this amount require the approval of the BMA.

US statutory requirements - Our primary regulated US subsidiaries and the corresponding insurance regulatory authorities are as follows:

Subsidiary	Regulatory Authority
AAIA	Iowa Insurance Division
AANY	New York Department of Financial Services
Athene Re USA IV	State of Vermont Department of Financial Regulation

On October 11, 2024, Athene Annuity & Life Assurance Company (AADE) merged with and into AAIA, with AAIA as the surviving entity following the receipt of all required regulatory approvals. Prior year amounts relating to AAIA below have been restated to reflect the effect of the merger.

Each entity’s statutory statements are presented on the basis of accounting practices determined by the respective regulatory authority. The regulatory authority recognizes only statutory accounting practices prescribed or permitted by the corresponding state for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under insurance law.

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

The maximum dividend these subsidiaries can pay to shareholders, without prior approval of the respective state insurance department, is subject to restrictions relating to statutory surplus or net gain from operations. The maximum dividend payment over a twelve-month period may not, without prior approval, be paid from a source other than earned surplus and may not exceed the greater of (1) the prior year’s net gain from operations or (2) 10% of prior year’s policyholders’ surplus. Based on these restrictions, the maximum dividend AAIA, and its predecessor by merger AADE, could pay to its parent absent regulatory approval was \$0 million as of each of December 31, 2024 and 2023. Any dividends from AHL’s other US statutory entities in excess of the amounts allowed for AAIA would not be able to be remitted to its parent without regulatory approval from the Iowa Insurance Division.

As of December 31, 2024, our US subsidiaries’ solvency, liquidity and risk-based capital amounts were significantly in excess of the minimum levels required.

In some instances, the states of domicile of our US subsidiaries have adopted prescribed accounting practices that differ from the required accounting outlined in NAIC Statutory Accounting Principles (SAP). These subsidiaries also have certain accounting practices permitted by the states of domicile that differ from those found in NAIC SAP. These prescribed and permitted practices are described as follows:

AAIA - Among the products issued by AAIA are indexed universal life insurance and fixed indexed annuities. These products allow a portion of the premium to earn interest based on certain indices, including the S&P 500 and other bespoke indices. We purchase call options, futures and variance swaps to hedge the growth in interest credited to the customer as a direct result of increases in the related index. The Iowa Insurance Division allows an insurer to elect (1) to use an amortized cost method to account for certain derivative instruments, such as call options, purchased to hedge the growth in interest credited to the customer on indexed insurance products and (2) to use an indexed annuity reserve calculation methodology under which call options associated with the current index interest crediting term are valued at zero. AAIA has elected to apply this option to its over-the-counter call options and reserve liabilities. As a result, AAIA’s statutory surplus increased by \$38 million and increased by \$2 million as of December 31, 2024 and 2023, respectively.

Athene Re USA IV - AAIA has ceded the AmerUs Closed Block to Athene Re USA IV on a 100% funds withheld basis. A permitted practice in the State of Vermont allows Athene Re USA IV to include as admitted assets the face amount of all issued and outstanding letters of credit used to fund its reinsurance obligations to AAIA in its statutory financial statements. If Athene Re USA IV had not followed this permitted practice, then it would not have exceeded authorized control level risk based capital requirements. As of December 31, 2024 and 2023, Athene Re USA IV included as admitted assets \$86 million and \$96 million, respectively, related to the outstanding letters of credit.

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

<i>(In millions)</i>	Statutory capital & surplus		Statutory net income (loss)	
	December 31, 2024	December 31, 2023	Year ended December 31, 2024	Year ended December 31, 2023
	ALRe	\$ 17,623	\$ 14,474	\$ 3,140
AARe	21,049	17,773	2,910	408
ACRA 1A	4,521	5,092	841	297
ACRA 2A	4,569	1,952	877	(759)
AAIA	3,899	3,306	949	(79)
AANY	318	290	25	(3)

14. Related Parties

Unsecured Revolving Notes Receivable - AARe and its wholly owned subsidiaries have unsecured revolving notes agreements with AHL and AUSA.

