

QUARTERLY STATEMENT

OF THE

Athene Annuity & Life Assurance Company

TO THE

Insurance Department

OF THE

STATE OF

**FOR THE QUARTER ENDED
MARCH 31, 2022**

LIFE, ACCIDENT AND HEALTH

FRATERNAL BENEFIT SOCIETIES

2022

STATEMENT AS OF MARCH 31, 2022 OF THE Athene Annuity & Life Assurance 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	22,589,777,341		22,589,777,341	22,827,038,704
2. Stocks:				
2.1 Preferred stocks	260,216,267		260,216,267	268,908,861
2.2 Common stocks	1,282,339,875	38,132	1,282,301,743	1,305,010,889
3. Mortgage loans on real estate:				
3.1 First liens	4,207,563,898		4,207,563,898	4,393,822,811
3.2 Other than first liens.....	381,954,887		381,954,887	390,498,772
4. Real estate:				
4.1 Properties occupied by the company (less \$ encumbrances)				
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$359,973,457), cash equivalents (\$) and short-term investments (\$79,435,582)	439,409,039		439,409,039	791,284,624
6. Contract loans (including \$ premium notes)	2,065,931		2,065,931	1,981,412
7. Derivatives	197,990,832		197,990,832	209,298,238
8. Other invested assets	1,741,069,836	1,088,085	1,739,981,751	2,019,938,948
9. Receivables for securities	32,284,583		32,284,583	13,744,812
10. Securities lending reinvested collateral assets				
11. Aggregate write-ins for invested assets	24,652,854		24,652,854	9,597,455
12. Subtotals, cash and invested assets (Lines 1 to 11)	31,159,325,342	1,126,217	31,158,199,125	32,231,125,525
13. Title plants less \$ charged off (for Title insurers only)				
14. Investment income due and accrued	180,444,940	1,096,815	179,348,125	174,621,624
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)				
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$)				
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	79,883,362		79,883,362	83,760,657
16.2 Funds held by or deposited with reinsured companies	2,472,471,374		2,472,471,374	2,490,919,980
16.3 Other amounts receivable under reinsurance contracts	1,361,802,536		1,361,802,536	2,693,583,971
17. Amounts receivable relating to uninsured plans				
18.1 Current federal and foreign income tax recoverable and interest thereon	50,349,455		50,349,455	
18.2 Net deferred tax asset	118,150,442	84,333,428	33,817,014	48,362,083
19. Guaranty funds receivable or on deposit	210,799		210,799	299,455
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	102,037		102,037	175,835,334
24. Health care (\$) and other amounts receivable	4,215,849		4,215,849	4,515,331
25. Aggregate write-ins for other than invested assets	20,042,280	18,768,458	1,273,822	954,045
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25)	35,446,998,417	105,324,918	35,341,673,499	37,903,978,004
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts	16,410,835		16,410,835	17,777,982
28. Total (Lines 26 and 27)	35,463,409,251	105,324,918	35,358,084,334	37,921,755,987
DETAILS OF WRITE-INS				
1101. Derivative collateral asset	24,652,854		24,652,854	9,597,455
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)	24,652,854		24,652,854	9,597,455
2501. Miscellaneous assets	20,042,280	18,768,458	1,273,822	954,045
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page				
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	20,042,280	18,768,458	1,273,822	954,045

