

CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS

Transamerica International Re (Bermuda) Ltd.

As at December 31, 2022 and 2021

# Condensed General Purpose Financial Statements

As at December 31, 2022

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April 21, 2023

## Report of Independent Auditors

To the Board of Directors of Transamerica International Re (Bermuda) Ltd.

### Opinions

We have audited the accompanying condensed financial statements of Transamerica International Re (Bermuda) Ltd. (the "Company"), which comprise the condensed balance sheets and condensed statements of capital and surplus as of December 31, 2022 and 2021, and the related condensed statements of income for the years then ended, including the related notes (collectively referred to as the "condensed financial statements").

#### *Unmodified opinion on regulatory basis of accounting*

In our opinion, the accompanying condensed financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations for the years then ended in accordance with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to condensed general purpose financial statements (the "Legislation").

#### *Adverse opinion on U.S. generally accepted accounting principles*

In our opinion, because of the significance of the matter discussed in the *Basis for adverse opinion on U.S. generally accepted accounting principles* section of our report, the accompanying condensed financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2022 and 2021, or the results of its operations for the years then ended.

### Basis for Opinions

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

#### *Basis for adverse opinion on U.S. generally accepted accounting principles*

As described in Note 3 to the condensed financial statements, the condensed financial statements are prepared by the Company on the basis of the financial reporting provisions of the Legislation, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Bermuda Monetary Authority.

The effects on the condensed financial statements of the variances between the regulatory basis of accounting described in Note 3 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.



### **Responsibilities of management for the condensed financial statements**

Management is responsible for the preparation and fair presentation of the condensed financial statements in accordance with the financial reporting provisions of the Legislation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the condensed financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditors' responsibilities for the audit of the condensed financial statements**

Our objectives are to obtain reasonable assurance about whether the condensed financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the condensed financial statements.

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

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



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

*PricewaterhouseCoopers Ltd.*  
**Chartered Professional Accountants**

**CONDENSED BALANCE SHEETS**  
**TRANSAMERICA INTERNATIONAL RE (BERMUDA) LTD.**

as at  
**December 31, 2022**  
expressed in  
**United States Dollars**

**ASSETS**

<b>STMT LINE NO.</b>	<b>December <u>2022</u></b>	<b>December <u>2021</u></b>
1 CASH AND CASH EQUIVALENTS	5,794,579	3,381,391
2 QUOTED INVESTMENTS:		
(a) Bonds and Debentures		
(i) Held to maturity	-	-
(ii) Other	285,619,978	395,410,679
(b) Total bonds and debentures	<u>285,619,978</u>	<u>395,410,679</u>
(c) Equities		
(i) Common stocks	-	-
(ii) Preferred stocks	-	-
(iii) Mutual funds	-	-
(d) Total equity	<u>-</u>	<u>-</u>
(e) Other quoted investments	-	-
(f) Total quoted investments	<u>285,619,978</u>	<u>395,410,679</u>
3 UNQUOTED INVESTMENTS:		
(a) Bonds and debentures		
(i) Held to maturity	-	-
(ii) Other	-	-
(b) Total bonds and debentures	<u>-</u>	<u>-</u>
(c) Equities		
(i) Common stocks	-	-
(ii) Preferred stocks	-	-
(iii) Mutual funds	-	-
(d) Total equities	<u>-</u>	<u>-</u>
(e) Other unquoted investments	-	-
(f) Total unquoted investments	<u>-</u>	<u>-</u>
4 INVESTMENTS IN AND ADVANCES TO AFFILIATES		
(a) Unregulated entities that conduct ancillary services	-	-
(b) Unregulated non-financial operating entities	-	-
(c) Unregulated financial operating entities	-	-
(d) Regulated non-insurance financial operating entities	-	-
(e) Regulated insurance financial operating entities	-	-
(f) Total investments in affiliates	-	-
(g) Advances to affiliates	-	-
(h) Total investments in and advances to affiliates	<u>-</u>	<u>-</u>
5 INVESTMENTS IN MORTGAGE LOANS ON REAL ESTATE:		
(a) First liens	-	-
(b) Other than first liens	-	-
(c) Total investment in mortgage loans on real estate	<u>-</u>	<u>-</u>
6 POLICY LOANS	-	-
7 REAL ESTATE:		
(a) Occupied by the company (less encumbrances)	-	-
(b) Other properties (less encumbrances)	-	-
(c) Total real estate	<u>-</u>	<u>-</u>
8 COLLATERAL LOANS	-	-
9 INVESTMENT INCOME DUE AND ACCRUED	2,018,569	2,408,864
10 ACCOUNTS AND PREMIUMS RECEIVABLE		
(a) In course of collection	28,065,243	39,313,418
(b) Deferred - not yet due	-	-
(c) Receivables from retrocessional contracts	-	-
(d) Total accounts and premiums receivable	<u>28,065,243</u>	<u>39,313,418</u>