The unsecured revolving note receivable from AHL to ALRe has a borrowing capacity of \$4 billion. As of December 31, 2024 and 2023, the unsecured note receivable had an outstanding balance of \$1,562 million and \$486 million, respectively. Interest accrues at a fixed rate of 2.29% per year and has a maturity date of the earlier of December 15, 2028 and the demand repayment date.

The unsecured revolving note receivable from AUSA to ALRe has a borrowing capacity of \$4 billion. As of December 31, 2024 and 2023, the revolving note receivable had an outstanding balance of \$1,000 million and \$760 million, respectively. On May 15, 2023, the interest rate accrual was amended from US short-term to US medium-term applicable federal rate per year and the maturity date was amended from May 15, 2023 to the earlier of May 15, 2028 and the demand repayment date.

The unsecured revolving note receivable from AUSA to AARe has a borrowing capacity of \$1 billion. As of December 31, 2024 and 2023, the revolving note receivable had no outstanding balance. On July 1, 2023, the interest rate was amended from US short-term to US medium-term applicable federal rate per year and the maturity date was amended from July 1, 2024 to the earlier of July 1, 2028 and the demand repayment date.

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

Unsecured Revolving Note Payable - In addition to the unsecured revolving notes receivable described above, AARe and its wholly owned subsidiaries have unsecured revolving notes agreements with AHL and AUSA.

The unsecured revolving note payable to AHL permits ALRe to borrow up to \$4 billion, with interest accrues at a fixed rate of 2.29% per year and has a maturity date of the earlier of December 15, 2028 and the demand repayment date. As of December 31, 2024 and 2023, the revolving note payable had no outstanding balance.

The unsecured revolving note payable to AUSA permits AARe to borrow up to \$1 billion. As of December 31, 2024 and 2023, the revolving note payable had an outstanding balance of \$568.8 million and \$648.8 million, respectively. On July 1, 2023, the interest rate was amended from the US short-term applicable federal rate to US medium-term applicable federal rate per year and the maturity date was amended from July 1, 2024 to the earlier of July 1, 2028 and the demand repayment date.

The unsecured revolving note payable to AUSA permitted AADE to borrow up to \$200 million, with interest accrued at a fixed rate of 2.085% per year and had a maturity date of the earlier of May 1, 2026 and the demand repayment date. As of December 31, 2023, the revolving note payable had no outstanding balance. The revolving note payable was terminated as of October 1, 2024.

The unsecured revolving note payable to AHL permits ALReI to borrow up to \$100 million, with interest accrues at a US medium-term applicable federal rate per year. On July 1, 2023, the maturity date was amended from December 5, 2024 to the earlier of July 1, 2028 and the demand repayment date. As of December 31, 2024 and 2023, the revolving note payable had no outstanding balance.

The unsecured revolving note payable to AUSA permits AAIA to borrow up to \$200 million, with interest accrues at a fixed rate of 2.085%. and has a maturity date of the earlier of May 1, 2026 and the demand repayment date. As of December 31, 2024 and 2023, the revolving note payable had no outstanding balance.

Apollo

Fee structure - Substantially all of our investments are managed by Apollo. Apollo provides us with a full suite of services for our investment portfolio, including direct investment management, asset allocation, mergers and acquisitions asset diligence, and certain operational support services including investment compliance, tax, legal and risk management support.

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

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

During the years ended December 31, 2024 and 2023 we incurred management fees, inclusive of the base, sub-allocation fees, of \$1,126 million and \$886 million, respectively. Management fees are included within net investment income on the consolidated statements of income (loss). As of December 31, 2024 and 2023, management fees payable were \$76 million and \$91 million, respectively, and are included in other liabilities on the consolidated balance sheets. Such amounts include fees incurred attributable to Athene Co-Invest Reinsurance Affiliate Holding Ltd. (together with its subsidiaries, ACRA 1) and Athene Co-Invest Reinsurance Affiliate Holding 2 Ltd. (together with its subsidiaries, ACRA 2) including any noncontrolling interests associated with ACRA 1 and ACRA 2 (collectively, ACRA).

