

QUARTERLY STATEMENT

OF THE

Athene Annuity and Life Company

TO THE

Insurance Department

OF THE

STATE OF

**FOR THE QUARTER ENDED
SEPTEMBER 30, 2022**

☐ **LIFE, ACCIDENT AND HEALTH**

☐ **FRATERNAL BENEFIT SOCIETIES**

2022

STATEMENT AS OF SEPTEMBER 30, 2022 OF THE Athene Annuity and Life Company

ASSETS

	Current Statement Date			4 December 31 Prior Year Net Admitted Assets
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets (Cols. 1 - 2)	
1. Bonds	51,627,423,808		51,627,423,808	47,312,106,902
2. Stocks:				
2.1 Preferred stocks	410,833,200		410,833,200	284,442,236
2.2 Common stocks	611,825,575		611,825,575	597,816,934
3. Mortgage loans on real estate:				
3.1 First liens	18,426,193,849		18,426,193,849	12,384,264,080
3.2 Other than first liens.....	1,252,909,407		1,252,909,407	1,587,365,315
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)				
4.2 Properties held for the production of income (less \$ encumbrances)	9,388,542		9,388,542	9,388,542
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$4,685,341,417), cash equivalents (\$99,877) and short-term investments (\$601,785,493)	5,287,226,787		5,287,226,787	4,990,271,715
6. Contract loans (including \$ premium notes)	158,937,260	730,929	158,206,331	129,483,311
7. Derivatives	2,604,857,221		2,604,857,221	1,256,947,383
8. Other invested assets	7,609,455,382	621,418	7,608,833,963	4,495,295,409
9. Receivables for securities	216,987,358		216,987,358	171,703,103
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets	801,708,314		801,708,314	8,907,540
12. Subtotals, cash and invested assets (Lines 1 to 11)	89,017,746,702	1,352,347	89,016,394,355	73,227,992,469
13. Title plants less \$ charged off (for Title insurers only)				
14. Investment income due and accrued	571,166,032	3,501,740	567,664,292	462,304,513
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection				
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums)	6,254,111		6,254,111	6,531,967
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	206,937,689		206,937,689	205,427,382
16.2 Funds held by or deposited with reinsured companies				
16.3 Other amounts receivable under reinsurance contracts	5,681,802,090	612,025	5,681,190,065	1,684,357,827
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon	91,268,163		91,268,163	
18.2 Net deferred tax asset	315,582,709	230,260,794	85,321,915	76,712,397
19. Guaranty funds receivable or on deposit	658,553		658,553	658,553
20. Electronic data processing equipment and software				
21. Furniture and equipment, including health care delivery assets (\$)				
22. Net adjustment in assets and liabilities due to foreign exchange rates				
23. Receivables from parent, subsidiaries and affiliates	427,251,040		427,251,040	193,480,834
24. Health care (\$) and other amounts receivable	15,721,371	9,053,051	6,668,320	22,375,284
25. Aggregate write-ins for other than invested assets	343,207,044	18,475,813	324,731,231	378,713,210
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	96,677,595,504	263,255,770	96,414,339,734	76,258,554,436
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	39,893,832,245		39,893,832,245	30,036,769,045
28. Total (Lines 26 and 27)	136,571,427,749	263,255,770	136,308,171,979	106,295,323,481
DETAILS OF WRITE-INS				
1101. Derivative Collateral Asset	801,708,314		801,708,314	8,907,540
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page				
1199. Totals (Lines 1101 through 1103 plus 1198)(Line 11 above)	801,708,314		801,708,314	8,907,540
2501. Corporate Owned Life Insurance (COLI)	324,731,231		324,731,231	378,713,210
2502. Miscellaneous Assets	18,475,813	18,475,813		
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	343,207,044	18,475,813	324,731,231	378,713,210

STATEMENT AS OF SEPTEMBER 30, 2022 OF THE Athene Annuity and Life Company

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts \$56,934,212,601 less \$ included in Line 6.3 (including \$45,890,269,117 Modco Reserve)	56,934,212,601	47,441,976,603
2. Aggregate reserve for accident and health contracts (including \$995,233 Modco Reserve)	2,266,568	2,398,147
3. Liability for deposit-type contracts (including \$17,210,181,313 Modco Reserve)	17,289,280,965	12,744,714,746
4. Contract claims:		
4.1 Life	336,484,707	230,675,427
4.2 Accident and health	5,263	7,434
5. Policyholders' dividends/refunds to members \$ and coupons \$ due and unpaid		
6. Provision for policyholders' dividends, refunds to members and coupons payable in following calendar year - estimated amounts:		
6.1 Policyholders' dividends and refunds to members apportioned for payment (including \$ Modco)		
6.2 Policyholders' dividends and refunds to members not yet apportioned (including \$ Modco)		
6.3 Coupons and similar benefits (including \$ Modco)		
7. Amount provisionally held for deferred dividend policies not included in Line 6		
8. Premiums and annuity considerations for life and accident and health contracts received in advance less \$ discount; including \$ accident and health premiums		
9. Contract liabilities not included elsewhere:		
9.1 Surrender values on canceled contracts		
9.2 Provision for experience rating refunds, including the liability of \$ accident and health experience rating refunds of which \$ is for medical loss ratio rebate per the Public Health Service Act		
9.3 Other amounts payable on reinsurance, including \$19,346,894 assumed and \$6,596,179,256 ceded	6,615,526,150	3,229,793,598
9.4 Interest Maintenance Reserve	192,800,800	194,149,421
10. Commissions to agents due or accrued-life and annuity contracts \$19,999,762 , accident and health \$ and deposit-type contract funds \$	19,999,762	14,410,868
11. Commissions and expense allowances payable on reinsurance assumed	2,357,491	
12. General expenses due or accrued	21,166,439	19,502,704
13. Transfers to Separate Accounts due or accrued (net) (including \$(429) accrued for expense allowances recognized in reserves, net of reinsured allowances)	3,418,198,209	2,415,584,012
14. Taxes, licenses and fees due or accrued, excluding federal income taxes	2,408,898	7,399,283
15.1 Current federal and foreign income taxes, including \$ on realized capital gains (losses)		101,980,537
15.2 Net deferred tax liability		
16. Unearned investment income	8,281,302	3,367,181
17. Amounts withheld or retained by reporting entity as agent or trustee	2,428,573	505,365
18. Amounts held for agents' account, including \$3,673,664 agents' credit balances	3,673,664	3,441,049
19. Remittances and items not allocated	1,203,210,581	146,469,795
20. Net adjustment in assets and liabilities due to foreign exchange rates		
21. Liability for benefits for employees and agents if not included above	105,357	116,199
22. Borrowed money \$ and interest thereon \$		
23. Dividends to stockholders declared and unpaid		
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve	1,103,811,460	1,313,954,239
24.02 Reinsurance in unauthorized and certified (\$) companies		
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$) reinsurers	1,263,610,054	1,294,044,178
24.04 Payable to parent, subsidiaries and affiliates	19,613,043	17,208,245
24.05 Drafts outstanding		
24.06 Liability for amounts held under uninsured plans		
24.07 Funds held under coinsurance		
24.08 Derivatives	1,176,596,960	268,646,333
24.09 Payable for securities	355,168,166	110,440,563
24.10 Payable for securities lending		
24.11 Capital notes \$ and interest thereon \$		
25. Aggregate write-ins for liabilities	5,073,415,849	6,275,547,200
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25)	95,044,622,864	75,836,333,129
27. From Separate Accounts Statement	39,035,798,146	29,180,138,653
28. Total liabilities (Lines 26 and 27)	134,080,421,010	105,016,471,782
29. Common capital stock	10,000,000	10,000,000
30. Preferred capital stock		
31. Aggregate write-ins for other than special surplus funds		
32. Surplus notes		
33. Gross paid in and contributed surplus	2,584,947,933	1,691,305,174
34. Aggregate write-ins for special surplus funds		
35. Unassigned funds (surplus)	(367,196,964)	(422,453,474)
36. Less treasury stock, at cost:		
36.1 shares common (value included in Line 29 \$)		
36.2 shares preferred (value included in Line 30 \$)		
37. Surplus (Total Lines 31+32+33+34+35-36) (including \$858,034,099 in Separate Accounts Statement)	2,217,750,969	1,268,851,700
38. Totals of Lines 29, 30 and 37	2,227,750,969	1,278,851,700
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3)	136,308,171,979	106,295,323,481
DETAILS OF WRITE-INS		
2501. Repurchase Agreement Liability	2,816,199,100	2,608,679,474
2502. Derivative and Other Collateral Liability	1,923,912,191	3,226,404,126
2503. Amount Due Reinsurer	160,442,506	121,417,785
2598. Summary of remaining write-ins for Line 25 from overflow page	172,862,052	319,045,816
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	5,073,415,849	6,275,547,200
3101.		
3102.		
3103.		
3198. Summary of remaining write-ins for Line 31 from overflow page		
3199. Totals (Lines 3101 through 3103 plus 3198)(Line 31 above)		
3401.		
3402.		
3403.		
3498. Summary of remaining write-ins for Line 34 from overflow page		
3499. Totals (Lines 3401 through 3403 plus 3498)(Line 34 above)		