**CONDENSED BALANCE SHEETS**  
**TRANSAMERICA INTERNATIONAL RE (BERMUDA) LTD.**

as at  
**December 31, 2022**  
expressed in  
**United States Dollars**

<b>STMT</b>	<b>December</b>	December
<b>LINENO.</b>	<b><u>2022</u></b>	<b><u>2021</u></b>
11 REINSURANCE BALANCES RECEIVABLE		
(a) Foreign affiliates	936,590	3,487,284
(b) Domestic affiliates	-	-
(c) Pools and associations	-	-
(d) All other insurers	40,919,926	3,678,675
(e) Total reinsurance balances receivable	<u>41,856,516</u>	<u>7,165,959</u>
12 FUNDS HELD BY CEDING REINSURERS	-	-
13 SUNDRY ASSETS:		
(a) Derivative instruments	-	-
(b) Segregated accounts Long-Term business -variable annuities	-	-
(c) Segregated accounts Long-Term business - other	-	-
(d) Segregated accounts - General business	-	-
(e) Deposit assets	-	-
(f) Deferred acquisition costs	14,267,083	18,511,962
(g) Net receivables for investments sold	-	-
(h) Other sundry assets - Modco asset	5,445,034	7,043,129
(i) Other sundry assets	-	-
(j) Other sundry assets	-	-
(k) Total sundry assets	<u>19,712,117</u>	<u>25,555,091</u>
14 LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS:		
(a) Letters of credit	-	-
(b) Guarantees	-	-
(c) Other instruments	-	-
(d) Total letters of credit, guarantees and other instruments	<u>-</u>	<u>-</u>
<b>15 TOTAL</b>	<b><u>383,067,002</u></b>	<b><u>473,235,402</u></b>