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

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

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

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

Other related party transactions

Apollo Aligned Alternatives Aggregator, L.P. (AAA) - We consolidate AAA as a VIE and AAA holds the majority of our alternative investment portfolio. Apollo established AAA to provide a single vehicle through which investors may participate in a portfolio of alternative investments, including those managed by Apollo. Additionally, we believe AAA enhances Apollo’s ability to increase alternative assets under management (AUM) by raising capital from third parties, which allows us to achieve greater scale and diversification for alternatives. During the third quarter of 2024, AAA underwent a restructuring which resulted in a change in consolidation that reduced our noncontrolling interests by \$1,107 million and does not represent a withdrawal from AAA.

Athora Holding Ltd. (Athora) – We have a cooperation agreement with Athora, pursuant to which, among other things, (1) for a period of 30 days from the receipt of notice of a cession, we have the right of first refusal to reinsure (i) up to 50% of the liabilities ceded from Athora’s reinsurance subsidiaries to Athora Life Re Ltd. and (ii) up to 20% of the liabilities ceded from a third party to any of Athora’s insurance subsidiaries, subject to a limitation in the aggregate of 20% of Athora’s liabilities, (2) Athora agreed to cause its insurance subsidiaries to consider the purchase of certain funding agreements and/or other spread instruments issued by our insurance subsidiaries, subject to a limitation that the fair market value of such funding agreements purchased by any of Athora’s insurance subsidiaries may generally not exceed 3% of the fair market value of such subsidiary’s total assets, and (3) we provide Athora with a right of first refusal to pursue acquisition and reinsurance transactions in Europe (other than the UK). Notwithstanding the foregoing, pursuant to the cooperation agreement, Athora is only required to use its reasonable best efforts to cause its subsidiaries to adhere to the provisions set forth in the cooperation agreement and therefore Athora’s ability to cause its subsidiaries to act pursuant to the cooperation agreement may be limited by, among other things, legal prohibitions or the inability to obtain the approval of the board of directors or other applicable governing body of the applicable subsidiary, which approval is solely at the discretion of such governing body. As of December 31, 2024, we have not exercised our right of first refusal to reinsure liabilities ceded to Athora’s insurance or reinsurance subsidiaries.

We have investments in Athora's corporate debt securities. The following table summarizes our investments in Athora:

	December 31,	
	2024	2023
<i>(In millions)</i>		
Corporate debt securities	43	—
Total investment in Athora	43	—

Atlas - We have an equity investment in Atlas, an asset-backed specialty lender, through our investment in AAA. As of December 31, 2024 and 2023, we held \$3,245 million and \$1,008 million, respectively, of related party AFS securities issued by Atlas. Additionally, we held \$724 million and \$921 million of reverse repurchase agreements issued by Atlas as of December 31, 2024 and 2023, respectively, which are held as related party short-term investments on the consolidated balance sheets. As of December 31, 2024, we have commitments to make additional investments in Atlas of \$2,977 million. See *Note 15 – Commitments and Contingencies* for further information on assurance letters issued in support of Atlas.

Catalina – We have an investment in Apollo Rose II (B) (Apollo Rose). Apollo Rose holds common and preferred equity interests in Catalina. During the third quarter of 2024, we distributed \$141 million of our investment in Apollo Rose representing Catalina common equity interests to AGM as a dividend. This distribution resulted in our deconsolidation of Apollo Rose as a VIE. As of December 31, 2024, we held \$205 million of redeemable preferred equity securities issued by Apollo Rose, which are held as related party AFS securities on the consolidated balance sheets.