STATEMENT AS OF SEPTEMBER 30, 2022 OF THE Athene Annuity and Life Company

SUMMARY OF OPERATIONS

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
1. Premiums and annuity considerations for life and accident and health contracts	4,230,867,671	2,789,561,967	3,650,964,224
2. Considerations for supplementary contracts with life contingencies	8,198,065	1,040,702	1,110,860
3. Net investment income	2,163,658,538	3,189,423,173	4,203,228,198
4. Amortization of Interest Maintenance Reserve (IMR)	18,901,029	7,970,054	10,330,918
5. Separate Accounts net gain from operations excluding unrealized gains or losses	(110,077,057)	2,154,595	17,684,601
6. Commissions and expense allowances on reinsurance ceded	828,363,570	667,284,652	940,180,121
7. Reserve adjustments on reinsurance ceded	5,671,336,254	(2,410,477,332)	(2,946,559,689)
8. Miscellaneous Income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	13,842,202	9,313,265	13,278,201
8.2 Charges and fees for deposit-type contracts			
8.3 Aggregate write-ins for miscellaneous income	(42,765,581)	29,402,866	38,289,686
9. Totals (Lines 1 to 8.3)	12,782,324,691	4,285,673,941	5,928,507,120
10. Death benefits	1,571,203	1,781,187	2,226,977
11. Matured endowments (excluding guaranteed annual pure endowments)		188	188
12. Annuity benefits	532,577,668	376,431,945	504,171,876
13. Disability benefits and benefits under accident and health contracts	271,156	313,686	376,152
14. Coupons, guaranteed annual pure endowments and similar benefits			
15. Surrender benefits and withdrawals for life contracts	571,276,890	606,232,745	805,192,568
16. Group conversions			
17. Interest and adjustments on contract or deposit-type contract funds	216,816,436	(242,225,961)	(228,604,788)
18. Payments on supplementary contracts with life contingencies	5,927,753	7,632,570	10,376,790
19. Increase in aggregate reserves for life and accident and health contracts	9,492,104,420	872,227,350	1,425,806,478
20. Totals (Lines 10 to 19)	10,820,545,526	1,622,393,710	2,519,546,241
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	685,008,987	431,085,588	629,962,330
22. Commissions and expense allowances on reinsurance assumed	5,951,837	369,651	517,783
23. General insurance expenses and fraternal expenses	340,531,119	323,161,588	432,795,319
24. Insurance taxes, licenses and fees, excluding federal income taxes	17,167,776	8,715,680	18,938,453
25. Increase in loading on deferred and uncollected premiums			
26. Net transfers to or (from) Separate Accounts net of reinsurance	1,618,438,053	2,035,199,865	2,611,821,213
27. Aggregate write-ins for deductions	(74,390,570)	(61,292,119)	(126,169,639)
28. Totals (Lines 20 to 27)	13,413,252,729	4,359,633,963	6,087,411,700
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	(630,928,039)	(73,960,022)	(158,904,579)
30. Dividends to policyholders and refunds to members	363	8	8
31. Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 29 minus Line 30)	(630,928,401)	(73,960,029)	(158,904,587)
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	75,650,438	67,985,280	70,441,410
33. Net gain from operations after dividends to policyholders, refunds to members and federal income taxes and before realized capital gains or (losses) (Line 31 minus Line 32)	(706,578,839)	(141,945,309)	(229,345,997)
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$(7,105,296) (excluding taxes of \$37,199,234	540,660,671	117,410,157	47,797,534
35. Net income (Line 33 plus Line 34)	(165,918,168)	(24,535,153)	(181,548,463)
CAPITAL AND SURPLUS ACCOUNT			
36. Capital and surplus, December 31, prior year	1,278,851,700	1,312,234,523	1,312,234,523
37. Net income (Line 35)	(165,918,168)	(24,535,153)	(181,548,463)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$(227,018,588)	(209,346,339)	139,386,929	217,747,574
39. Change in net unrealized foreign exchange capital gain (loss)	(149,497,964)	12,629,302	(44,605,989)
40. Change in net deferred income tax	(92,052,430)	94,404,216	162,912,649
41. Change in nonadmitted assets	(121,565,461)	(24,740,934)	(116,566,497)
42. Change in liability for reinsurance in unauthorized and certified companies			
43. Change in reserve on account of change in valuation basis, (increase) or decrease			
44. Change in asset valuation reserve	210,142,779	(237,680,557)	(373,436,540)
45. Change in treasury stock			
46. Surplus (contributed to) withdrawn from Separate Accounts during period	21,594,444	107,611,111	(131,023,889)
47. Other changes in surplus in Separate Accounts Statement	111,480,765	(136,528,828)	44,624,848
48. Change in surplus notes			
49. Cumulative effect of changes in accounting principles			
50. Capital changes:			
50.1 Paid in			
50.2 Transferred from surplus (Stock Dividend)			
50.3 Transferred to surplus			
51. Surplus adjustment:			
51.1 Paid in	893,642,759	38,113,043	517,922,677
51.2 Transferred to capital (Stock Dividend)			
51.3 Transferred from capital			
51.4 Change in surplus as a result of reinsurance	450,251,300	(112,496,255)	(124,802,413)
52. Dividends to stockholders			
53. Aggregate write-ins for gains and losses in surplus	167,584	(4,287,854)	(4,606,780)
54. Net change in capital and surplus for the year (Lines 37 through 53)	948,899,269	(148,124,979)	(33,382,823)
55. Capital and surplus, as of statement date (Lines 36 + 54)	2,227,750,969	1,164,109,544	1,278,851,700
DETAILS OF WRITE-INS			
08.301. COLI (Loss) Income	(44,973,507)	18,034,850	27,081,778
08.302. Miscellaneous Income	2,207,926	11,368,016	11,207,908
08.303.			
08.398. Summary of remaining write-ins for Line 8.3 from overflow page			
08.399. Totals (Lines 08.301 through 08.303 plus 08.398) (Line 8.3 above)	(42,765,581)	29,402,866	38,289,686
2701. Transfer to IMR – Ceded	(126,625,147)	(95,083,803)	(228,318,514)
2702. Funds Withheld Adjustment – Ceded	46,929,925	50,671,368	69,940,111
2703. Transfer to IMR – MVA Benefits	4,237,580	(17,907,840)	(21,632,740)
2798. Summary of remaining write-ins for Line 27 from overflow page	1,067,072	1,028,156	53,841,504
2799. Totals (Lines 2701 through 2703 plus 2798)(Line 27 above)	(74,390,570)	(61,292,119)	(126,169,639)
5301. Athene Re IV Tax Sharing Agreement	167,584	143,048	(175,878)
5302. Correction of Prior Period Error		(4,430,902)	(4,430,902)
5303.			
5398. Summary of remaining write-ins for Line 53 from overflow page			
5399. Totals (Lines 5301 through 5303 plus 5398)(Line 53 above)	167,584	(4,287,854)	(4,606,780)

STATEMENT AS OF SEPTEMBER 30, 2022 OF THE Athene Annuity and Life Company

CASH FLOW

	1 Current Year To Date	2 Prior Year To Date	3 Prior Year Ended December 31
Cash from Operations			
1. Premiums collected net of reinsurance	4,239,326,303	2,790,838,575	3,652,458,801
2. Net investment income	2,013,704,725	3,077,727,311	4,096,080,027
3. Miscellaneous income	838,030,639	687,475,002	794,252,090
4. Total (Lines 1 to 3)	7,091,061,666	6,556,040,888	8,542,790,918
5. Benefit and loss related payments	(5,006,995,682)	2,473,125,719	2,855,893,219
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	615,823,857	2,024,398,640	2,222,661,336
7. Commissions, expenses paid and aggregate write-ins for deductions	1,026,895,150	739,903,410	1,057,840,843
8. Dividends paid to policyholders	363	8	8
9. Federal and foreign income taxes paid (recovered) net of \$128,187,102 tax on capital gains (losses)	300,554,233	(4,156,263)	136,733,491
10. Total (Lines 5 through 9)	(3,063,722,079)	5,233,271,514	6,273,128,896
11. Net cash from operations (Line 4 minus Line 10)	10,154,783,745	1,322,769,374	2,269,662,021
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	8,900,761,575	6,716,675,177	15,369,230,503
12.2 Stocks	125,456,803	98,836,275	210,311,998
12.3 Mortgage loans	1,648,706,789	1,110,352,490	1,691,136,137
12.4 Real estate			
12.5 Other invested assets	1,204,837,013	754,493,202	1,832,662,958
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	(29,771,335)	2,799,331	8,491,245
12.7 Miscellaneous proceeds	243,021,527	184,055,079	116,132,798
12.8 Total investment proceeds (Lines 12.1 to 12.7)	12,093,012,372	8,867,211,555	19,227,965,639
13. Cost of investments acquired (long-term only):			
13.1 Bonds	14,430,873,358	13,377,481,480	23,265,210,928
13.2 Stocks	263,417,239	157,925,349	256,089,372
13.3 Mortgage loans	7,694,902,507	4,255,673,103	6,886,906,198
13.4 Real estate			
13.5 Other invested assets	3,232,540,590	1,833,424,192	3,449,432,752
13.6 Miscellaneous applications	978,532,232	243,688,397	138,371,714
13.7 Total investments acquired (Lines 13.1 to 13.6)	26,600,265,925	19,868,192,521	33,996,010,963
14. Net increase (or decrease) in contract loans and premium notes	28,723,020	(16,217,358)	(19,407,862)
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	(14,535,976,573)	(10,984,763,608)	(14,748,637,462)
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes			
16.2 Capital and paid in surplus, less treasury stock	62,391,087		300,000,000
16.3 Borrowed funds			
16.4 Net deposits on deposit-type contracts and other insurance liabilities	4,544,566,219	9,228,377,098	10,637,540,803
16.5 Dividends to stockholders			
16.6 Other cash provided (applied)	71,190,594	408,330,743	2,724,658,171
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	4,678,147,900	9,636,707,841	13,662,198,974
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)	296,955,072	(25,286,393)	1,183,223,534
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	4,990,271,715	3,807,048,181	3,807,048,181
19.2 End of period (Line 18 plus Line 19.1)	5,287,226,787	3,781,761,788	4,990,271,715

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0001. Capital contribution – non-cash (financing)	387,903,362	27,215,331	27,215,331
20.0002. Capital contribution – non-cash (investing)	(387,903,362)		
20.0003. Capital contribution of stock compensation expense (financing)	18,348,310	10,897,712	15,707,346
20.0004. Capital contribution of stock compensation expense (investing)	(456,365)	(575,803)	(790,023)
20.0005. Capital contribution of stock compensation expense (operating)	(17,891,945)	(10,321,909)	(14,917,323)
20.0006. Security exchanges and asset in kind trades – other invested asset acquired (investing)	(5,457,090,851)	(43,000,000)	(43,000,000)
20.0007. Security exchanges and asset in kind trades – other invested asset proceeds (investing)	4,799,450,661	43,000,000	43,000,000
20.0008. Security exchanges and asset in kind trades – bond proceeds (investing)	3,060,374,461	528,888,094	1,482,713,942
20.0009. Security exchanges and asset in kind trades – bonds acquired (investing)	(2,506,713,081)	(528,888,094)	(1,470,713,942)
20.0010. Asset transfer bonds to stocks – proceeds (investing)	183,160,090		

STATEMENT AS OF SEPTEMBER 30, 2022 OF THE Athene Annuity and Life Company

Note: Supplemental disclosures of cash flow information for non-cash transactions:

20.0011. Asset transfer bonds to stocks – acquired (investing)	(183,160,090)		
20.0012. Reinsurance activity settled in bonds (operating)	105,819,938	216,220,208	577,685,122
20.0013. Reinsurance activity settled in bonds (investing)	(105,819,938)	(216,220,208)	(577,685,122)
20.0014. Security exchanges and asset in kind trades – stock proceeds (investing)	103,978,809	13,752,297	13,752,297
20.0015. Asset transfer stocks to bonds – proceeds (investing)	33,810,419		
20.0016. Asset transfer stocks to bonds – acquired (investing)	(33,810,419)		
20.0017. Interest capitalization (operating)	8,245,451	6,429,827	16,401,178
20.0018. Interest capitalization (investing)	(8,245,451)	(6,429,827)	(16,401,178)
20.0019. Asset transfer mortgages to other invested assets – proceeds (investing)	480,936		
20.0020. Asset transfer mortgages to other invested assets – acquired (investing)	(480,936)		
20.0021. Capital contribution – non-cash (operating)		(27,215,331)	(27,215,331)
20.0022. Security exchanges and asset in kind trades – stocks acquired (investing)		(13,752,297)	(25,752,297)

Notes to the Financial Statements

1. Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

The accompanying financial statements of **Athene Annuity and Life Company** (the Company) have been prepared in conformity with the accounting practices prescribed or permitted by the National Association of Insurance Commissioners (NAIC) and the State of Iowa.