**CONDENSED BALANCE SHEETS**  
**TRANSAMERICA INTERNATIONAL RE (BERMUDA) LTD.**

as at

**December 31, 2022**

expressed in

**United States Dollars**

**TOTAL INSURANCE RESERVES, OTHER LIABILITIES,  
AND CAPITAL AND SURPLUS**

<b>STMT LINE NO.</b>	<b>December <u>2022</u></b>	<b>December <u>2021</u></b>
16 UNEARNED PREMIUM RESERVE		
(a) Gross unearned premium reserves	-	-
(b) Less: ceded unearned premium reserve		
(i) Foreign affiliates	-	-
(ii) Domestic affiliates	-	-
(iii) Pools & associations	-	-
(iv) All other reinsurers	-	-
(c) Total ceded unearned premium reserve	-	-
(d) Net unearned premium reserve	-	-
17 LOSS AND LOSS EXPENSE PROVISIONS		
(a) Gross loss and loss expense provisions	-	-
(b) Less: Reinsurance recoverable balance		
(i) Foreign affiliates	-	-
(ii) Domestic affiliates	-	-
(iii) Pools & associations	-	-
(iv) All other reinsurers	-	-
(c) Total reinsurance recoverable balance	-	-
(d) Net loss and loss expenses provisions	-	-
18 OTHER GENERAL BUSINESS INSURANCE RESERVES	-	-
19 TOTAL GENERAL BUSINESS INSURANCE RESERVES	-	-
<b>LONG - TERM BUSINESS INSURANCE RESERVES</b>		
20 RESERVES FOR REPORTED CLAIMS	-	-
21 RESERVES FOR UNREPORTED CLAIMS	-	-
22 POLICY RESERVES — LIFE	-	-
23 POLICY RESERVES — ACCIDENT AND HEALTH	-	-
24 POLICYHOLDERS' FUNDS ON DEPOSIT	-	-
25 LIABILITY FOR FUTURE POLICYHOLDERS' DIVIDENDS	-	-
26 OTHER LONG-TERM BUSINESS INSURANCE RESERVES	-	-
27 TOTAL LONG-TERM BUSINESS INSURANCE RESERVES		
(a) Gross long-term business insurance reserves	287,811,520	415,629,259
(b) Less: Reinsurance recoverable balance on long-term business		
(i) Foreign affiliates	-	-
(ii) Domestic affiliates	-	-
(iii) Pools & associations	-	-
(iv) All other insurers	-	-
(c) Total reinsurance recoverable balance	287,811,520	415,629,259
(d) Net long-term business insurance reserves	-	-



**CONDENSED BALANCE SHEETS**  
**TRANSAMERICA INTERNATIONAL RE (BERMUDA) LTD.**

as at

**December 31, 2022**

expressed in

**United States Dollars**

**TOTAL INSURANCE RESERVES, OTHER LIABILITIES,  
AND CAPITAL AND SURPLUS**

<b>STMT LINE NO.</b>	<b>December <u>2022</u></b>	December <u>2021</u>	
<b>OTHER LIABILITIES</b>			
28	INSURANCE AND REINSURANCE BALANCES PAYABLE	28,381,494	41,393,497
29	COMMISSIONS, EXPENSES, FEES AND TAXES PAYABLE	-	-
30	LOANS AND NOTES PAYABLE	-	-
31	(a) INCOME TAXES PAYABLE	(159,528)	205,401
	(b) DEFERRED INCOME TAXES	3,991,704	5,441,461
32	AMOUNTS DUE TO AFFILIATES	9,446	5,538
33	ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	463,755	986,871
34	FUNDS HELD UNDER REINSURANCE CONTRACTS	302,818,717	377,068,578
35	DIVIDENDS PAYABLE	-	-
36	SUNDRY LIABILITIES:		
	(a) Derivative instruments	-	-
	(b) Segregated accounts companies	-	-
	(c) Deposit liabilities	-	-
	(d) Net payable for investments purchased	-	-
	(e) Other sundry liabilities - Remittances and amounts unallocated	6,450,477	7,363,362
	(f) Other sundry liabilities	-	-
	(g) Other sundry liabilities	-	-
	(h) Total sundry liabilities	<u>6,450,477</u>	<u>7,363,362</u>
37	LETTERS OF CREDIT, GUARANTEES AND OTHER INSTRUMENTS		
	(a) Letters of credit	-	-
	(b) Guarantees	-	-
	(c) Other instruments	-	-
	(d) Total letters of credit, guarantees and other instruments	<u>-</u>	<u>-</u>
38	TOTAL OTHER LIABILITIES	<u>341,956,065</u>	<u>432,464,708</u>
39	<b>TOTAL LONG-TERM BUSINESS INSURANCE RESERVES AND OTHER LIABILITIES</b>	<b>341,956,065</b>	<b>432,464,708</b>
<b>CAPITAL AND SURPLUS</b>			
40	<b>TOTAL CAPITAL AND SURPLUS</b>	<b>41,110,937</b>	<b>40,770,694</b>
41	<b>TOTAL</b>	<b><u>383,067,002</u></b>	<b><u>473,235,402</u></b>