We have a strategic modco reinsurance agreement with Catalina to cede certain inforce funding agreements. We elected the fair value option on this agreement and had a liability of \$221 million and \$330 million as of December 31, 2024 and 2023, respectively, which is included in other liabilities on the consolidated balance sheets. During the first quarter of 2024, we also entered into a modco reinsurance agreement with Catalina to cede a quota share of retail deferred annuity products. As of December 31, 2024, we had a reinsurance recoverable balance of \$4,309 million related to this agreement.

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

MidCap Finco Designated Activity Company (MidCap Financial) – We have various investments in MidCap Financial including an investment through AAA, senior unsecured notes and redeemable preferred stock. We also hold structured securities issued by MidCap Financial affiliates. As of December 31, 2024 and 2023, we held securities issued by MidCap Financial and its affiliates of \$1,938 million and \$1,844 million, respectively, which are included in related party AFS securities on the consolidated balance sheets.

Skyline Aviation Holdings, L.P. (together with its subsidiaries, Skyline) - We have investments in Skyline, a leading aviation finance group focused on aviation lending and leasing, both directly through notes issued by PK AirFinance, a subsidiary of Skyline, and indirectly through AAA. We had direct investments in Skyline notes of \$1,616 million and \$1,617 million as of December 31, 2024 and 2023, respectively, which are included in related party AFS securities on the consolidated balance sheets. We also have commitments to make additional investments in Skyline of \$40 million as of December 31, 2024.

Strategic Partnership - We have an agreement pursuant to which we may invest up to \$2.875 billion in funds managed by Apollo entities (Strategic Partnership). This arrangement is intended to permit us to invest across the Apollo alternatives platform into credit-oriented, strategic and other alternative investments in a manner and size that is consistent with our existing investment strategy. Fees for such investments payable by us to Apollo would be more favorable to us than market rates, and consistent with our existing alternative investments, investments made under the Strategic Partnership require approval of ISG and remain subject to our existing governance processes, including approval by our conflicts committee where applicable. As of December 31, 2024 and 2023, we had \$1,994 million and \$1,697 million, respectively, of investments under the Strategic Partnership and these investments are typically included as investments of consolidated VIEs or related party investment funds on the consolidated balance sheets.

Venerable - VA Capital Company LLC (VA Capital) is owned by a consortium of investors, led by affiliates of Apollo, Crestview Partners III Management, LLC and Reverence Capital Partners L.P., and is the parent of Venerable Holdings, Inc. (together with its subsidiaries, Venerable). We have a minority equity investment in VA Capital, which was \$178 million and \$181 million as of December 31, 2024 and 2023, respectively, and is included in related party investment funds on the consolidated balance sheets and accounted for as an equity method investment. Additionally, during the year ended December 31, 2024, we purchased an interest in AP Violet ATH Holdings, LP from Athora. We consolidated AP Violet ATH Holdings, L.P. as of December 31, 2024 and its investment fund of \$106 million primarily represents an interest in VA Capital.

We also have coinsurance and modco agreements with VIAC, which is a subsidiary of Venerable. VIAC is a related party due to our investment in VA Capital. Effective July 1, 2023, VIAC recaptured \$2.7 billion of reserves, which represents a portion of their business that was subject to those coinsurance and modco agreements. We recognized a gain of \$555 million, which is included in other revenues on the consolidated statements of income (loss), in the third quarter of 2023 as a result of the settlement of the recapture agreement. As a result of our intent to transfer the assets supporting this business to VIAC in connection with the recapture, we were required by US GAAP to recognize the unrealized losses on these assets of \$104 million as intent-to-sell impairments in the second quarter of 2023.

We also have term loans receivable from Venerable due in 2033, which are included in related party other investments on the consolidated balance sheets. The loans are held at fair value and were \$331 million and \$343 million as of December 31, 2024 and 2023, respectively. While management views the overall transactions with Venerable as favorable to us, the stated interest rate of 6.257% on the initial term loan to Venerable represented a below-market interest rate, and management considered such rate as part of its evaluation and pricing of the reinsurance transactions.