STATEMENT AS OF MARCH 31, 2022 OF THE Athene Annuity & Life Assurance Company

LIABILITIES, SURPLUS AND OTHER FUNDS

	1 Current Statement Date	2 December 31 Prior Year
1. Aggregate reserve for life contracts \$ 24,065,882,271 less \$ included in Line 6.3 (including \$ 17,301,926,371 Modco Reserve)	24,065,882,271	24,433,619,871
2. Aggregate reserve for accident and health contracts (including \$ Modco Reserve)		
3. Liability for deposit-type contracts (including \$ 79,045,923 Modco Reserve)	370,731,901	452,929,493
4. Contract claims:		
4.1 Life	81,520,300	68,446,062
4.2 Accident and health		
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)	30,901	30,901
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 \$ 32,339,130 assumed and \$ 847,556,379 ceded	879,895,509	1,996,937,529
9.4 Interest Maintenance Reserve	67,677,263	58,689,555
10. Commissions to agents due or accrued-life and annuity contracts \$ 121,341, accident and health \$ 244,151 and deposit-type contract funds \$	365,492	437,670
11. Commissions and expense allowances payable on reinsurance assumed	4,738,829	14,096,457
12. General expenses due or accrued	1,197,847	1,017,695
13. Transfers to Separate Accounts due or accrued (net) (including \$ 459 accrued for expense allowances recognized in reserves, net of reinsured allowances)	459	30,550
14. Taxes, licenses and fees due or accrued, excluding federal income taxes	63,100	68,886
15.1 Current federal and foreign income taxes, including \$ on realized capital gains (losses)		45,923,926
15.2 Net deferred tax liability		
16. Unearned investment income	1,867,619	1,654,944
17. Amounts withheld or retained by reporting entity as agent or trustee	154,348	143,550
18. Amounts held for agents' account, including \$ agents' credit balances		
19. Remittances and items not allocated	14,824,332	14,335,214
20. Net adjustment in assets and liabilities due to foreign exchange rates		
21. Liability for benefits for employees and agents if not included above		
22. Borrowed money \$ and interest thereon \$		
23. Dividends to stockholders declared and unpaid		
24. Miscellaneous liabilities:		
24.01 Asset valuation reserve	383,494,328	459,746,049
24.02 Reinsurance in unauthorized and certified (\$) companies		
24.03 Funds held under reinsurance treaties with unauthorized and certified (\$) reinsurers	7,555,398,007	8,223,547,365
24.04 Payable to parent, subsidiaries and affiliates	8,267,293	184,119,771
24.05 Drafts outstanding		
24.06 Liability for amounts held under uninsured plans		
24.07 Funds held under coinsurance		
24.08 Derivatives	73,708,069	57,479,278
24.09 Payable for securities	13,726,214	28,520,247
24.10 Payable for securities lending		
24.11 Capital notes \$ and interest thereon \$		
25. Aggregate write-ins for liabilities	242,458,860	257,684,919
26. Total liabilities excluding Separate Accounts business (Lines 1 to 25)	33,766,002,942	36,299,459,930
27. From Separate Accounts Statement	16,410,835	17,777,982
28. Total liabilities (Lines 26 and 27)	33,782,413,777	36,317,237,912
29. Common capital stock	2,500,000	2,500,000
30. Preferred capital stock		
31. Aggregate write-ins for other than special surplus funds		
32. Surplus notes		
33. Gross paid in and contributed surplus	1,933,266,439	1,926,506,958
34. Aggregate write-ins for special surplus funds		
35. Unassigned funds (surplus)	(360,095,882)	(324,488,883)
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 \$ in Separate Accounts Statement)	1,573,170,558	1,602,018,076
38. Totals of Lines 29, 30 and 37	1,575,670,558	1,604,518,076
39. Totals of Lines 28 and 38 (Page 2, Line 28, Col. 3)	35,358,084,334	37,921,755,987
DETAILS OF WRITE-INS		
2501. Derivative collateral liability	185,096,000	194,816,000
2502. Unclaimed funds	26,187,664	27,626,955
2503. Amount due reinsurers	31,175,196	25,539,205
2598. Summary of remaining write-ins for Line 25 from overflow page		9,702,759
2599. Totals (Lines 2501 through 2503 plus 2598)(Line 25 above)	242,458,860	257,684,919
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 MARCH 31, 2022 OF THE Athene Annuity & Life Assurance 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	5,439,397	174,836,025	839,575,769
2. Considerations for supplementary contracts with life contingencies	7,049,323	16,221,208	60,597,275
3. Net investment income	279,311,629	259,888,745	1,131,187,300
4. Amortization of Interest Maintenance Reserve (IMR)	4,052,656	3,177,691	61,037,618
5. Separate Accounts net gain from operations excluding unrealized gains or losses			
6. Commissions and expense allowances on reinsurance ceded	22,115,322	84,718,640	375,848,728
7. Reserve adjustments on reinsurance ceded	(596,089,965)	324,750,161	1,655,372,766
8. Miscellaneous Income:			
8.1 Income from fees associated with investment management, administration and contract guarantees from Separate Accounts	116,273	125,937	447,755
8.2 Charges and fees for deposit-type contracts			
8.3 Aggregate write-ins for miscellaneous income	28,485,698	25,793,921	115,844,345
9. Totals (Lines 1 to 8.3)	(249,519,667)	889,512,328	4,239,911,555
10. Death benefits	(154,087)	704,054	1,215,761
11. Matured endowments (excluding guaranteed annual pure endowments)	5,000		
12. Annuity benefits	37,341,452	35,725,243	145,975,154
13. Disability benefits and benefits under accident and health contracts			
14. Coupons, guaranteed annual pure endowments and similar benefits			
15. Surrender benefits and withdrawals for life contracts	122,013,795	127,711,110	499,794,814
16. Group conversions			
17. Interest and adjustments on contract or deposit-type contract funds	2,347,755	3,725,655	19,959,582
18. Payments on supplementary contracts with life contingencies	4,334,932	3,823,815	17,613,938
19. Increase in aggregate reserves for life and accident and health contracts	(367,737,600)	567,648,602	3,126,704,509
20. Totals (Lines 10 to 19)	(201,848,752)	739,338,481	3,811,263,758
21. Commissions on premiums, annuity considerations, and deposit-type contract funds (direct business only)	211,431	584,098	2,313,833
22. Commissions and expense allowances on reinsurance assumed	23,081,890	97,196,872	440,433,784
23. General insurance expenses and fraternal expenses	6,596,877	6,465,568	26,645,208
24. Insurance taxes, licenses and fees, excluding federal income taxes	614,684	836,259	543,637
25. Increase in loading on deferred and uncollected premiums			
26. Net transfers to or (from) Separate Accounts net of reinsurance	(257,234)	(441,785)	(835,755)
27. Aggregate write-ins for deductions	(34,126,868)	53,435,075	169,089,827
28. Totals (Lines 20 to 27)	(205,727,973)	897,414,567	4,449,454,292
29. Net gain from operations before dividends to policyholders and federal income taxes (Line 9 minus Line 28)	(43,791,694)	(7,902,239)	(209,542,737)
30. Dividends to policyholders and refunds to members	5,477	8,157	28,183
31. Net gain from operations after dividends to policyholders, refunds to members and before federal income taxes (Line 29 minus Line 30)	(43,797,171)	(7,910,396)	(209,570,920)
32. Federal and foreign income taxes incurred (excluding tax on capital gains)	(21,189,166)	(1,899,110)	(30,806,232)
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)	(22,608,005)	(6,011,286)	(178,764,688)
34. Net realized capital gains (losses) (excluding gains (losses) transferred to the IMR) less capital gains tax of \$ (10,108,940) (excluding taxes of \$ 380,276 transferred to the IMR)	83,434,460	4,426,459	108,518,835
35. Net income (Line 33 plus Line 34)	60,826,456	(1,584,826)	(70,245,853)
CAPITAL AND SURPLUS ACCOUNT			
36. Capital and surplus, December 31, prior year	1,604,518,076	1,699,905,341	1,699,905,341
37. Net income (Line 35)	60,826,456	(1,584,826)	(70,245,853)
38. Change in net unrealized capital gains (losses) less capital gains tax of \$ (10,060,940)	(40,006,899)	(9,263,098)	(539,951,505)
39. Change in net unrealized foreign exchange capital gain (loss)	(33,787,431)	8,933,587	(49,409,358)
40. Change in net deferred income tax	(37,829,527)	5,284,490	52,636,812
41. Change in nonadmitted assets	14,416,875	(325,183)	(95,496,942)
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	76,251,720	(21,774,084)	51,958,610
45. Change in treasury stock			
46. Surplus (contributed to) withdrawn from Separate Accounts during period			
47. Other changes in surplus in Separate Accounts Statement			
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	6,759,481	4,646,099	524,417,529
51.2 Transferred to capital (Stock Dividend)			
51.3 Transferred from capital			
51.4 Change in surplus as a result of reinsurance	(75,478,193)	(93,389,824)	30,703,440
52. Dividends to stockholders			
53. Aggregate write-ins for gains and losses in surplus			
54. Net change in capital and surplus for the year (Lines 37 through 53)	(28,847,518)	(107,472,840)	(95,387,266)
55. Capital and surplus, as of statement date (Lines 36 + 54)	1,575,670,558	1,592,432,501	1,604,518,076
DETAILS OF WRITE-INS			
08.301. Funds withheld adjustment - assumed	28,473,992	25,779,910	115,195,459
08.302. Miscellaneous income	11,706	14,012	648,885
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)	28,485,698	25,793,921	115,844,345
2701. Funds withheld adjustment - ceded	(41,565,554)	64,475,747	275,604,318
2702. Transfer to IMR - ceded	12,261,590	(5,703,834)	(94,604,021)
2703. Reserve adjustments on reinsurance assumed	(4,218,579)	(2,089,849)	(9,551,183)
2798. Summary of remaining write-ins for Line 27 from overflow page	(604,326)	(3,246,989)	(2,359,287)
2799. Totals (Lines 2701 through 2703 plus 2798)(Line 27 above)	(34,126,868)	53,435,075	169,089,827
5301.			
5302.			
5303.			
5398. Summary of remaining write-ins for Line 53 from overflow page			
5399. Totals (Lines 5301 through 5303 plus 5398)(Line 53 above)			