**CONDENSED STATEMENTS OF INCOME**  
**TRANSAMERICA INTERNATIONAL RE (BERMUDA) LTD.**

as at  
**December 31, 2022**

expressed in  
**United States Dollars**

<b>STMT LINE NO.</b>	<b>December <u>2022</u></b>	<b>December <u>2021</u></b>
<b>GENERAL BUSINESS UNDERWRITING INCOME</b>		
1 GROSS PREMIUMS WRITTEN		
(a) Direct gross premiums written	-	-
(b) Assumed gross premiums written	-	-
(c) Total gross premiums written	<u>-</u>	<u>-</u>
2 REINSURANCE PREMIUMS CEDED	-	-
3 NET PREMIUMS WRITTEN	-	-
4 INCREASE (DECREASE) IN UNEARNED PREMIUMS	-	-
5 NET PREMIUMS EARNED	-	-
6 OTHER INSURANCE INCOME	-	-
7 TOTAL GENERAL BUSINESS UNDERWRITING INCOME	<u>-</u>	<u>-</u>
<b>GENERAL BUSINESS UNDERWRITING EXPENSES</b>		
8 NET LOSS INCURRED AND NET LOSS EXPENSES INCURRED	-	-
9 COMMISSIONS AND BROKERAGE	-	-
10 TOTAL GENERAL BUSINESS UNDERWRITING EXPENSES	-	-
11 NET UNDERWRITING PROFIT (LOSS) - GENERAL BUSINESS	-	-
<b>LONG-TERM BUSINESS INCOME</b>		
12 GROSS PREMIUMS AND OTHER CONSIDERATIONS:		
(a) Direct gross premiums and other considerations	-	-
(b) Assumed gross premiums and other considerations	<u>102,924,193</u>	<u>137,829,254</u>
(c) Total gross premiums and other considerations	102,924,193	137,829,254
13 PREMIUMS CEDED	(102,924,193)	(137,829,254)
14 NET PREMIUMS AND OTHER CONSIDERATIONS		
(a) Life	-	-
(b) Annuities	-	-
(c) Accident and health	-	-
(d) Total net premiums and other considerations	<u>-</u>	<u>-</u>
15 OTHER INSURANCE INCOME	-	-
16 TOTAL LONG-TERM BUSINESS INCOME	<u>-</u>	<u>-</u>

**CONDENSED STATEMENTS OF INCOME**  
**TRANSAMERICA INTERNATIONAL RE (BERMUDA) LTD.**

as at  
**December 31, 2022**

expressed in  
**United States Dollars**

<b>STMT LINE NO.</b>	<b>December <u>2022</u></b>	<b>December <u>2021</u></b>
<b>LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES</b>		
17 CLAIMS - LIFE	-	-
18 POLICYHOLDERS' DIVIDENDS	-	-
19 SURRENDERS	-	-
20 MATURITIES	-	-
21 ANNUITIES	-	-
22 ACCIDENT AND HEALTH BENEFITS	-	-
23 COMMISSIONS	4,244,879	1,084,903
24 OTHER	(351,680)	71,171
25 TOTAL LONG-TERM BUSINESS DEDUCTIONS AND EXPENSES	<u>3,893,199</u>	<u>1,156,074</u>
26 INCREASE (DECREASE) IN POLICY RESERVES (ACTUARIAL LIABILITIES)		
(a) Life	-	-
(b) Annuities	-	-
(c) Accident and health	-	-
(d) Total increase (decrease) in policy reserves	<u>-</u>	<u>-</u>
27 TOTAL LONG-TERM BUSINESS EXPENSES	<u>3,893,199</u>	<u>1,156,074</u>
28 <b>NET UNDERWRITING PROFIT (LOSS) - LONG-TERM BUSINESS</b>	(3,893,199)	(1,156,074)
29 <b>COMBINED NET UNDERWRITING RESULTS BEFORE THE UNDERNOTED ITEMS</b>	(3,893,199)	(1,156,074)
<b>UNDERNOTED ITEMS</b>		
30 COMBINED OPERATING EXPENSE		
(a) General and administration	-	-
(b) Personnel cost	-	-
(c) Other	2,676,118	4,660,395
(d) Total combined operating expenses	<u>2,676,118</u>	<u>4,660,395</u>
31 COMBINED INVESTMENT INCOME - NET	582,675	(654,249)
32 COMBINED OTHER INCOME (DEDUCTIONS)	8,652,912	17,586,924
33 COMBINED INCOME BEFORE TAXES	2,666,270	11,116,206
34 COMBINED INCOME TAXES (IF APPLICABLE):		
(a) Current	1,530,473	3,405,402
(b) Deferred	(1,042,388)	(806,545)
(c) Total	<u>488,085</u>	<u>2,598,857</u>
35 COMBINED INCOME BEFORE REALIZED GAINS (LOSSES)	2,178,185	8,517,349
36 COMBINED REALIZED GAINS (LOSSES)	(342,049)	1,259,304
37 COMBINED INTEREST CHARGES	-	-
38 <b>NET INCOME</b>	<u><b>1,836,136</b></u>	<u><b>9,776,653</b></u>