Wheels - We invest in Wheels indirectly through our investment in AAA. We also own securities issued by Wheels of \$984 million and \$981 million as of December 31, 2024 and 2023, respectively, which are included in related party AFS securities on the consolidated balance sheets. We also have commitments to make additional investments in Wheels of \$100 million as of December 31, 2024.

ACRA and Apollo/Athene Dedicated Investment Programs I and II (collectively, ADIP) - ACRA 1 is partially owned by Apollo/Athene Dedicated Investment Program (ADIP I), a series of funds managed by Apollo. ALRe currently directly holds 37% of the economic interests in ACRA 1 and all of ACRA 1’s voting interests, with ADIP I holding the remaining 63% of the economic interests. ACRA 2 is partially owned by Apollo/Athene Dedicated Investment Program II (ADIP II), a fund managed by Apollo. ADIP II owns 63% of the economic interests in ACRA 2, with ALRe directly owning the remaining 37% of the economic interests. ALRe holds all of ACRA 2’s voting interests.

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

<i>(In millions)</i>	Years ended December 31,	
	2024	2023
Contributions from ADIP	\$ 954	\$ 996
Distributions to ADIP	(920)	(539)

Additionally, as of December 31, 2024 and 2023, we had \$289 million and \$213 million, respectively, of related party payables for contingent investment fees payable by ACRA to Apollo. ACRA is obligated to pay the contingent investment fees on behalf of ADIP and, as such, the balance is attributable to the noncontrolling interests.

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

As of December 31, 2024, we held investments in ADIP of \$175 million, which are accounted for as equity method investments and included in related party investment funds on the consolidated balance sheets. As of December 31, 2024, we also have commitments to make additional investments in ADIP of \$201 million.

15. Commitments and Contingencies

Contingent Commitments— We had commitments to make investments, inclusive of related party commitments discussed previously and those of consolidated VIEs, of \$21.7 billion as of December 31, 2024. These commitments primarily include capital contributions to investment funds and mortgage loan commitments. We expect most of our current commitments will be invested over the next five years; however, these commitments could become due any time upon counterparty request.

Funding Agreements— We are a member of the Federal Home Loan Bank of Des Moines (FHLB) and, through membership, we have issued funding agreements to the FHLB in exchange for cash advances. As of December 31, 2024 and 2023 we had \$15.6 billion and \$6.5 billion, respectively, of FHLB funding agreements outstanding. We are required to provide collateral in excess of the funding agreement amounts outstanding, considering any discounts to the securities posted and prepayment penalties.

We have a funding agreement backed notes (FABN) program, which allows Athene Global Funding, a special-purpose, unaffiliated statutory trust, to offer its senior secured medium-term notes. Athene Global Funding uses the net proceeds from each sale to purchase one or more funding agreements from us. As of December 31, 2024 and 2023, we had \$24.1 billion and \$19.9 billion, respectively, of FABN funding agreements outstanding. We had \$10.2 billion of board-authorized FABN capacity remaining as of December 31, 2024.

We also issue secured and other funding agreements. Secured funding agreements involve special-purpose, unaffiliated entities entering into repurchase agreements with a third party, the proceeds of which are used by the special purpose entities to purchase funding agreements from us. As of December 31, 2024 and 2023, we had \$14.8 billion and \$6.0 billion, respectively, of secured and other funding agreements outstanding.

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

<i>(In millions)</i>	December 31,	
	2024	2023
AFS securities	\$ 46,337	\$ 32,458
Trading securities	1,665	139
Equity securities	286	80
Mortgage loans	27,883	14,257
Investment funds	777	409
Derivative assets	91	73
Short-term investments	779	153
Other investments	730	313
Restricted cash	943	1,761
Total restricted assets	\$ 79,491	\$ 49,643

The restricted assets are primarily related to reinsurance trusts established in accordance with coinsurance agreements and the FHLB and secured funding agreements described above.