STATEMENT AS OF MARCH 31, 2022 OF THE Athene Annuity & Life Assurance 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	12,488,720	191,057,233	900,173,044
2. Net investment income	275,072,129	246,418,199	1,085,077,787
3. Miscellaneous income	21,436,077	83,912,937	373,029,481
4. Total (Lines 1 to 3)	308,996,926	521,388,368	2,358,280,312
5. Benefit and loss related payments	346,326,508	10,564,438	(760,149,236)
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts	(227,144)	(446,892)	(843,823)
7. Commissions, expenses paid and aggregate write-ins for deductions	38,118,820	118,029,177	470,780,793
8. Dividends paid to policyholders	5,477	8,157	30,819
9. Federal and foreign income taxes paid (recovered) net of \$ 47,307,852 tax on capital gains (losses)	65,355,551	6,571,558	41,853,010
10. Total (Lines 5 through 9)	449,579,211	134,726,438	(248,328,437)
11. Net cash from operations (Line 4 minus Line 10)	(140,582,285)	386,661,930	2,606,608,749
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds	1,607,350,065	1,145,175,761	6,105,576,764
12.2 Stocks	4,828,903	6,331,998	22,748,954
12.3 Mortgage loans	535,573,451	45,286,112	800,204,443
12.4 Real estate			
12.5 Other invested assets	492,573,151	74,052,613	1,117,780,194
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	5,539,091	(2,955,925)	(20,583,592)
12.7 Miscellaneous proceeds	30,926,032	81,409,732	189,165,390
12.8 Total investment proceeds (Lines 12.1 to 12.7)	2,676,790,693	1,349,300,291	8,214,892,153
13. Cost of investments acquired (long-term only):			
13.1 Bonds	1,575,831,862	1,775,080,925	8,842,742,310
13.2 Stocks	5,800,000	37,298,492	405,169,620
13.3 Mortgage loans	374,218,208	429,210,491	1,727,644,273
13.4 Real estate			899,616
13.5 Other invested assets	119,227,564	427,349,152	1,111,436,865
13.6 Miscellaneous applications	48,389,202	48,240,036	716,312
13.7 Total investments acquired (Lines 13.1 to 13.6)	2,123,466,837	2,717,179,096	12,088,608,997
14. Net increase (or decrease) in contract loans and premium notes	84,518	(6,324)	(142,441)
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	553,239,338	(1,367,872,481)	(3,873,574,403)
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			300,000,000
16.3 Borrowed funds			
16.4 Net deposits on deposit-type contracts and other insurance liabilities	(82,197,593)	25,504,400	75,690,694
16.5 Dividends to stockholders			
16.6 Other cash provided (applied)	(682,335,046)	26,375,686	339,093,358
17. Net cash from financing and miscellaneous sources (Line 16.1 through Line 16.4 minus Line 16.5 plus Line 16.6)	(764,532,639)	51,880,087	714,784,052
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)	(351,875,585)	(929,330,464)	(552,181,602)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year	791,284,624	1,343,466,227	1,343,466,227
19.2 End of period (Line 18 plus Line 19.1)	439,409,039	414,135,763	791,284,624