The Insurance Division, Department of Commerce, of the State of Iowa (the Division) recognizes only statutory accounting practices prescribed or permitted by the State of Iowa for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the Iowa Insurance Law. The NAIC's *Accounting Practices & Procedures Manual* (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the State of Iowa. The Commissioner of Insurance has the right to permit other specific practices that deviate from prescribed practices.

Among the products issued by the Company are indexed universal life insurance and indexed annuities. These products allow a portion of the premium to earn interest based on certain indices, such as the Standard & Poor's 500 Composite Stock Price Index. Call options, futures, variance swaps and total return swaps are purchased to hedge the growth in interest credited to the customer as a direct result of increases in the related indices. In 2006, the Commissioner of the Division issued Bulletin 06-01, *Accounting for Derivative Instruments Used to Hedge the Growth in Interest Credited for Index Products*, which prescribes that an insurer may elect to recognize changes in the fair value of derivative instruments purchased to hedge indexed products in the statement of operations. The Company has elected to apply Bulletin 06-01 to its futures, variance swaps and total return swaps. Application of Bulletin 06-01 does not impact the Company's statutory surplus amounts.

In 2009, the Commissioner of the Division promulgated Iowa Administrative Code (IAC) Section 191-97, *Accounting for Certain Derivative Instruments Used to Hedge the Growth in Interest Credited for Indexed Insurance Products and Accounting for the Indexed Insurance Products Reserve*, which prescribes that an insurer may elect (i) 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 (ii) to utilize an indexed annuity reserve calculation methodology under which call options associated with the current index interest crediting term are valued at zero. IAC Section 191-97 does not apply to products that do not guarantee a minimum interest accumulation, such as our variable and index-linked deferred annuities. The Company has elected to apply IAC Section 191-97 to its eligible over the counter (OTC) call options and reserve liabilities.

The NAIC requires annuities issued by life insurance companies on or after January 1, 2015, to use the 2012 Individual Annuity Reserving (IAR) Mortality Table. In 2015, the Division promulgated IAC Section 43.3(5), which set an elective alternative effective date of January 1, 2016 for adoption of the 2012 IAR Mortality Table. The Company chose to use the Annuity 2000 Mortality Table for all annuities issued in 2015.

A reconciliation of the Company's net income and statutory surplus between practices prescribed or permitted by the State of Iowa and NAIC SAP is shown below:

	SSAP #	F/S Page	F/S Line #	09/30/2022	12/31/2021
Net Income					
(1) State basis (Page 4, Line 35, Columns 1 & 3)	XXX	XXX	XXX	\$ (165,918,168)	\$ (181,548,463)
(2) State prescribed practices that are an increase / (decrease) from NAIC SAP:					
Derivative Instruments Bulletin 06-01	86	4	38	(7,472,795)	3,328,595
Derivative Instruments and Equity Indexed Reserves IAC 191-97	86, 51	2, 3	7, 1	(263,990,759)	(98,310,207)
2012 IAR Mortality Table for Annuities Issued in 2015 IAC 43.3(5)	51	3	1	461,344	877,061
(3) State permitted practices that are an increase / (decrease) from NAIC SAP:					
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	<u>\$ 105,084,042</u>	<u>\$ (87,443,912)</u>
Surplus					
(5) State basis (Page 3, Line 38, Columns 1 & 2)	XXX	XXX	XXX	\$ 2,227,750,969	\$ 1,278,851,700
(6) State prescribed practices that are an increase / (decrease) from NAIC SAP:					
Derivative Instruments and Equity Indexed Reserves IAC 191-97	86, 51	2, 3	7, 1	79,522,764	(91,108,291)
2012 IAR Mortality Table for Annuities Issued 2005 IAC 43.3(5)	51	3	1	6,637,457	6,176,112
(7) State permitted practices that are an increase / (decrease) from NAIC SAP:					
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	<u>\$ 2,141,590,748</u>	<u>\$ 1,363,783,879</u>

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with NAIC SAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results may differ from the estimates used in preparing the financial statements.

C. Accounting Policy

- (1) Short-term investments - No Significant Changes
- (2) Bonds, other than loan-backed and structured securities, are stated at amortized cost or fair value based on their rating by the NAIC. Bonds held at amortized cost are amortized using the scientific interest method on a yield-to-worst basis.
- (3) Common stocks - No Significant Changes
- (4) Preferred stocks - No Significant Changes
- (5) Mortgage loans - No Significant Changes

Notes to the Financial Statements

1. Summary of Significant Accounting Policies and Going Concern (Continued)

(6) Loan-backed and structured securities are stated at amortized cost or fair market value based on their rating by the NAIC. Changes to estimated cash flows on the securities are accounted for retrospectively for securities that are highly rated at the time of purchase and in which the security cannot be contractually prepaid or settled in such a way that the Company would not recover substantially all of the recorded investment. The prospective method is used for those securities where an other than temporary impairment has been taken, the security is not highly rated at the time of purchase, securities where receipt of all contractual principal cash flows is not expected, or those securities that can be contractually prepaid or settled in such a way that the Company would not recover substantially all of the recorded investment. Loan-backed and structured securities stated at amortized cost are amortized or accreted using the scientific interest method.

(7) Investments in subsidiaries, controlled and affiliated entities - No Significant Changes

(8) Investments in joint ventures, partnerships and limited liability entities - No Significant Changes

(9) Derivatives - No Significant Changes

(10) Investment income as a factor in the premium deficiency calculation - No Significant Changes

(11) Liabilities for losses and loss/claim adjustment expenses - No Significant Changes

(12) Changes in capitalization policy - No Significant Changes

(13) Pharmaceutical rebate receivables - No Significant Changes

D. Going Concern

Management's assessment of the relevant conditions through November 14, 2022 does not give rise to substantial doubt of the Company's ability to continue as a going concern.

2. Accounting Changes and Corrections of Errors - No Significant Changes

3. Business Combinations and Goodwill - No Significant Changes

4. Discontinued Operations - None

5. Investments

A. Mortgage Loans, including Mezzanine Real Estate Loans - No Significant Changes

B. Debt Restructuring - No Significant Changes

C. Reverse Mortgages - None

D. Loan-Backed Securities

(1) Prepayment assumptions for loan-backed bonds and structured securities were obtained from broker dealer survey values or internal estimates.

(2) Loan-backed and structured securities with a recognized other-than-temporary impairment (OTTI)

No other-than-temporary impairment was recognized on loan-backed securities due to the intent to sell or inability or lack of intent to retain the investment for a period of time sufficient to recover the amortized cost basis.

Notes to the Financial Statements

5. Investments (Continued)

(3) Securities held that were other-than-temporarily impaired due to the present value of cash flows expected to be collected was less than the amortized cost of securities