**CONDENSED STATEMENTS OF CAPITAL & SURPLUS**  
**TRANSAMERICA INTERNATIONAL RE (BERMUDA) LTD.**

as at  
**December 31, 2022**

expressed in  
**United States Dollars**

<b>STMT LINE NO.</b>	<b>December <u>2022</u></b>	<b>December <u>2021</u></b>
<b>1 CAPITAL</b>		
(a) Capital stock		
(i) Common shares:	370,000	370,000
Authorized 370,000 shares of par value \$1 each issued and fully paid 370,000 shares		
(ii)		
(A) Preferred shares:	-	-
(B) Preferred shares issued by a subsidiary:	-	-
(iii) Treasury shares:		
(b) Contributed surplus	682,122,465	682,122,465
(c) Any other fixed capital		
(i) Hybrid capital instruments	-	-
(ii) Guarantees and others	-	-
(iii) Total any other fixed capital	<u>-</u>	<u>-</u>
(d) Total Capital	<u>682,492,465</u>	<u>682,492,465</u>
<b>2 SURPLUS</b>		
(a) Deficit - Beginning of Year	(641,721,771)	(650,663,763)
(b) Add: Income (Loss) for the Year	1,836,136	9,776,653
(c) Less: Dividends paid and payable	-	-
(d) Add (deduct) change in unrealized appreciation (depreciation) of investments	(1,495,893)	(834,661)
(e) Add (Deduct) change in any other surplus	<u>(0)</u>	<u>-</u>
(f) Deficit - End of Year	<u>(641,381,528)</u>	<u>(641,721,771)</u>
<b>3 MINORITY INTEREST</b>	-	-
<b>4 TOTAL CAPITAL AND SURPLUS</b>	<u><b>41,110,937</b></u>	<u><b>40,770,694</b></u>