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

20.0001. Security exchanges and asset in kind trades - bond proceeds (investing)	442,905,814	130,513,805	798,668,886
20.0002. Security exchanges and asset in kind trades - bonds acquired (investing)	(442,905,814)	(130,513,805)	(798,668,886)
20.0003. Security exchanges and asset in kind trades - other invested asset proceeds (investing)	84,730,324	11,000,000	23,685,108
20.0004. Security exchanges and asset in kind trades - other invested asset acquired (investing)	(84,730,324)	(11,000,000)	(23,685,108)
20.0005. Reinsurance activity settled in assets in kind (operating)	132,024,576	165,946,996	185,754,428
20.0006. Assumed reinsurance activity settled in bonds (investing)		990,000	990,000
20.0007. Ceded reinsurance activity settled in assets in kind (investing)	(132,024,576)	(166,936,996)	(186,744,428)
20.0008. Capital contribution of stock compensation expense (financing)	6,465,032	4,646,099	22,202,198
20.0009. Capital contribution of stock compensation expense (investing)	(4,912,185)	(3,192,201)	(15,707,346)
20.0010. Capital contribution of stock compensation expense (operating)	(1,552,847)	(1,453,898)	(6,494,852)

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

20.0011. Asset transfer mortgage to other invested assets - proceeds (investing)	413,000		
20.0012. Asset transfer mortgage to other invested assets - acquired (investing)	(413,000)		
20.0013. Capital contribution - non-cash (financing)	294,449		27,215,331
20.0014. Capital contribution - non-cash (investing)	(294,449)		(27,215,331)
20.0015. Asset transfer bonds to stocks - proceeds (investing)			5,000,000
20.0016. Asset transfer bonds to other invested assets - proceeds (investing)			69,200
20.0017. Asset transfer bonds to stocks - acquired (investing)			(5,000,000)
20.0018. Asset transfer bonds to other invested assets - acquired (investing)			(69,200)

Notes to the Financial Statements

1. Summary of Significant Accounting Policies and Going Concern

A. Accounting Practices

The accompanying financial statements of **Athene Annuity & Life Assurance 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 Delaware.