(1)	(2)	(3)	(4)	(5)	(6)	(7)
CUSIP	Book/Adjusted Carrying Value Amortized Cost Before Current Period OTTI	Present Value of Projected Cash Flows	Recognized OTTI	Amortized Cost After OTTI	Fair Value at Time of OTTI	Date of Financial Statement Where Reported
...00213GBL0	\$ 3,210,507	\$ 3,168,999	\$ 41,507	\$ 3,168,999	\$ 2,902,106	..... 03/31/2022
...05533HAL1	..... 1,754,315	..... 1,618,972	..... 135,343	..... 1,618,972	..... 1,566,594	..... 03/31/2022
...16165LAF7	..... 21,110,658	..... 20,971,684	..... 138,974	..... 20,971,684	..... 19,429,509	..... 03/31/2022
...17314UAJ7	..... 2,649,550	..... 2,599,391	..... 50,160	..... 2,599,391	..... 2,396,379	..... 03/31/2022
...41161PVJ9	..... 4,512,008	..... 4,511,518	..... 490	..... 4,511,518	..... 3,579,305	..... 03/31/2022
...41161PWB5	..... 1,225,289	..... 1,197,832	..... 27,457	..... 1,197,832	..... 1,197,832	..... 03/31/2022
...41161PWC3	..... 1,521,202	..... 1,450,831	..... 70,370	..... 1,450,831	..... 1,427,637	..... 03/31/2022
...45660L4E6	..... 1,778,549	..... 1,765,196	..... 13,353	..... 1,765,196	..... 1,678,582	..... 03/31/2022
...61761PAG0	..... 4,529,996	..... 4,416,875	..... 113,121	..... 4,416,875	..... 4,315,856	..... 03/31/2022
...61763DAN0	..... 1,549,129	..... 1,519,782	..... 29,347	..... 1,519,782	..... 1,411,300	..... 03/31/2022
...362611AB1	..... 207,283	..... 123,629	..... 83,654	..... 123,629	..... 71,275	..... 03/31/2022
...466247K28	..... 575,137	..... 499,726	..... 75,411	..... 499,726	..... 449,787	..... 03/31/2022
...00213GBL0	..... 3,033,794	..... 3,003,732	..... 30,062	..... 3,003,732	..... 2,600,958	..... 06/30/2022
...05531WAC0	..... 1,067,771	..... 1,061,037	..... 6,734	..... 1,061,037	..... 942,733	..... 06/30/2022
...05532KAB7	..... 782,730	..... 741,237	..... 41,492	..... 741,237	..... 719,169	..... 06/30/2022
...05532VAV9	..... 969,877	..... 961,595	..... 8,283	..... 961,595	..... 851,008	..... 06/30/2022
...05533HAL1	..... 1,604,107	..... 1,550,097	..... 54,011	..... 1,550,097	..... 1,492,650	..... 06/30/2022
...05951GAQ5	..... 1,076,220	..... 1,046,168	..... 30,052	..... 1,046,168	..... 964,159	..... 06/30/2022
...05955YAB5	..... 1,783,057	..... 1,526,905	..... 256,152	..... 1,526,905	..... 1,391,354	..... 06/30/2022
...1248MBAF2	..... 9,407,425	..... 9,313,712	..... 93,713	..... 9,313,712	..... 8,642,302	..... 06/30/2022
...125430AA6	..... 2,406,371	..... 2,405,632	..... 738	..... 2,405,632	..... 2,087,239	..... 06/30/2022
...12543PAP8	..... 570,087	..... 560,577	..... 9,510	..... 560,577	..... 529,692	..... 06/30/2022
...12544XAQ8	..... 1,432,855	..... 1,424,240	..... 8,615	..... 1,424,240	..... 1,344,549	..... 06/30/2022
...12566RAD3	..... 1,511,641	..... 1,497,289	..... 14,352	..... 1,497,289	..... 1,427,299	..... 06/30/2022
...126694NV6	..... 76,566	..... 72,494	..... 4,071	..... 72,494	..... 71,573	..... 06/30/2022
...16165LAF7	..... 20,637,893	..... 20,311,761	..... 326,132	..... 20,311,761	..... 18,519,541	..... 06/30/2022
...16165TAZ6	..... 823,303	..... 772,573	..... 50,730	..... 772,573	..... 772,573	..... 06/30/2022
...17307G3F3	..... 173,631	..... 170,639	..... 2,992	..... 170,639	..... 166,169	..... 06/30/2022
...32056JAG9	..... 616,823	..... 485,378	..... 131,446	..... 485,378	..... 485,378	..... 06/30/2022
...41161PQU0	..... 6,951,979	..... 6,588,716	..... 363,263	..... 6,588,716	..... 6,436,947	..... 06/30/2022
...45660L4E6	..... 1,704,027	..... 1,698,135	..... 5,892	..... 1,698,135	..... 1,525,245	..... 06/30/2022
...45660L6K0	..... 1,404,535	..... 1,394,417	..... 10,118	..... 1,394,417	..... 1,312,780	..... 06/30/2022
...45660LT25	..... 1,178,370	..... 1,175,704	..... 2,666	..... 1,175,704	..... 1,081,121	..... 06/30/2022
...45660LTS8	..... 539,194	..... 527,604	..... 11,589	..... 527,604	..... 473,600	..... 06/30/2022
...466247K28	..... 482,129	..... 453,517	..... 28,612	..... 453,517	..... 419,823	..... 06/30/2022
...46627MDY0	..... 1,279,514	..... 1,278,557	..... 957	..... 1,278,557	..... 1,156,234	..... 06/30/2022
...46634DCC0	..... 1,100,716	..... 1,079,981	..... 20,735	..... 1,079,981	..... 1,067,356	..... 06/30/2022
...61690PAK7	..... 7,293,642	..... 6,925,578	..... 368,064	..... 6,925,578	..... 6,768,173	..... 06/30/2022
...61748HWT4	..... 2,706,282	..... 2,704,612	..... 1,669	..... 2,704,612	..... 2,495,096	..... 06/30/2022
...61756VBE8	..... 2,739,124	..... 2,725,655	..... 13,469	..... 2,725,655	..... 2,442,602	..... 06/30/2022
...749241AA3	..... 644,687	..... 616,553	..... 28,134	..... 616,553	..... 604,243	..... 06/30/2022
...74958XAB0	..... 547,588	..... 538,041	..... 9,547	..... 538,041	..... 493,976	..... 06/30/2022
...749691BB6	..... 56,385,845	..... 55,124,112	..... 1,261,733	..... 55,124,112	..... 55,124,112	..... 06/30/2022
...05954CAA6	..... 1,008,924	..... 982,164	..... 26,760	..... 982,164	..... 951,510	..... 09/30/2022
...12667G5S8	..... 3,519,231	..... 3,481,145	..... 38,085	..... 3,481,145	..... 3,357,171	..... 09/30/2022
...45661EGC2	..... 832,009	..... 819,770	..... 12,239	..... 819,770	..... 795,292	..... 09/30/2022
...46628KAH3	..... 3,693,500	..... 3,676,654	..... 16,846	..... 3,676,654	..... 3,316,846	..... 09/30/2022
...126694NV6	..... 1,138,856	..... 1,123,034	..... 15,822	..... 1,123,034	..... 1,043,460	..... 09/30/2022
...251510LF8	..... 412,066	..... 404,913	..... 7,152	..... 404,913	..... 373,733	..... 09/30/2022
...881561Z64	..... 4,609,248	..... 4,606,398	..... 2,851	..... 4,606,398	..... 4,565,074	..... 09/30/2022
Total			\$ 4,094,477			

(4) All impaired securities for which an OTTI has not been recognized in earnings as a realized loss

The following table shows the gross unrealized losses and fair values of loan-backed securities, which have not been impaired to fair value, aggregated by length of time that individual securities have been in a continuous unrealized loss position as of September 30, 2022:

Notes to the Financial Statements

5. Investments (Continued)

- a. The aggregate amount of unrealized losses:

1. Less than 12 months.....

\$.. 1,901,496,221

2. 12 months or longer.....

390,712,637
- b. The aggregate related fair value of securities with unrealized losses:

1. Less than 12 months.....

\$ 16,416,703,020

2. 12 months or longer.....

2,646,090,133

(5) A full analysis of all relevant qualitative considerations was completed in reaching the conclusion that the impairments were not other-than-temporary, including the intent and ability to hold the investment for a period of time sufficient to allow for a recovery in value. Specific events that may influence the operations of the issuer and impaired earnings potential are reviewed in addition to length of time and extent to which the fair value has been less than cost.

E. Dollar Repurchase Agreements and/or Securities Lending Transactions - None

F. Repurchase Agreements Transactions Accounted for as Secured Borrowing

Repurchase Transaction - Cash Taker - Overview of Secured Borrowing Transactions

(1) Information regarding the company policy or strategies for engaging in repo programs, policy for requiring collateral

The Company participates in repurchase agreements with unaffiliated financial institutions. Under these agreements, the Company lends bonds and receives cash as collateral. The Company monitors the estimated fair value of the collateral and the securities loaned throughout the duration of the contract and contributes additional collateral as necessary. Securities loaned under these agreements may be sold or re-pledged by the transferee.

(2) Type of repo trades used

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Bilateral (Yes/No).....	YES	YES	YES	
b. Tri-Party (Yes/No).....	NO	NO	NO	

(3) Original (flow) & residual maturity

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Open - No maturity.....	\$.....	\$.....	\$.....	\$.....
2. Overnight.....				
3. 2 days to 1 week.....			—	
4. Over 1 week to 1 month.....		897,759,273	—	
5. Over 1 month to 3 months.....		742,711,010	768,263,750	
6. Over 3 months to 1 year.....				
7. Over 1 year.....	2,994,053,981	1,353,583,698	2,047,935,350	
b. Ending Balance				
1. Open - No maturity.....	\$.....	\$.....	\$.....	\$.....
2. Overnight.....				
3. 2 days to 1 week.....				
4. Over 1 week to 1 month.....				
5. Over 1 month to 3 months.....		1,256,645,800	768,263,750	
6. Over 3 months to 1 year.....				
7. Over 1 year.....	2,994,053,981	1,437,229,250	2,047,935,350	

(4) Fair value of securities sold and/or acquired that resulted in default

The Company did not have any securities sold or outstanding for which the repurchase agreement defaulted as of September 30, 2022.

(5) Securities "sold" under repo - secured borrowing

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. BACV.....	XXX	XXX	XXX	\$.....
2. Nonadmitted - Subset of BACV.....	XXX	XXX	XXX	\$.....
3. Fair Value.....	\$ 2,939,406,937	\$ 2,939,406,937	\$ 2,704,933,233	\$.....
b. Ending Balance				
1. BACV.....	XXX	XXX	XXX	\$.....
2. Nonadmitted - Subset of BACV.....	XXX	XXX	XXX	\$.....
3. Fair Value.....	\$ 2,939,406,937	\$ 2,704,933,233	\$ 2,600,273,791	\$.....

Notes to the Financial Statements

5. Investments (Continued)

(6) Securities sold under repo - secured borrowing by NAIC designation

Ending Balance		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		None	NAIC 1	NAIC 2	NAIC 3	NAIC 4	NAIC 5	NAIC 6	Nonadmitted
a.	Bonds - BACV	\$	\$ 2,052,634,904	\$ 984,250,272	\$	\$	\$	\$	\$
b.	Bonds - FV		1,719,296,446	880,977,345					
c.	LB & SS - BACV								
d.	LB & SS - FV								
e.	Preferred stock - BACV								
f.	Preferred stock - FV								
g.	Common stock								
h.	Mortgage loans - BACV								
i.	Mortgage loans - FV								
j.	Real estate - BACV								
k.	Real estate - FV								
l.	Derivatives - BACV								
m.	Derivatives - FV								
n.	Other invested assets - BACV								
o.	Other invested assets - FV								
p.	Total assets - BACV	\$	\$ 2,052,634,904	\$ 984,250,272	\$	\$	\$	\$	\$
q.	Total assets - FV	\$	\$ 1,719,296,446	\$ 880,977,345	\$	\$	\$	\$	\$

(7) Collateral received - secured borrowing

		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a.	Maximum Amount				
1.	Cash	\$ 2,994,053,981	\$ 2,994,053,981	\$ 2,816,199,100	\$
2.	Securities (FV)				
b.	Ending Balance				
1.	Cash	\$ 2,994,053,981	\$ 2,693,875,050	\$ 2,816,199,100	\$
2.	Securities (FV)				

(8) Cash & non-cash collateral received - secured borrowing by NAIC designation

Ending Balance		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
		None	NAIC 1	NAIC 2	NAIC 3	NAIC 4	NAIC 5	NAIC 6	Does Not Qualify as Admitted
a.	Cash	\$ 2,816,199,100	\$	\$	\$	\$	\$	\$	\$
b.	Bonds - FV								
c.	LB & SS - FV								
d.	Preferred stock - FV								
e.	Common stock								
f.	Mortgage loans - FV								
g.	Real estate - FV								
h.	Derivatives - FV								
i.	Other Invested Assets - FV								
j.	Total collateral assets - FV (sum of a through i)	\$ 2,816,199,100	\$	\$	\$	\$	\$	\$	\$

(9) Allocation of aggregate collateral by remaining contractual maturity

	Fair Value
a. Overnight and continuous	\$
b. 30 Days or less	768,263,750
c. 31 to 90 Days	
d. More than 90 days	2,047,935,350

(10) Allocation of aggregate collateral reinvested by remaining contractual maturity