## NOTES TO THE CONDENSED GENERAL PURPOSE FINANCIAL STATEMENTS

1. Transamerica International Re (Bermuda) Ltd., (the Insurer) is incorporated under the laws of Bermuda. The Insurer is a wholly owned subsidiary of Transamerica Corporation (TA Corp) (the Parent), which is incorporated in the United States of America and is an indirect, wholly owned subsidiary of AEGON N.V., a corporation incorporated under the laws of the Netherlands.
2. The Insurer is authorized under the Insurance Act 1978 to carry on business as a Class C Insurer. The Insurer reinsures in force blocks of term life business ceded directly from unaffiliated client insurance companies as well as retroceded from affiliated companies. The risks assumed by the Insurer are retroceded to an unaffiliated reinsurer, therefore the primary risk is credit default by the reinsurer.
3. The Condensed General Purpose Financial Statements have been prepared in conformity with the financial reporting provisions of the Insurance Act 1978, amendments thereto and the Insurance Account Rules 2016 with respect to Condensed General Purpose Financial Statements (the Legislation). The Condensed General Purpose Financial Statements are based upon accounting principles generally accepted in the United States of America (US GAAP) but are in accordance with the reporting requirements of the Legislation, which varies in certain respects from US GAAP. The more significant variances are as follows:
  - A statement of cash flows is not included;
  - A statement of comprehensive income is not included;
  - The presentation and classification of financial statement line items is in accordance with Schedules IX and XI of the Insurance Account Rules 2016 and differ from the expected presentation and classification under US GAAP; and
  - The notes included in the Condensed General Purpose Financial Statements have been prepared in accordance with Schedule X of the Insurance Account Rules 2016 and exclude certain information required under US GAAP.
4. The following is a summary of the significant accounting policies and practices employed by the Insurer:
  - (a) Life and health benefit reserves are developed by actuarial methods and generally based on the Company's experience.
  - (b) Cash and cash equivalents include cash at the bank and money market accounts which are short-term highly liquid investments with original maturities of three months or less.
  - (c) Quoted investments in bonds are classified as available-for-sale and carried at market value. Changes in net unrealized gains (losses) related to such investments are recorded on the Condensed Statements of Capital and Surplus. Market value was determined using the following sources: indexes, third party pricing services, and brokers.
  - (d) Permanent diminution in value of investments is reviewed on an ongoing basis for credit deterioration or changes in estimated cash flows. If this review indicates a decline in fair value that is other than temporary the carrying amount of the investment is reduced to its fair value, and a specific write-down is recorded on the Condensed Statements of Income.
  - (e) Bermuda currently imposes no income, withholding or capital gains taxes, and the Insurer is not liable until at least March 2035 for any such taxes pursuant to the Bermuda Exempted Undertakings Protection Act 1966, as amended. However, the Insurer has elected to be treated as a United States corporation under Section 953(d) of the United States Internal Revenue Code of 1986, as amended. Therefore, the Insurer is a United States domestic insurance company for United States federal income tax purposes. The Insurer uses the asset and liability method to record deferred income taxes. Accordingly, tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases, using enacted tax rates expected to apply when such temporary differences are expected to reverse.

- (f) Surrenders are incurred during the relevant year as a result of the surrender by policyholders, either for cash or in exchange for some other consideration of policies with cash surrender values. Surrenders are recorded on the basis of notifications received.
- (g) The costs of acquiring new business (principally commissions), which vary with and are primarily related to the production of new business, have been deferred. These deferred acquisition costs (DAC) have been determined in accordance with US GAAP. According to these accounting rules:
  - 1. DAC relating to cessions of traditional life insurance policies must be recoverable and have a value that is realizable through actuarially-determined margins between future (gross) premiums and the corresponding (net) valuation premiums. These valuation premiums are calculated in accordance with US GAAP requirements, and they are calculated to fund future benefits and expenses with appropriate margins for adverse deviation.
- 5. (a) Premiums relating to long term business are recorded as reported by the ceding insurance companies. Premiums are recognized as revenue on a pro-rata basis over the periods covered by the reinsurance to which it relates.
- (b) Investment income is recorded on the accrual basis. Income on mortgage-backed securities includes amortization and accretion of purchase premiums and discounts using a method that approximates a level yield, taking into consideration assumed prepayment patterns. Realized gains and losses on the sale of investments are determined on the specific identification method and are included in the determination of net income.
- (c) Commissions allowed by reinsurers on business ceded are reported as income when incurred.
- 6. Not applicable.
- 7 - 12. Not applicable.
- 13. Fair Value

The Company has categorized its investments into the three-level hierarchy based on the priority of the inputs to the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure fair value fall within different levels of the hierarchy, the category level is based on the lowest priority level input that is significant to the fair value measurement of the instrument. Assets recorded at fair value on the Condensed Balance Sheet are categorized as follows:

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

*Level 2* - Quoted prices in markets that are not active or inputs that are observable either directly or indirectly for substantially the full term of the asset. Level 2 inputs include the following:

- a) Quoted prices for similar assets in active markets
- b) Quoted prices for identical or similar assets in non-active markets
- c) Inputs other than quoted market prices that are observable
- d) Inputs that are derived principally from or corroborated by observable market data through correlation or other means