The Department of Insurance of the State of Delaware (the Department) recognizes only statutory accounting practices prescribed or permitted by the State of Delaware for determining and reporting the financial condition and results of operations of an insurance company and for determining its solvency under the Delaware 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 Delaware. The Department has the right to permit other specific practices that deviate from prescribed practices.

Effective December 31, 2014, the Company received a permitted practice to use the standard scenario to determine the reserve on its variable annuity policies and thus did not calculate the stochastic scenario reserve as required under Actuarial Guideline 43. The Company does not believe this difference in valuation method has any impact on the calculated reserves. Therefore, the Company's net income and statutory surplus are not affected as a result of this permitted practice.

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

	SSAP #	F/S Page	F/S Line #	03/31/2022	12/31/2021
Net Income					
(1) State basis (Page 4, Line 35, Columns 1 & 3)	XXX	XXX	XXX	\$ 60,826,456	\$ (70,245,853)
(2) State prescribed practices that are an increase / (decrease) from NAIC SAP:					
(3) State permitted practices that are an increase / (decrease) from NAIC SAP:					
Standard scenario on variable annuities	51	3	1	-	-
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	<u>\$ 60,826,456</u>	<u>\$ (70,245,853)</u>
Surplus					
(5) State basis (Page 3, Line 38, Columns 1 & 2)	XXX	XXX	XXX	\$ 1,575,670,558	\$ 1,604,518,076
(6) State prescribed practices that are an increase / (decrease) from NAIC SAP:					
(7) State permitted practices that are an increase / (decrease) from NAIC SAP:					
Standard scenario on variable annuities	51	3	1	-	-
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	<u>\$ 1,575,670,558</u>	<u>\$ 1,604,518,076</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
- (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 May 16, 2022 does not give rise to substantial doubt of the Company's ability to continue as a going concern.

Notes to the Financial Statements

2. Accounting Changes and Corrections of Errors - None

3. Business Combinations and Goodwill - None

4. Discontinued Operations - None

5. Investments

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

B. Debt Restructuring - None

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) - None
- (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
12641TAS5	\$ 6,611,550	\$ 6,465,642	\$ 145,908	\$ 6,465,642	\$ 6,361,021	03/31/2022
41161PVJ9	5,172,738	5,171,535	1,203	5,171,535	1,965,529	03/31/2022
46634FAJ2	723,622	715,326	8,296	715,326	641,750	03/31/2022
59023MAD2	2,933,149	2,929,814	3,334	2,929,814	2,829,037	03/31/2022
86360JAN1	1,367,576	1,179,160	188,416	1,179,160	1,179,160	03/31/2022
Total			\$ 347,158			

- (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 March 31, 2022.

- a. The aggregate amount of unrealized losses:
 - 1. Less than 12 months \$ 251,961,647
 - 2. 12 months or longer 34,991,502
- b. The aggregate related fair value of securities with unrealized losses:
 - 1. Less than 12 months \$ 6,987,192,708
 - 2. 12 months or longer 547,012,517

- (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 - None

G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing

Repurchase Transaction - Cash Provider - Overview of Secured Borrowing Transactions

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

Included in short-term investments are amounts receivable under reverse repurchase agreements, which involves the purchase of investments from a seller with the agreement that the investments will be repurchased by the seller at a specified price, and at a specified date or within a specified period of time. The investments purchased, which represent collateral on a secured lending arrangement, are not reflected in the Company's balance sheets. Instead, the secured lending arrangement is reflected as a short-term investment for the principal amount loaned under the agreement.

- (2) Type of repo trades used

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

Notes to the Financial Statements

5. Investments (Continued)

(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				
5. Over 1 month to 3 months				
6. Over 3 months to 1 year				
7. Over 1 year	25,940,247			
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				
6. Over 3 months to 1 year				
7. Over 1 year	25,940,247			

(4) Fair value of securities sold and/or acquired that resulted in default - None

(5) Fair value of securities acquired under repo - secured borrowing

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount	\$ 25,940,247	\$	\$	\$
b. Ending Balance	\$ 25,940,247	\$	\$	\$