	Amortized Cost	Fair Value
a. 30 Days or less	\$ 2,816,199,100	\$ 2,816,199,100
b. 31 to 60 Days		
c. 61 to 90 Days		
d. 91 to 120 Days		
e. 121 to 180 Days		
f. 181 to 365 Days		
g. 1 to 2 Years		
h. 2 to 3 Years		
i. More than 3 years		

Notes to the Financial Statements

5. Investments (Continued)

(11) Liability to return collateral - secured borrowing (total)

		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a.	Maximum Amount				
1.	Cash (Collateral - All)	\$ 2,994,053,981	\$ 2,994,053,981	\$ 2,816,199,100	\$
2.	Securities Collateral (FV)				
b.	Ending Balance				
1.	Cash (Collateral - All)	\$ 2,994,053,981	\$ 2,693,875,050	\$ 2,816,199,100	\$
2.	Securities Collateral (FV)				

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing - None

H. Repurchase Agreements Transactions Accounted for as a Sale - None

I. Reverse Repurchase Agreements Transactions Accounted for as a Sale - None

J. Real Estate - No Significant Changes

K. Low-Income Housing Tax Credits (LIHTC) - None

L. Restricted Assets - No Significant Changes

M. Working Capital Finance Investments - None

N. Offsetting and Netting of Assets and Liabilities - None

O. 5GI Securities - No Significant Changes

P. Short Sales - None

Q. Prepayment Penalty and Acceleration Fees - No Significant Changes

R. Reporting Entity's Share of Cash Pool by Asset type - None

6. Joint Ventures, Partnerships and Limited Liability Companies

During the second quarter of 2022, the Company contributed its equity interests in 76 partnership investments to Apollo Aligned Alternatives, L.P. (AAA), in exchange for a 69% partnership interest in AAA with an aggregate value of \$5.6 billion as of June 30, 2022. The transaction received approval from the Division on March 31, 2022. AAA is a strategic alternative investment vehicle designed to include investment by affiliated and unaffiliated insurers and other investors, with each investor having pro rata exposure to the underlying investments. The partnership is managed by an affiliate of the Company. Under the terms of the partnership agreement, the Company has the right to require distribution of its pro rata portion of underlying assets and direct such assets to be liquidated.

On Schedule BA, Part 1, the Company will present the pro rata interests in the underlying funds that comprise its investment in AAA. On Schedule BA, Parts 2 and 3, the Company will report its proportional share of AAA's activity in total.

While we have included AAA's unfunded capital commitments (Unfunded AAA Commitments) on a look through basis for the Company (based on the Company's percentage interest in AAA) as of September 30, 2022, such Unfunded AAA Commitments are not the legal obligation of the Company. Additionally, while the Company may provide commitments in respect of such Unfunded AAA Commitments under the Liquidity Facility, the Company has not yet done so.

The following table lists the net contribution, carry value, fund income and unfunded commitments of new investment funds held by AAA during the three months ended September 30, 2022.

Investment Holding Name	Contribution	Carry Value	YTD Fund Income	Unfunded Amount	Ownership %
AA RRH, L.P.	-	529,248,962	3,750	53,820,006	68.6%
Apollo Gretel Investor L.P	-	195,547,170	1,131,108	7,134,241	68.6%
AP Neptune Co-Invest Holdings, L.P.	-	26,866,218	(8,121)	5,677,635	68.6%
New To 3Q'22	-	751,662,350	1,126,736	66,631,882	68.6%

The 10 largest holdings of AAA as of September 30, 2022 are:

Investment Holding Name	Carry Value	YTD Fund Income	Unfunded Amount	Ownership %
Freedom Parent, LP	541,124,858	5,267,155	-	68.6%
AA RRH, L.P.	529,248,962	3,750	53,820,006	68.6%
MidCap Class A Notes	442,594,038	34,307,507	7,848,086	68.6%
Athene Wessex Investor A, L.P.	225,364,007	11,289,333	23,121,690	68.6%
PK Air Holdings, LP	218,358,377	21,217,088	72,993,696	68.6%
SFR Delos Partners, L.P.	204,687,853	25,308,796	-	68.6%
Apollo Hybrid Value Fund, L.P.	200,784,299	2,350,146	76,943,097	68.6%
Apollo Gretel Investor L.P	195,547,170	1,131,108	7,134,241	68.6%
Pretium Olympus JV, LP	166,410,557	18,453,936	4,449,167	68.6%
A-A Funding Holdco Offshore I, LLC	148,190,138	(16,343,688)	104,584,030	68.6%
Total Top 10	2,872,310,259	102,985,129	350,894,012	68.6%

A. Investments in Joint Ventures, Partnerships or Limited Liability Companies that Exceed 10% of Admitted Assets - None

B. Impaired Investments in Joint Ventures, Partnerships and Limited Liability Companies - No Significant Changes

7. Investment Income - No Significant Changes

Notes to the Financial Statements

8. Derivative Instruments

- A. Derivatives under SSAP No. 86 - Derivatives
 - (1) Discussion - No Significant Changes
 - (2) Description of objectives - No Significant Changes
 - (3) Description of accounting policies - No Significant Changes
 - (4) Derivative contracts with financing premiums - No Significant Changes
 - (5) Net gain or loss recognized - No Significant Changes
 - (6) Net gain or loss recognized from derivatives no longer qualifying for hedge accounting - No Significant Changes
 - (7) Derivatives accounted for as cash flow hedges of a forecasted transaction - No Significant Changes
 - (8) Premium Cost for Derivative Contracts - None
- B. Derivatives under SSAP No. 108 - Derivative Hedging Variable Annuity Guarantees (Life/Fraternal Only) - None

9. Income Taxes

In August 2022, the US government enacted legislation commonly known as the Inflation Reduction Act of 2022 (Act). The Act imposes a corporate alternative minimum tax (CAMT) on certain large corporations based on adjusted financial statement income. The CAMT goes into effect for tax years beginning after December 31, 2022. It is unclear how the US Department of Treasury will implement the CAMT through regulation.

The controlled group of corporations of which the reporting entity is a member has not determined as of the reporting date whether they will be liable for CAMT in 2023. The third quarter 2022 financial statements do not include an estimated impact of the CAMT, because a reasonable estimate cannot be made.

- A. Components of the Net Deferred Tax Asset/(Liability) - No Significant Changes
- B. Regarding Deferred Tax Liabilities That Are Not Recognized - No Significant Changes
- C. Major Components of Current Income Taxes Incurred - No Significant Changes
- D. Among the More Significant Book to Tax Adjustments - No Significant Changes
- E. Operating Loss and Tax Credit Carryforwards - No Significant Changes
- F. Consolidated Federal Income Tax Return - No Significant Changes
- G. Federal or Foreign Income Tax Loss Contingencies - No Significant Changes
- H. Repatriation Transition Tax (RTT) - None
- I. Alternative Minimum Tax (AMT) Credit - None

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties

- A. On March 8, 2021, Athene Holding Ltd. (AHL), an indirect parent of the Company, entered into an Agreement and Plan of Merger (Merger Agreement), by and among AHL, Apollo Global Management, Inc., a Delaware corporation (AGM), Tango Holdings, Inc., a Delaware corporation and a direct wholly owned subsidiary of AGM (HoldCo), Blue Merger Sub, Ltd., a Bermuda exempted company and a direct wholly owned subsidiary of HoldCo (AHL Merger Sub), and Green Merger Sub, Inc., a Delaware corporation and a direct, wholly owned subsidiary of HoldCo (AGM Merger Sub). AHL and AGM have agreed, subject to the terms and conditions of the Merger Agreement, to effect an all-stock merger transaction to combine the respective businesses by: (1) AGM merging with AGM Merger Sub, with AGM surviving such merger as a direct wholly owned subsidiary of HoldCo (AGM Merger), (2) AHL merging with AHL Merger Sub, with AHL surviving such merger as a direct, wholly owned subsidiary of HoldCo (AHL Merger and, together with the AGM Merger, Mergers), and (3) as of the effective time of the Mergers, changing the name of HoldCo to be Apollo Global Management, Inc. The Mergers closed on January 1, 2022 and AHL became a direct wholly owned subsidiary of AGM.

Some employees of the Company and Athene Employee Services LLC participate in one or more Share Award Agreements (the Agreements) sponsored by AHL for which the Company has no legal obligation. Salary expense of the Company and of Athene Employee Services LLC is allocated through the Shared Services Agreement. Under SSAP No. 104R, *Share-Based Payments*, the stock compensation expense associated with the Agreements that would have been allocated to the Company is required to be recorded as a capital contribution to the reporting entity. The Company has allocated the stock compensation expense associated with the Agreements based on the same methodology as the Shared Services Agreement. In accordance with SSAP No. 104R, the Company incurred expense and recorded a capital contribution under the Agreements totaling \$18.3 million and \$15.7 million for the nine months ended September 30, 2022 and for the year ended December 31, 2021, respectively, which includes amounts contributed by the Company to downstream insurance subsidiaries.

During February 2022, the Company received a \$175.3 million capital contribution from its parent, AADE. This capital contribution was accrued at December 31, 2021 as a \$175.0 million receivable from parent with a corresponding increase in gross paid-in and contributed surplus. In accordance with SSAP No. 72 *Surplus and Quasi-Reorganizations*, capital contributions receivable that are satisfied with the receipt of cash or marketable securities prior to the filing of the annual statement shall be treated as a Type I subsequent event and considered an admitted asset based on evidence of collection and approval of the domiciliary commissioner.

During August 2022, the Company received a \$450 million capital contribution from its parent, AADE. This capital contribution was accrued at June 30, 2022 as a receivable from parent with a corresponding increase in gross paid-in and contributed surplus. In accordance with SSAP No. 72 *Surplus and Quasi-Reorganizations*, capital contributions receivable that are satisfied with the receipt of cash or marketable securities prior to the filing of the financial statement shall be treated as a Type I subsequent event and considered an admitted asset based on evidence of collection and approval of the domiciliary commissioner.

During November 2022, the Company received a \$425 million capital contribution from its parent, AADE. This capital contribution was accrued at September 30, 2022 as a receivable from parent with a corresponding increase in gross paid-in and contributed surplus. In accordance with SSAP No. 72 *Surplus and Quasi-Reorganizations*, capital contributions receivable that are satisfied with the receipt of cash or marketable securities prior to the filing of the financial statement shall be treated as a Type I subsequent event and considered an admitted asset based on evidence of collection and approval of the domiciliary commissioner.