*Level 3* - Prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3. The circumstances for using unobservable measurement includes those in which there is little, if any, market activity for the assets. Therefore, the Company must make assumptions about inputs a hypothetical market participant would use to value the assets

The following tables provide information about the Company's quoted and unquoted investments measured at fair value as of December 31, 2022 and 2021:

	2022			Total
	Level 1	Level 2	Level 3	
Quoted bonds and debentures	47,695,859	237,924,119	-	285,619,978

  

	2021			Total
	Level 1	Level 2	Level 3	
Quoted bonds and debentures	24,290,720	371,119,960	-	395,410,680

14. The contractual maturity profile of the Bonds and Debentures as of December 31, 2022 and 2021:

	Fair Value	
	2022	2021
Due in one year or less	\$ 29,887,638	\$ 50,527,179
Due after one year through five years	92,903,262	111,019,438
Due after five years through ten years	119,357,433	169,071,941
Due after ten years	43,471,645	64,792,122
	<b>\$ 285,619,978</b>	<b>\$ 395,410,680</b>

15. The Company shares certain officers, employees and general expenses with affiliated companies.

AEGON USA Investment Management, LLC acts as a discretionary investment manager under an Investment Management Agreement with the Company. The Company incurred expenses under this agreement of \$22,853 and \$32,297 for the years ended December 31, 2022 and 2021, respectively.

The Company is party to a services agreement with Transamerica (Bermuda) Services Center LTD. (TBSC). The amounts paid as a result of being a party to this agreement were \$80,581 and \$73,684 for 2022 and 2021, respectively. At December 31, 2022 and 2021, the Company reported a net amount of (\$9,446) and (\$5,538) (payable to)/receivable from parent, subsidiary and affiliated companies. Terms of settlement require that these amounts be settled within 90 days. Receivables from and payables to affiliates bear interest at the thirty-day commercial paper rate. During 2022 and 2021, the Company received net interest of \$0 and \$0 from affiliates.

On August 9, 2011, Aegon disposed of its life reinsurance operations, Transamerica Reinsurance, to SCOR in a complex reinsurance transaction. As a result, the Company has reinsured affiliated traditional life reinsurance transactions associated with the former Transamerica Reinsurance operations from U.S.-domiciled affiliates, Transamerica Life Insurance Company (TLIC) and Transamerica Financial Insurance Company (TFLIC). At December 31, 2022 and 2021, reinsurance balances receivable from foreign affiliates includes \$936,590 and \$3,487,284, respectively, due from TLIC and TFLIC. At December 31, 2022 and 2021, reinsurance balances payable to affiliates include \$316,250 and \$464,507 respectively, due to TLIC and TFLIC. Assumed gross premiums and other considerations of \$102,924,193 and \$137,829,254 reflect reinsurance assumed from affiliates, TLIC and TFLIC, during 2022 and 2021, respectively. The Company retrocedes the business primarily to Scor Global Life Reinsurance Ireland (SGLRI). In order to support the transactions, the assets held in the funds withheld account on deposit by SGLRI are provided in a trust for the benefit of TLIC and TFLIC as reserve credit security. Letters of Credits with Transamerica Corp and Aegon NV as a co-applicant are provided to reinsurance counterparties, including TLIC and TFLIC as reserve credit security.

Effective April 1, 2022, the Company recaptured business previously retroceded to a third party. Subsequently, that business was recaptured by Transamerica Financial Life Insurance Company (TFLIC), an affiliate. The reserves were initially recorded and then removed from the financials when recaptured by TFLIC in the amount of \$42,301,355. Consideration of \$22,726,763 was received and subsequently paid to TFLIC. As a result, there was no net financial statement impact to net income or capital and surplus.

Effective July 1, 2022, the Company recaptured business previously retroceded to a third party. Subsequently, that business was recaptured by Transamerica Financial Life Insurance Company (TFLIC), an affiliate. The reserves were initially recorded and then removed from the financials when recaptured by TFLIC in the amount of \$46,611,595. Consideration of \$9,420,266 was received and subsequently paid to TFLIC. As a result, there was no net financial statement impact to net income or capital and surplus.