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

Ending Balance	(1) None	(2) NAIC 1	(3) NAIC 2	(4) NAIC 3	(5) NAIC 4	(6) NAIC 5	(7) NAIC 6	(8) Does Not Qualify as Admitted
a. Bonds - FV	\$	\$	\$ 25,940,247	\$	\$	\$	\$	\$
b. LB & SS - FV								
c. Preferred stock - FV								
d. Common stock								
e. Mortgage loans - FV								
f. Real estate - FV								
g. Derivatives - FV								
h. Other invested assets - FV								
i. Total assets - FV (Sum of a through h)	\$	\$	\$ 25,940,247	\$	\$	\$	\$	\$

(7) Collateral provided - secured borrowing

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Cash	\$ 615,740,809	\$	\$	\$
2. Securities (FV)				
3. Securities (BACV)	XXX	XXX	XXX	XXX
4. Nonadmitted Subset (BACV)	XXX	XXX	XXX	XXX
b. Ending Balance				
1. Cash	\$ 615,740,809	\$	\$	\$
2. Securities (FV)				
3. Securities (BACV)				
4. Nonadmitted Subset (BACV)				

(8) Allocation of aggregate collateral pledged by remaining contractual maturity - None

Notes to the Financial Statements

5. Investments (Continued)

(9) Recognized receivable for return of collateral - secured borrowing

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
a. Maximum Amount				
1. Cash	\$	\$	\$	\$
2. Securities (FV)	25,940,247			
b. Ending Balance				
1. Cash	\$	\$	\$	\$
2. Securities (FV)	25,940,247			

(10) Recognized liability to return collateral - secured borrowing (total) - 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 - None
- 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 - No Significant Changes

7. Investment Income - No Significant Changes

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 - No Significant Changes

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. Additionally, following the completion of the Mergers, AUSA contributed to its direct wholly owned subsidiary, AARE, AUSA's ownership in the Company whereas the Company became a direct wholly owned subsidiary of AARE.

Some employees of Athene Employee Services LLC and Athene Annuity and Life Company (AAIA) participate in one or more Share Award Agreements (the Agreements) sponsored by AHL, for which the Company has no legal obligation. Salary expense of Athene Employee Services LLC and AAIA is allocated to the Company 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 \$6.5 million and \$22.2 million for the three months ended March 31, 2022 and for the year ended December 31, 2021, respectively, which includes amounts contributed by the Company to downstream insurance subsidiaries.

Notes to the Financial Statements

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

During February 2022, the Company received a \$175.3 million capital contribution from its parent and paid a \$175.3 million capital contribution to its wholly owned subsidiary, AAIA. The 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. The contribution to AAIA was accrued at December 31, 2021 as a \$175.0 million payable to subsidiary with a corresponding increase to investment in affiliated common stock. 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.

- B. Detail of Related Party Transactions - No Significant Changes
- C. Transactions With Related Party Who Are Not Reported on Schedule Y - No Significant Changes
- 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 - None
- 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*. During October 2021, the Company borrowed \$80.0 million with an interest rate of 0.3% under the FHLB short-term arrangement. The borrowing was repaid during December 2021. The Company did not have any outstanding borrowings as of March 31, 2022 or December 31, 2021. The Company incurred no interest expense on short-term borrowings for the three months ended March 31, 2022, and less than \$0.1 million for the year ended ended December 30, 2021.

The Company has issued funding agreements to the FHLB of Des Moines in exchange for cash resulting in a liability of \$375.7 million as of March 31, 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.

Notes to the Financial Statements

11. Debt (Continued)

(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	15,600,000	15,600,000	
(d) Excess stock			
(e) Aggregate total (a+b+c+d)	\$ 25,600,000	\$ 25,600,000	\$
(f) Actual or estimated borrowing capacity as determined by the insurer	\$ 400,000,000		
2. Prior Year-End			
(a) Membership stock - Class A	\$	\$	\$
(b) Membership stock - Class B	10,000,000	10,000,000	
(c) Activity stock	14,800,000	14,800,000	
(d) Excess stock			
(e) Aggregate total (a+b+c+d)	\$ 24,800,000	\$ 24,800,000	\$
(f) Actual or estimated borrowing capacity as determined by the insurer	\$ 500,000,000		

11B(2)a1(f) should be equal to or greater than 11B(4)a1(d)
 11B(2)a2(f) should be equal to or greater than 11B(4)a2(d)

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

Membership Stock	(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
1. Class A	\$	\$	\$	\$	\$	\$
2. Class B	\$ 10,000,000	\$ 10,000,000	\$	\$	\$	\$

11B(2)b1 Current Year Total (Column 1) should equal 11B(2)a1(a) Total (Column 1)
 11B(2)b2 Current Year Total (Column 1) should equal 11B(2)a1(b) Total (Column 1)