- B. Detail of Related Party Transactions - No Significant Changes
- C. Transactions With Related Party Who Are Not Reported on Schedule Y - No Significant Changes

Notes to the Financial Statements

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties (Continued)

- D. Amounts Due To or From Related Parties - No Significant Changes
- E. Management Service Contracts and Cost Sharing Arrangements - No Significant Changes
- F. Guarantees or Contingencies - No Significant Changes
- G. Nature of Relationships that Could Affect Operations - No Significant Changes
- H. Amount Deducted for Investment in Upstream Company - None
- I. Detail of Investments in Affiliates Greater Than 10% of Admitted Assets - No Significant Changes
- J. Write-Down for Impairments of Investments in Subsidiary Controlled or Affiliated Companies - No Significant Changes
- K. Foreign Subsidiary Value Using CARVM - No Significant Changes
- L. Downstream Holding Company Value Using Look-Through Method - No Significant Changes
- M. All SCA Investments - No Significant Changes
- N. Investment in Insurance SCAs - No Significant Changes
- O. SCA and SSAP No. 48 Entity Loss Tracking - None

11. Debt

- A. Debt, Including Capital Notes - No Significant Changes
- B. FHLB (Federal Home Loan Bank) Agreements

(1) The Company is a member of the FHLB of Des Moines. Through its membership, the Company is eligible to borrow under variable rate short-term federal fund arrangements to provide additional liquidity. These borrowings are accounted for as borrowed money under SSAP No. 15, *Debt and Holding Company Obligations*. The Company did not have any outstanding borrowings as of September 30, 2022 or December 31, 2021. The Company incurred interest expense on short-term borrowings of \$0.0 million and \$0.2 million in the general and separate account for the nine months ended September 30, 2022 and for the year ended December 31, 2021, respectively.

The Company has issued separate account funding agreements to the FHLB of Des Moines in exchange for cash resulting in a liability of \$3,321.5 million as of September 30, 2022. The Company uses these funds in an investment spread strategy, consistent with its other investment spread operations. As such, the Company applies SSAP No. 52, *Deposit-Type Contracts*, accounting treatment to these funds, consistent with its other deposit-type contracts. It is not part of the Company's strategy to utilize these funds for operations, and any funds obtained from the FHLB of Des Moines for use in general operations would be accounted for consistent with SSAP No. 15 as borrowed money.

The Company must provide appropriate collateral to borrow under the arrangements described above. The borrowing capacity available to the Company under these agreements is largely a factor of the Company's ability to post eligible collateral, as well as internal limits such as single-holder exposure limits (10% of the entity's balance sheet liabilities) and NAIC capital requirements.

The tables below indicate the amount of FHLB of Des Moines stock purchased, collateral pledged, assets and liabilities related to the agreements with FHLB of Des Moines.

(2) FHLB capital stock

(a) Aggregate totals

	(1) Total (2+3)	(2) General Account	(3) Separate Accounts
1. Current Year			
(a) Membership stock - Class A	\$	\$	\$
(b) Membership stock - Class B	10,000,000	10,000,000	
(c) Activity stock	136,248,000	136,248,000	
(d) Excess stock			
(e) Aggregate total (a+b+c+d)	\$ 146,248,000	\$ 146,248,000	\$
(f) Actual or estimated borrowing capacity as determined by the insurer	\$ 4,900,000,000		
2. Prior Year-End			
(a) Membership stock - Class A	\$	\$	\$
(b) Membership stock - Class B	10,000,000	10,000,000	
(c) Activity stock	95,248,000	95,248,000	
(d) Excess stock			
(e) Aggregate total (a+b+c+d)	\$ 105,248,000	\$ 105,248,000	\$
(f) Actual or estimated borrowing capacity as determined by the insurer	\$ 3,200,000,000		

(b) Membership stock (class A and B) eligible and not eligible for redemption

	(1) Current Year Total (2+3+4+5+6)	(2) Not Eligible for Redemption	Eligible for Redemption			
			(3) Less Than 6 Months	(4) 6 Months to Less Than 1 Year	(5) 1 to Less Than 3 Years	(6) 3 to 5 Years
Membership Stock						
1. Class A	\$	\$	\$	\$	\$	\$
2. Class B	\$ 10,000,000	\$ 10,000,000	\$	\$	\$	\$

Notes to the Financial Statements

11. Debt (Continued)

(3) Collateral pledged to FHLB

(a) Amount pledged as of reporting date

	(1)	(2)	(3)
	Fair Value	Carrying Value	Aggregate Total Borrowing
1. Current year total general and separate accounts total collateral pledged (Lines 2+3)	\$ 6,346,312,176	\$ 7,178,968,915	\$ 3,406,200,000
2. Current year general account total collateral pledged	6,330,277,844	7,161,589,792	
3. Current year separate accounts total collateral pledged	16,034,332	17,379,123	3,406,200,000
4. Prior year-end total general and separate accounts total collateral pledged	3,625,145,066	3,537,075,300	2,381,200,000

(b) Maximum amount pledged during reporting period

	(1)	(2)	(3)
	Fair Value	Carrying Value	Amount Borrowed at Time of Maximum Collateral
1. Current year total general and separate accounts maximum collateral pledged (Lines 2+3)	\$ 6,346,312,176	\$ 7,178,968,915	\$ 3,406,200,000
2. Current year general account maximum collateral pledged	6,330,277,844	7,161,589,792	
3. Current year separate accounts maximum collateral pledged	16,034,332	17,379,123	3,406,200,000
4. Prior year-end total general and separate accounts maximum collateral pledged	3,625,145,066	3,537,075,300	2,381,200,000

(4) Borrowing from FHLB

(a) Amount as of the reporting date

	(1)	(2)	(3)	(4)
	Total (2+3)	General Account	Separate Accounts	Funding Agreements Reserves Established
1. Current Year				
(a) Debt	\$	\$	\$	XXX
(b) Funding agreements	3,406,200,000		3,406,200,000	\$ 3,321,544,790
(c) Other				XXX
(d) Aggregate total (a+b+c)	<u>\$ 3,406,200,000</u>	<u>\$</u>	<u>\$ 3,406,200,000</u>	<u>\$ 3,321,544,790</u>
2. Prior Year-end				
(a) Debt	\$	\$	\$	XXX
(b) Funding agreements	2,381,200,000		2,381,200,000	\$ 2,298,946,950
(c) Other				XXX
(d) Aggregate total (a+b+c)	<u>\$ 2,381,200,000</u>	<u>\$</u>	<u>\$ 2,381,200,000</u>	<u>\$ 2,298,946,950</u>

(b) Maximum amount during reporting period (current year)

	(1)	(2)	(3)
	Total (2+3)	General Account	Separate Accounts
1. Debt	\$	\$	\$
2. Funding agreements	3,406,200,000		3,406,200,000
3. Other			
4. Aggregate total (Lines 1+2+3)	<u>\$ 3,406,200,000</u>	<u>\$</u>	<u>\$ 3,406,200,000</u>

11B(4)b4 (Columns 1, 2 and 3) should be equal to or greater than 11B(4)a1(d) (Columns 1, 2 and 3 respectively)

(c) FHLB - Prepayment obligations

	Does the company have prepayment obligations under the following arrangements (YES/NO)?
1. Debt	NO
2. Funding agreements	NO
3. Other	NO

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

- A. Defined Benefit Plan - None
- B. Investment Policies and Strategies of Plan Assets - None
- C. Fair Value of Each Class of Plan Assets - None

Notes to the Financial Statements

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans (Continued)

- D. Expected Long-Term Rate of Return for the Plan Assets - None
- E. Defined Contribution Plans - None
- F. Multiemployer Plans - None
- G. Consolidated/Holding Company Plans - No Significant Changes
- H. Postemployment Benefits and Compensated Absences - None
- I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) - None

13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations - No Significant Changes

14. Liabilities, Contingencies and Assessments

A. Contingent Commitments

- (1) Commitments or contingent commitment(s) to an SCA entity, joint venture, partnership, or limited liability company

As of September 30, 2022, the Company has unfunded commitments to invest in SCA entities, joint ventures, partnerships or limited liability companies of \$5,776.8 million.

As of September 30, 2022, the Company has unfunded commitments to invest in certain bonds and mortgage loans in the general and separate accounts of \$6,218.9 million.

See Note 6 for additional details on the Company’s reporting of unfunded commitments.

- (2) Nature and circumstances of guarantee - No Significant Changes

- (3) Aggregate compilation of guarantee obligations

No liability has been recognized by the Company as the guarantees are for a wholly owned insurance subsidiary. There is no limit on the maximum potential future payments under these guarantees.

- B. Assessments - No Significant Changes
- C. Gain Contingencies - None
- D. Claims Related Extra Contractual Obligation and Bad Faith Losses Stemming from Lawsuits - None
- E. Joint and Several Liabilities - None
- F. All Other Contingencies

Corporate-owned Life Insurance (COLI) Matter - In 2000 and 2001, two insurance companies which were subsequently merged into the Company, purchased broad based variable COLI policies from American General Life Insurance Company (American General). In January 2012, the COLI policy administrator delivered to the Company a supplement to the existing COLI policies and advised that American General and ZC Resource Investment Trust (ZC Trust) had unilaterally implemented changes set forth in the supplement that if effective, would: (1) potentially negatively impact the crediting rate for the policies and (2) change the exit and surrender protocols set forth in the policies. In March 2013, the Company filed suit against American General, ZC Trust, and ZC Resource LLC in Chancery Court in Delaware, seeking, among other relief, a declaration that the changes set forth in the supplement were ineffectual and in breach of the parties’ agreement. The parties filed cross motions for judgment as a matter of law, and the court granted defendants’ motion and dismissed without prejudice on ripeness grounds. The issue that negatively impacts the crediting rate for one of the COLI policies has subsequently been triggered and on April 3, 2018, we filed suit against the same defendants in Chancery Court in Delaware seeking substantially similar relief. Defendants moved to dismiss and the court heard oral arguments on February 13, 2019. The court issued an opinion on July 31, 2019 that did not address the merits, but found that Chancery Court did not have jurisdiction over our claims and directed us to either amend our complaint or transfer the matter to Delaware Superior Court. The matter has been transferred to the Delaware Superior Court. Defendants renewed their motion to dismiss and the Superior Court heard oral arguments on December 18, 2019. The Superior Court issued an opinion on May 18, 2020 in which it granted in part and denied in part defendants’ motion. The Superior Court denied defendants’ motion with respect to the issue that negatively impacts the crediting rate for one of the COLI policies, which issue will proceed to discovery. The Superior Court granted defendants’ motion and dismissed without prejudice on ripeness grounds claims related to the exit and surrender protocols set forth in the policies, and dismissed defendant ZC Resource LLC. If the supplement is ultimately deemed to be effective, the purported changes to the policies could impair the Company’s ability to access the value of guarantees associated with the policies. The parties engaged in discovery as well as discussions concerning whether the matter can be resolved without further litigation, and, at the request of the parties on August 11, 2021, the court entered an Amended Scheduling Order setting the trial date for June 2023. On December 27, 2021, the parties agreed in principle to a settlement, pursuant to which we will be able to surrender the policies at any time and receive proceeds within six months. During the year ended December 31, 2021, the Company recorded an impairment of the COLI asset of \$52.6 million, and an adjustment to deferred tax liabilities of \$46.9 million, to reflect the terms of the settlement.