Letters of Credit— We have undrawn letters of credit totaling \$1,300 million as of December 31, 2024. These letters of credit were issued for our reinsurance program and have expirations through May 22, 2028.

Assurance Letter—In connection with our, Apollo and Credit Suisse AG’s (CS) previously announced transaction, Atlas acquired certain assets of the CS Securitized Products Group and agreed to pay CS \$3.3 billion, of which \$0.4 billion is deferred until February 8, 2026, and \$2.9 billion is deferred until February 8, 2028. In March 2024, in connection with Atlas concluding its investment management agreement with CS, the deferred purchase obligation amount was reduced to \$2.5 billion. In addition, certain strategic investors have made equity commitments to Atlas which therefore obligates these investors for a portion of the deferred purchase obligation. This deferred purchase price is an obligation first of Atlas, and (as a result of additional guarantees provided by AAA, Apollo Asset Management, Inc. (AAM) and AHL) second of AAA, third of AAM, fourth of AHL and fifth of AARE. AARE and AAM each issued an assurance letter to CS to guarantee the full amount. Our guarantees are not probable of payment; therefore, no liabilities have been recorded for the guarantees on the consolidated financial statements.

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

Guaranty Association Assessments— Guaranty associations may subject member insurers, including us, to assessments that require the insurers to pay funds to cover contractual obligations under insurance policies issued by insurance companies that become impaired or insolvent. The assessments are based on an insurer’s proportionate share of premiums written in that state during a specified one-year or three-year period for lines of business in which the impaired or insolvent insurer engaged, subject to prescribed limits. On December 30, 2022, the North Carolina Wake County Superior Court entered an Order of Liquidation (Liquidation Order) against Bankers Life Insurance Company (BLIC) and Colorado Bankers Life Insurance Company (CBLIC), which was affirmed by the North Carolina Court of Appeals on March 5, 2024. On April 9, 2024, GBIG Holdings, LLC (GBIG), the sole shareholder of BLIC and CBLIC, filed a Petition for Discretionary Review requesting the North Carolina Supreme Court review the decision by the North Carolina Court of Appeals to affirm the Liquidation Order. On July 11, 2024, GBIG filed a Motion to Withdraw its Petition for Discretionary Review. We are not a party to this litigation. The North Carolina Supreme Court granted the Motion to Withdraw on August 23, 2024, which made the Liquidation Order effective on November 30, 2024. Guaranty associations began levying assessments and we expect those assessments to continue for the foreseeable future. During the year ended December 31, 2024, we recorded guaranty association expenses related to the BLIC and CBLIC insolvencies of \$152 million, which is net of \$11 million that we expect to recover through future premium tax credits. As of December 31, 2024, our consolidated balance sheets included a liability of \$18 million based on our current best estimate of assessments we expect to receive related to these insolvencies. The actual amount of assessments levied against us in connection with the BLIC and CBLIC insolvencies may vary from this estimate.

16. Subsequent Events

The Company has evaluated the impact of subsequent events through April 25, 2025, the date at which the financial statements were available to be issued.

ATHENE ANNUITY RE LTD.

Notes to Consolidated Financial Statements

Supplemental Information (Unaudited)

Schedule 1

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

Adjusted Common Shareholders’ Equity Non-GAAP Reconciliation

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

The reconciliation of total AARE common shareholder’s equity to total adjusted AARE common shareholder’s equity is as follows:

<i>(In millions)</i>	Years ended December 31,	
	2024	2023
Total AARE common shareholder’s equity	\$ 21,849	\$ 16,608
Less: Accumulated other comprehensive income/(loss)	(5,478)	(5,583)
Less: Accumulated change in fair value of reinsurance assets, net of tax	(2,976)	(3,329)
Less: Accumulated change in fair value of mortgage loan assets, net of tax	(2,085)	(2,515)
Less: Accumulated tax impact on change in Financial Instruments held at fair value	\$ 41	\$ 82
Total adjusted AARE common shareholders’s equity	\$ 32,347	\$ 27,953