(3) Collateral pledged to FHLB

(a) Amount pledged as of reporting date

	(1) Fair Value	(2) Carrying Value	(3) Aggregate Total Borrowing
1. Current year total general and separate accounts total collateral pledged (Lines 2+3)	\$ 463,016,110	\$ 485,138,422	\$ 390,000,000
2. Current year general account total collateral pledged	463,016,110	485,138,422	390,000,000
3. Current year separate accounts total collateral pledged			
4. Prior year-end total general and separate accounts total collateral pledged	587,138,320	586,878,941	370,000,000

(b) Maximum amount pledged during reporting period

	(1) Fair Value	(2) Carrying Value	(3) Amount Borrowed at Time of Maximum Collateral
1. Current year total general and separate accounts maximum collateral pledged (Lines 2+3)	\$ 587,138,320	\$ 586,878,941	\$ 390,000,000
2. Current year general account maximum collateral pledged	587,138,320	586,878,941	390,000,000
3. Current year separate accounts maximum collateral pledged			
4. Prior year-end total general and separate accounts maximum collateral pledged	587,138,320	586,878,941	370,000,000

Notes to the Financial Statements

11. Debt (Continued)

(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	390,000,000	390,000,000		\$ 375,663,986
(c) Other				XXX
(d) Aggregate total (a+b+c)	<u>\$ 390,000,000</u>	<u>\$ 390,000,000</u>	<u>\$</u>	<u>\$ 375,663,986</u>
2. Prior Year-end				
(a) Debt	\$	\$	\$	XXX
(b) Funding agreements	370,000,000	370,000,000		\$ 355,041,450
(c) Other				XXX
(d) Aggregate total (a+b+c)	<u>\$ 370,000,000</u>	<u>\$ 370,000,000</u>	<u>\$</u>	<u>\$ 355,041,450</u>

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

	(1)	(2)	(3)
	Total (2+3)	General Account	Separate Accounts
1. Debt	\$	\$	\$
2. Funding agreements	390,000,000	390,000,000	
3. Other			
4. Aggregate total (Lines 1+2+3)	<u>\$ 390,000,000</u>	<u>\$ 390,000,000</u>	<u>\$</u>

(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 - 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 March 31, 2022, the Company has unfunded commitments to invest in SCA entities, joint ventures, partnerships or limited liability companies of \$1,025.3 million.

As of March 31, 2022, the Company has unfunded commitments to invest in certain bonds and mortgage loans of \$1,765.0 million.

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

(3) Aggregate compilation of guarantee obligations - No Significant Changes

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

Notes to the Financial Statements

14. Liabilities, Contingencies and Assessments (Continued)

F. All Other Contingencies

Corporate-owned Life Insurance (COLI) Matter - In 2000 and 2001, two insurance companies which were subsequently merged into AAIA, purchased broad based variable COLI policies from American General Life Insurance Company (American General). In January 2012, the COLI policy administrator delivered to AAIA 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, AAIA 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 AAIA'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, AAIA 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. As of March 31, 2022, the COLI policies had an asset value of \$361.5 million.

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 Company believes 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.

The NAIC has 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 retail customer 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, could adversely affect 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 revised SAT that includes a best interest concept. The NYDFS issued a circular letter emphasizing insurers' obligations under laws and regulations based on SAT when replacing a deferred annuity contract with an immediate annuity contract. On July 22, 2018, the NYDFS issued amendments to its regulation based on SAT to incorporate a "best interest" standard with respect to the suitability of life insurance and annuity sales. Future changes in such laws and regulations, including those that impose a "best interest" standard could adversely impact the way we market and sell our 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 issued final regulatory action on December 15, 2020. The DOL's final guidance confirms the reinstatement of the definition of "investment advice" that applied prior to 2016 but 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. This guidance reverses an earlier DOL interpretation suggesting that rollover advice did not constitute investment advice giving rise to a fiduciary relationship. In connection with the final regulatory action, the DOL issued a prohibited transaction class exemption that would allow 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. The DOL has indicated they intend to issue further guidance or regulations with regards to these types of annuity sales. We 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 other 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