Fiduciary or Best Interest Standards - The U.S. Securities and Exchange Commission (SEC), Department of Labor (DOL), NAIC, and several states have taken action or are exploring options around a fiduciary standard or best interest standard that may impact the Company and its subsidiaries. If these rules do not align, the distribution of products by the Company and its subsidiaries could be further complicated.

In 2019, the SEC adopted a rulemaking package designed to enhance the quality and transparency of retail investors’ relationships with investment advisers and broker-dealers. The rulemaking package included: Regulation Best Interest - the Broker-Dealer Standard of Conduct; the new Form CRS Relationship Summary; and two separate interpretations under the Investment Advisers Act of 1940. The heightened requirements for broker-dealers and investment advisers apply to recommendations and sales of variable and other registered insurance and annuity products. The Company believes the Regulation and the interpretations of the Regulation may impact the distribution of its subsidiaries’ products through third party broker-dealers that distribute the products to retail customers, the impact of which is still being determined.

Notes to the Financial Statements

14. Liabilities, Contingencies and Assessments (Continued)

The NAIC adopted the Suitability in Annuity Transactions Model Regulation (SAT), which places responsibilities upon issuing insurance companies with respect to the suitability of annuity sales, including responsibilities for training agents. On February 13, 2020, the SAT was amended to incorporate a “best interest” or similar standard with respect to the suitability of annuity sales. The amendments include a requirement for producers to act in the “best interest” of a consumer when making a recommendation of an annuity. A producer is considered to have acted in the best interest of the customer if they have satisfied certain prescribed obligations regarding care, disclosure, conflict of interest and documentation. State adoption of these revisions, and any future changes in such laws and regulations, may impact the way our US insurance subsidiaries market and sell their annuity products. Several states, including Iowa, have adopted or are in the process of adopting a version of the amended SAT that includes a best interest standard. On July 22, 2018, separate and apart from the NAIC, the NYDFS issued amendments to its SAT regulation to incorporate a “best interest” standard with respect to the suitability of life insurance and annuity sales. The amendments made by NYDFS are currently the subject of litigation. Other states, including California, could also adopt a “best interest” or other standard separate from the NAIC’s SAT. Future changes in such laws and regulations, including those that impose a “best interest” standard, may impact the way the Company and its subsidiaries market and sell annuity products.

In April 2016, the DOL issued regulations expanding the definition of “investment advice” and broadening the circumstances under which distributors and manufacturers of insurance and annuity products could be considered “fiduciaries” and subject to certain standards in providing advice. These regulations were vacated effective June 2018. Thereafter, the DOL issued proposed regulatory action to address the vacated definition and to reinstate the pre-2016 regulatory definition of fiduciary advice on December 15, 2020. In the preamble to Prohibited Transaction Exemption (PTE) 2020-02, however, the DOL announced a new interpretation of parts of the regulation that broadens the circumstances under which producers, including insurance producers, could be considered fiduciaries under ERISA in connection with recommendations to “roll over” assets from a qualified retirement plan to an IRA or from an IRA to another IRA. For this purpose, “IRA” includes individual retirement annuities. This guidance reverses an earlier DOL interpretation suggesting that rollover advice by someone who was not already a fiduciary to a plan did not constitute investment advice giving rise to a fiduciary relationship. In connection with the broadened application of the fiduciary definition, the DOL’s PTE 2020-02 allows fiduciaries to receive compensation in connection with providing investment advice, including advice about rollovers, that would otherwise be prohibited as a result of their fiduciary relationship to the ERISA Plan, a participant in the ERISA Plan, or an IRA owner. The DOL has indicated they intend to issue further guidance or regulations with regards to these types of annuity sales. The Company and its subsidiaries continue to monitor the situation and will be reviewing whatever is issued to determine how it might apply to and impact our business.

In addition to the cases previously discussed, the Company is routinely involved in litigation and other proceedings, reinsurance claims and regulatory proceedings arising in the ordinary course of its business. At present, no contingencies related to pending litigation and regulatory matters are considered material in relation to the financial position of the Company.

15. Leases - None

16. Information About Financial Instruments With Off-Balance-Sheet Risk And Financial Instruments With Concentrations of Credit Risk - No Significant Changes

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities - None

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans - None

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators - None

20. Fair Value Measurements

A. Fair Value Measurement

(1) Fair value measurements at reporting date

Description for each class of asset or liability	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Total
a. Assets at fair value					
Bonds: Corporates	\$	\$ 16,477,712	\$ 16,527,778	\$	\$ 33,005,490
Bonds: CMBS		16,480,354			16,480,354
Bonds: RMBS		2,107,925			2,107,925
Bonds: ABS			6,961,898		6,961,898
Preferred stocks		400,833,200			400,833,200
Common stocks		146,248,000	53,511,475		199,759,475
Derivative assets: Currency Swaps		178,721,289			178,721,289
Derivative assets: Interest Rate	1,688,115				1,688,115
Derivative assets: Options		227,540,601			227,540,601
Derivative assets: Futures	26,326,222				26,326,222
Derivative assets: FX Forwards		877,865,860			877,865,860
Separate account assets: group annuity	2,523,048	439,980,888	2,250,248		444,754,184
Separate account assets: index-linked products		37,523,678			37,523,678
Separate account assets: variable products		22,034,077			22,034,077
Total assets at fair value/NAV	\$ 30,537,385	\$ 2,365,813,584	\$ 79,251,399	\$	\$ 2,475,602,368
b. Liabilities at fair value					
Derivative liabilities: Currency Swaps	\$	\$ 21,787,616	\$	\$	\$ 21,787,616
Derivative liabilities: Interest Rate	867,647	38,290			905,937
Derivative liabilities: Options		115,129,739			115,129,739
Derivative liabilities: Total Return Swaps		7,941,882			7,941,882
Derivative liabilities: Futures	1,738,070				1,738,070
Derivative liabilities: FX Forwards		243,435,000			243,435,000
Separate account liabilities: group annuity		34,204,176			34,204,176
Separate account liabilities: index-linked products		851,411			851,411
Separate account liabilities: variable products		22,033,646			22,033,646
Total liabilities at fair value	\$ 2,605,717	\$ 445,421,760	\$	\$	\$ 448,027,477

Notes to the Financial Statements

20. Fair Value Measurements (Continued)

(2) Fair value measurements in Level 3 of the fair value hierarchy

Description	Beginning balance as of 07/01/2022	Transfers Into Level 3	Transfers Out of Level 3	Total Gains and (Losses) Included in Net Income	Total Gains and (Losses) Included in Surplus	Purchases	Issuances	Sales	Settlements	Ending Balance at 09/30/2022
a. Assets										
Bonds: Corporates.....	\$ 17,013,889	\$	\$	\$	\$(486,111)	\$	\$	\$	\$	\$ 16,527,778
Bonds: ABS.....	8,438,664	.....	.....	461,173	(1,937,939)	.....	.....	.....	.....	6,961,898
Common Stocks.....	40,595,630	.....	.....	.....	12,915,845	.....	.....	.....	.....	53,511,475
Separate account assets: group annuity.....		2,250,248	.....	.....	.....	.....	.....	.....	.....	2,250,248
Total assets.....	\$ 66,048,183	\$ 2,250,248	\$	\$ 461,173	\$ 10,491,795	\$	\$	\$	\$	\$ 79,251,399
b. Liabilities										
Total liabilities.....	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

Transfers into and out of Level 3 represent securities which are carried at lower of cost or fair value resulting in periodic transfers into and out of Level 3 financial instruments which are characterized as carried at fair value.

- (3) Transfers between fair value hierarchy levels are recognized at the end of the period in which the transfer occurs.
- (4) The following discussion describes the valuation methodologies and inputs used for assets and liabilities measured and disclosed at fair value. The techniques utilized in estimating the fair values of financial instruments are reliant on the assumptions used.

Fair value estimates are based on quoted market prices when available. When quoted market prices are not available, the Company utilizes commercially available pricing vendors that utilize observable market inputs, like recent trading activity, to derive fair value. When vendor prices are not available, fair value is generally estimated using discounted cash flow analyses, incorporating current market inputs for similar financial instruments with comparable terms and credit quality (matrix pricing). In instances where there is little or no market activity for the same or similar instruments, the Company estimates the fair value using methods, models and assumptions that management believes market participants would use to determine a current transaction price. These valuation techniques involve some level of management estimation and judgment which becomes significant with increasingly complex instruments or pricing models. Where appropriate, adjustments are included to reflect risk inherent in a particular methodology, model or input employed.

The Company’s financial assets and liabilities carried at estimated fair value have been classified, for disclosure purposes, based on a hierarchy defined by current accounting guidance. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset’s or a liability’s classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3).

The levels of the fair value hierarchy are as follows:

- 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:
1. Quoted prices for similar assets or liabilities in active markets,
2. Observable inputs other than quoted market prices, and
3. 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.

Assets and liabilities are valued as discussed below in part C.

- (5) See parts (1) through (4) above.