16. Not applicable.

17. Not applicable.

#### **NOTES TO THE CONDENSED STATEMENTS OF CAPITAL AND SURPLUS**

1.(a) (a) Authorized, issued and fully paid \$370,000 common shares of par value \$1.00.  
(b) Not applicable.  
(c) Not applicable.  
(d) Not applicable.

1.(b) Not applicable.

2.(c) (a) Not applicable.  
(b) Not applicable.  
(c) Not applicable.

#### **NOTES TO THE CONDENSED BALANCE SHEETS**

##### Line

1. Cash and cash equivalents in the amount of \$2,782,050 and \$465,009 in 2022 and 2021, respectively, are held in a reserve credit trust for the benefit of affiliated life insurance companies to secure ceded reserve credits. Withdrawals from the trust by the Insurer are limited to income produced by the trust without authorization by the beneficiary companies.

2. Quoted bonds in the amount of \$256,694,117 and \$371,849,437 in 2022 and 2021, respectively, are held in a reserve credit trust for the benefit of affiliated life insurance companies to secure reserve credits. See General Note 4(c).

3. - 8. Not applicable.

9. Accrued investment income as of December 31, 2022 and 2021 was \$2,018,569 and \$2,408,864, respectively.

10. The amount reported in Premiums Receivable at December 31, 2022 and 2021 includes affiliated receivables of \$29,981,491 and \$39,276,020 respectively.

11. Not applicable.

12. Not applicable.

13. The amount reported in Sundry Assets at December 31, 2022 and 2021 includes deferred acquisition costs of \$14,267,083 and \$18,511,962 respectively. See General Note 4(g). Also included is a modified coinsurance asset of \$5,445,034 and \$7,043,129 as of December 31, 2022 and 2021, respectively.

14. Not applicable.



- 16.-17. Not applicable.
20. Long term insurance reserves for reported claims represent the estimated accrued liability for claims reported to the Insurer through the condensed balance sheet date. These reserves are estimated using individual case-basis valuations. These estimates are subject to the effects of trends in claim severity and frequency. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes available.
21. Long term insurance reserves for unreported claims represent the estimated accrued liability for claims incurred but not yet reported through the Condensed Balance Sheet date. These reserves are estimated using statistical analysis techniques. These estimates are subject to the effects of trends in claim severity and frequency. The estimates are continually reviewed and adjusted as necessary as experience develops or new information becomes available.
- 22.-23. See General Note 4 (a).
- 24.-26. Not applicable.
27. (a) See Notes to the Condensed Balance Sheet 1 and 2.
- (b) None. The Insurer uses letters of credit to provide security for reserve credit in excess of the assets held in trust.
28. Insurance and reinsurance balances payable includes amounts due to ceding insurers established in the normal course of business and will fluctuate due to the timing of settlements.
- 29.-30. Not applicable.
- 31.(a) The Insurer has elected to be treated as a United States corporation under Section 953(d) of the United States Internal Revenue Code of 1986, as amended. Therefore, the Insurer is a United States domestic insurance company for United States federal income tax purposes.
- (b) The Insurer records deferred income taxes which reflect the net tax effect of the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.
32. Refer to General Note 15.
33. Accounts payable and accrued liabilities as of December 31, 2022 and 2021, was \$463,755 and \$986,871 and respectively.
34. Not applicable.
35. Not applicable.
36. Other sundry liabilities - Remittances and amounts unallocated represent suspense balances as a result of quarterly processing cutoffs primarily on reinsurance business assumed from affiliates TLIC and TFLIC and subsequently ceded to SCOR.
37. Not applicable.

#### **NOTES TO THE CONDENSED STATEMENTS OF INCOME**

6. Not applicable.
15. Not applicable.
32. Other income represents income received from an unaffiliated reinsurer related to letter of credit bridge facility as outlined in the master trust agreement.

36. The balance reported reflects net realized gains on bonds and debentures.