Notes to the Financial Statements

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: RMBS	\$	\$	\$ 3,130,982	\$	\$ 3,130,982
Preferred stocks		87,925,320	50,314,740		138,240,060
Common stocks	481,876	25,605,134	71,130		26,158,140
Derivative assets: Currency Swaps		26,722,597			26,722,597
Derivative assets: Options		70,189,517			70,189,517
Derivative assets: Total Return Swaps		177,443			177,443
Derivative assets: Futures	2,068,303				2,068,303
Derivative assets: FX Forwards		76,573,598			76,573,598
Separate account assets: Variable products		16,410,835			16,410,835
Total assets at fair value/NAV	\$ 2,550,179	\$ 303,604,444	\$ 53,516,852	\$	\$ 359,671,475
b. Liabilities at fair value					
Derivative liabilities: Currency Swaps	\$	\$ 19,535,758	\$	\$	\$ 19,535,758
Derivative liabilities: Options		53,678			53,678
Derivative liabilities: Total Return Swaps		3,208			3,208
Derivative liabilities: FX Forwards		10,614,314			10,614,314
Separate account liabilities: Variable products		16,411,298			16,411,298
Total liabilities at fair value	\$	\$ 46,618,256	\$	\$	\$ 46,618,256

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

Description	Beginning balance as of 01/01/2022	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 03/31/2022
a. Assets										
Bonds: RMBS	\$ 3,225,939	\$	\$	\$ 5,102	\$ (95,696)	\$	\$	\$ (4,363)	\$	\$ 3,130,982
Preferred stocks	51,141,438				1,139,340			(1,966,038)		50,314,740
Common stocks	71,130									71,130
Total assets	\$ 54,438,507	\$	\$	\$ 5,102	\$ 1,043,644	\$	\$	\$ (1,970,401)	\$	\$ 53,516,852
b. Liabilities										
Total liabilities	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$

There were no transfers into or out of Level 3 of the fair value hierarchy during this quarter.

(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.

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

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

Notes to the Financial Statements

20. Fair Value Measurements (Continued)

B. Other Fair Value Disclosures - None

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	\$ 21,842,453,764	\$ 22,589,777,341	\$ 26,005,702	\$ 18,874,684,441	\$ 2,941,763,621	\$	\$
Assets - Preferred stocks	248,011,730	260,216,267		197,696,990	50,314,740		
Assets - Common stock	26,158,140	26,158,140	481,876	25,605,134	71,130		
Assets - Mortgage loans - first liens	4,225,800,854	4,207,563,898			4,225,800,854		
Assets - Mortgage loans - other than first liens	361,153,606	381,954,887			361,153,606		
Assets - Cash and short-term investments	439,367,223	439,409,039	379,722,020	20,594,082	39,051,121		
Assets - Policy loans	2,065,931	2,065,931		2,065,931			
Assets - Derivative assets	207,736,273	197,990,832	(10,885,333)	218,621,606			
Assets - Derivative collateral assets	24,652,854	24,652,854	24,652,854				
Assets - Other invested assets	1,756,562,309	1,739,981,751		94,937,930	594,658,897	1,066,965,482	
Assets - Separate account: variable products	16,410,835	16,410,835		16,410,835			
Liabilities - Deposit-type contracts	364,685,455	370,731,901			364,685,455		
Liabilities - Derivative liabilities	31,828,766	73,708,069		31,828,766			
Liabilities - Derivative and other collateral	185,096,000	185,096,000	185,096,000				

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 is 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, credit 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 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 separate account assets accrue directly to the policyowners and are not included in the Company's revenues and expenses or surplus.

Deposit-type contracts – Deposit-type contracts are classified as Level 3 include single premium immediate annuities (SPIA), supplemental contracts, and group pension contracts. Fair value of SPIA, supplemental contracts, and group pension are calculated by discounting best estimate cash flows based on market interest rate assumptions.

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 net asset value (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 March 31, 2022, the Company has \$1,025.3 million unfunded commitments to invest in these investment funds.

Notes to the Financial Statements

21. Other Items - No Significant Changes

22. Events Subsequent

Subsequent events have been considered through May 16, 2022 for the statutory statement dated March 31, 2022.

23. Reinsurance

The Company entered into a coinsurance agreement on January 1, 2018 with AAIA, pursuant to which it assumes from AAIA a 50% quota share of certain annuity business issued between January 1, 2018 and December 31, 2021. The Company has recognized a reserve of \$13,804.1 million as of December 31, 2021 for this block. Effective January 1, 2022, AAIA recaptured the payout annuities ceded to the Company under this reinsurance agreement. Coinsurance reserves for the payout annuities recaptured by AAIA 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 - Not Applicable
- B. Method Used to Record - Not Applicable
- C. Amount and Percent of Net Retrospective Premiums - Not Applicable
- D. Medical Loss Ratio Rebates Required Pursuant to the Public Health Service Act - Not Applicable
- 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 - Not Applicable
- (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 - Not Applicable
- (4) Roll-forward of risk corridors asset and liability balances by program benefit year - Not Applicable
- (5) ACA risk corridors receivable as of reporting date - Not Applicable

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 - None

35. Separate Accounts - No Significant Changes

36. Loss/Claim Adjustment Expenses - None