B. Other Fair Value Disclosures - None

Notes to the Financial Statements

20. Fair Value Measurements (Continued)

C. Fair Values for All Financial Instruments by Level 1, 2 and 3

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets	Level 1	Level 2	Level 3	Net Asset Value (NAV)	Not Practicable (Carrying Value)
Assets - Bonds	\$ 45,832,863,829	\$ 51,627,423,808	\$ 1,374,481,848	\$ 37,476,090,727	\$ 6,982,291,254	\$	\$
Assets - Preferred stocks	410,651,950	410,833,200		410,651,950			
Assets - Common stock	199,759,475	199,759,475		146,248,000	53,511,475		
Assets - Mortgage loans - first liens	16,810,312,227	18,426,193,849			16,810,312,227		
Assets - Mortgage loans - other than first liens	1,146,561,760	1,252,909,407			1,146,561,760		
Assets - Policy loans	158,206,331	158,206,331		158,206,331			
Assets - Cash and short-term investments	5,286,163,036	5,287,226,787	5,156,761,880	93,970,024	35,431,132		
Assets - Derivative assets	2,229,621,546	2,604,857,221	(190,195,367)	2,420,940,791	(1,123,878)		
Assets - Derivative collateral assets	801,708,314	801,708,314	801,708,314				
Assets - Other invested assets	7,531,642,777	7,608,833,963		281,666,426	575,102,434	6,674,873,917	
Assets - Separate account: variable products	22,034,077	22,034,077		22,034,077			
Assets - Separate account: group annuity	32,114,345,149	37,076,480,704	1,329,741,951	22,898,096,253	6,689,727,708	1,196,779,237	
Assets - Separate account: index-linked products	1,188,580,820	1,358,345,437	70,942,551	870,249,799	212,547,111	34,841,359	
Liabilities - Deposit-type contracts	16,756,542,988	17,289,280,965		16,382,665,810	373,877,178		
Liabilities - Repurchase agreements	2,816,199,100	2,816,199,100		2,816,199,100			
Liabilities - Derivative liabilities	1,644,665,563	1,176,596,960	72,905,034	1,571,760,529			
Liabilities - Derivative and other collateral	1,923,912,191	1,923,912,191	1,923,912,191				
Liabilities - Separate account: group annuity deposit-type contracts	6,563,427	7,052,201			6,563,427		
Liabilities - Separate account: funding agreements	3,246,477,279	3,321,544,790		3,246,477,279			

Bonds and short-term investments – The Company obtains the fair value for most marketable, public bonds 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, broker-dealer quotes, credit quality, issuer spreads, bids, offers, and other reference data. If the Company cannot value a public bond with a commercial pricing vendor, the Company obtains broker quotes (or utilizes an internally-developed model) and are considered to be Level 3. The Company values privately placed bonds based on the credit quality and duration of comparable marketable securities, which may be securities of another issuer. In some instances, the Company uses 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. Privately placed fixed maturity securities are classified as Level 2 or 3.

Preferred stocks and common stocks unaffiliated – The Company values equity securities, typically private equities or equity securities not traded on an exchange, using several commercial pricing services or an internal model. The securities priced by a commercial pricing service are classified as Level 2 and the securities priced by an internal model are classified as Level 3. In addition, unaffiliated common stocks include FHLB stock, which is carried at fair value, which is presumed to be par because it can only be redeemed by the bank and is classified as Level 2.

Mortgage loans – The Company estimates mortgage loans 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.

Policy loans – The fair value of policy loans classified as Level 2 is equal to the carrying value of the loans, which are collateralized by the cash surrender value of the associated insurance contracts.

Derivatives – Derivative contracts can be exchange traded or over-the-counter. 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, measures of volatility, prepayment rates, and correlation of the inputs. The Company considers and incorporates counterparty credit risk in the valuation process through counterparty credit rating requirements and monitoring of overall exposure. The Company also evaluates and includes its own nonperformance risk in valuing derivatives. The majority of the Company's derivatives trade are in liquid markets; therefore, the Company can verify model inputs and model selection does not involve significant management judgment and are classified within Level 2. If the Company cannot verify model inputs and model selection does involve significant management judgment, the derivatives are classified as Level 3.

Other invested assets – Within other invested assets, partnerships are valued based on net asset value information provided by the general partner or related asset manager. These partnership interests usually include multiple underlying investments for which either observable market prices or other valuation methods are used to determine the fair value. These investments are reported in the Net Asset Value (NAV) column. Other than partnerships, other invested assets may include surplus notes and other investments with bond or stock characteristics and the Company attempts to value these using several commercial pricing services, which would be classified as Level 2 assets. If the Company cannot value with a commercial pricing vendor, the Company obtains broker quotes (or utilizes an internally-developed model) and are considered to be Level 3 assets.

Separate account assets (variable products) – Separate account assets classified as Level 2 are valued based on the fair value of the underlying funds. Fair values and changes in the fair values of the underlying funds accrue directly to the policy owners and are not included in the Company's revenues and expenses or surplus.

Separate account assets (group annuity) – Financial instruments within this separate account classified as Level 2 and 3 or included in the NAV column are valued using the same fair value assumptions and methods utilized in the general account.

Repurchase agreements - The carrying value of the repurchase agreements liability approximates fair value and is reported as level 2.

Notes to the Financial Statements

20. Fair Value Measurements (Continued)

Deposit-type contracts (including separate account group annuity and funding agreements) – Deposit-type contracts classified as Level 3 include single premium immediate annuities (SPIA) and supplemental contracts. Fair value of SPIA and supplemental contracts are calculated by discounting best estimate cash flows based on market interest rate assumptions. Fair value of funding agreements are calculated by discounting future cash flows using market rates on the valuation date, and are classified as Level 2.

- D. Not Practicable to Estimate Fair Value - None
- E. Nature and Risk of Investments Reported at NAV

The Company invests in certain non-fixed income, alternative investments in the form of limited partnerships (investment funds) which are reported at NAV. Adjustments to the carrying amount reflect the Company’s pro rata ownership percentage of the operating results as indicated by NAV in the investment fund financial statements. The NAV from the investment fund financial statements can be on a lag of up to three months when investee information is not received in a timely manner. These investments are listed in the NAV column of the fair value tables above as this is the primary method for reporting fair value for these investments.

As of September 30, 2022, the Company’s general and separate accounts have \$5,776.8 million unfunded commitments to invest in these investment funds. See Note 6 for additional details on the Company’s reporting of unfunded commitments.

21. Other Items

- A. Unusual or Infrequent Items - None
- B. Troubled Debt Restructuring - None
- C. Other Disclosures

During February 2022, the Company novated 1,795 policies with statutory policy reserves of \$72.1 million to Accordia Life and Annuity Company (Accordia). These policies were previously 100% ceded to Accordia through a coinsurance agreement entered into in 2013, and therefore the novation had no impact on the Company’s balance sheet, income or capital and surplus position.

- D. Business Interruption Insurance Recoveries - None
- E. State Transferable and Non-Transferable Tax Credits - No Significant Changes
- F. Subprime-Mortgage-Related Risk Exposure - No Significant Changes
- G. Retained Assets - None
- H. Insurance-Linked Securities (ILS) Contracts - None
- I. The Amount That Could Be Realized on Life Insurance Where the Reporting Entity is Owner and Beneficiary or Has Otherwise Obtained Rights to Control the Policy - No Significant Changes

22. Events Subsequent

Subsequent events have been considered through November 14, 2022 for the statutory statement dated September 30, 2022.

23. Reinsurance

The Company entered into a modified coinsurance agreement effective January 1, 2022 with AARe, pursuant to which it cedes a quota share, specified by the Company, of certain of the Company’s retail annuity business issued on or after January 1, 2022. This treaty is applied prior to any further cession of this business under other treaties. Modified coinsurance reserves were \$1,736.5 million as of September 30, 2022.

Effective July 1, 2022, the Company entered into a quota share coinsurance agreement with Protective Life Insurance Company (Protective) to assume a quota share of fixed indexed annuities and multi-year guaranteed annuities issued by Protective on or after the effective date of the treaty. The Company also entered into a retrocession modified coinsurance agreement with AARe effective July 1, 2022 to cede 80% of this block of business to AARe. Assumed reserves were \$106.3 million at September 30, 2022 of which \$85.0 million represented modified coinsurance reserves ceded to AARe at September 30, 2022.

Effective January 1, 2022, the Company recaptured a modified coinsurance agreement from Transamerica Life Insurance Company that ceded a block of annuity policies. The modified coinsurance reserves recaptured were \$72.1 million as of January 1, 2022.

The Company entered into a coinsurance agreement on January 1, 2018 with AADE, pursuant to which it ceded to AADE a 50% quota share of all of the Company’s retail annuity business issued between January 1, 2018 and December 31, 2021 (excluding the Company’s registered indexed linked annuities). This treaty had applied prior to any further cession of this business under other treaties. The Company has recognized a reserve credit of \$13,545.1 million as of December 31, 2021 for this block. Effective January 1, 2022, the Company recaptured the payout annuities ceded to AADE under this reinsurance agreement. Coinsurance reserves for the payout annuities recaptured by the Company were \$135.4 million as of January 1, 2022.

- A. Ceded Reinsurance Report - No Significant Changes
- B. Uncollectible Reinsurance - None
- C. Commutation of Reinsurance Reflected in Income and Expenses - None
- D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation - None
- E. Reinsurance of Variable Annuity Contracts with an Affiliated Captive Reinsurer - None
- F. Reinsurance Agreement with an Affiliated Captive Reinsurer - None
- G. Ceding Entities That Utilize Captive Reinsurers to Assume Reserves Subject to the XXX/AXXX Captive Framework - None
- H. Reinsurance Credit - None

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

- A. Method Used to Estimate - None
- B. Method Used to Record - None
- C. Amount and Percent of Net Retrospective Premiums - None

Notes to the Financial Statements

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination (Continued)

- D. Medical Loss Ratio Rebates Required Pursuant to the Public Health Service Act - None
- E. Risk-Sharing Provisions of the Affordable Care Act (ACA)

(1) Accident and health insurance premium subject to the Affordable Care Act risk-sharing provisions

Did the reporting entity write accident and health insurance premium which is subject to the Affordable Care Act risk sharing provisions?
NO

- (2) Impact of Risk-Sharing Provisions of the Affordable Care Act on admitted assets, liabilities and revenue for the current year - None
- (3) Roll-forward of prior year ACA risk-sharing provisions for the following asset (gross of any nonadmission) and liability balances, along with the reasons for adjustments to prior year balance - None
- (4) Roll-forward of risk corridors asset and liability balances by program benefit year - None
- (5) ACA risk corridors receivable as of reporting date - None

25. Change in Incurred Losses and Loss Adjustment Expenses - None

26. Intercompany Pooling Arrangements - None

27. Structured Settlements - None

28. Health Care Receivables - None

29. Participating Policies - No Significant Changes

30. Premium Deficiency Reserves - None

31. Reserves for Life Contracts and Annuity Contracts - No Significant Changes

32. Analysis of Annuity Actuarial Reserves and Deposit Type Contract Liabilities by Withdrawal Characteristics - No Significant Changes

33. Analysis of Life Actuarial Reserves by Withdrawal Characteristics - No Significant Changes

34. Premiums and Annuity Considerations Deferred and Uncollected - No Significant Changes

35. Separate Accounts

During the third quarter of 2022, the Index-Linked Deferred Annuity Separate Account repaid \$20 million of seed money plus \$1.6 million of interest to the Company's general account.

- A. Separate Account Activity - No Significant Changes
- B. General Nature and Characteristics of Separate Accounts Business - No Significant Changes
- C. Reconciliation of Net Transfers To or (From) Separate Accounts - No Significant Changes

36. Loss/Claim Adjustment Expenses - None